



STAFF REPORT

Report To: Board of Supervisors **Meeting Date:** August 4, 2022

Staff Contact: Sheri Russell, Chief Financial Officer

Agenda Title: For Possible Action: Discussion and possible action regarding a proposed resolution concerning the financing of infrastructure projects; directing the Carson City Clerk-Recorder to notify the Carson City Debt Management Commission of the City's proposal to issue general obligation infrastructure sales tax bonds additionally secured by pledged revenues, in the aggregate principal amount not to exceed \$5,550,000; providing certain details in connection therewith; and providing the effective date. (Sheri Russell, srussell@carson.org)

Staff Summary: The proposed resolution directs the Carson City Clerk-Recorder to give notice to the Carson City Debt Management Commission of the City's intent to issue general obligation infrastructure sales tax bonds in an amount not to exceed \$5,550,000, pursuant to NRS Chapter 350, in order to acquire, establish, construct, expand, improve and equip infrastructure projects as defined in NRS 377B.160(3).

Agenda Action: Resolution **Time Requested:** 10 minutes

Proposed Motion

I move to adopt Resolution # _____.

Board's Strategic Goal

Sustainable Infrastructure

Previous Action

N/A

Background/Issues & Analysis

The William Street Corridor Project is the third of four corridor projects that was contemplated as part of the Sales Tax Infrastructure Fund approval and expenditure plan for this funding source. The William Street Corridor total project budget is \$22,240,787. The amount of \$5,540,787 is available through Redevelopment, Water, Wastewater and Stormwater Funds. An additional \$11,300,000 is available from federal funding (\$2,000,000 from Fiscal Year ("FY") 2022 federal appropriations and \$9,300,000 from a RAISE federal grant). The remaining unfunded balance of the project is \$5,400,000.

William Street is a former State Highway that now serves as a primary commercial gateway from the I-580 Freeway into the City's downtown core. It is closely connected to residential areas to the north and south of the corridor. The Carson City High School students frequently walk this corridor, and the corridor separates a large community park from a large mixed-use and residential neighborhood to the north. Current conditions of the roadway—including excessive right-of-way width, poor lighting and lack of sidewalk connectivity and safe street crossing locations—have led to pedestrian-vehicular accidents and a pedestrian death. The project includes

1.5 miles of Complete Street replacement, Stormwater improvements, as well as underground Water and Wastewater pipe replacement.

This proposed resolution is the first step towards issuing general obligation infrastructure sales tax bonds additionally secured by pledged revenues. If approved by the Board of Supervisors, the following additional steps are required before the proposed bonds may be issued:

- (1) approval of a resolution by the Carson City Debt Management Commission,
- (2) approval of a Resolution of Intent by the Board of Supervisors,
- (3) completion of a 90-day waiting period,
- (4) the Board of Supervisors must hold a public hearing on the proposed bonds, and
- (5) the Board of Supervisors must enact a bond ordinance. This authorization process requires between four to six months to complete.

The interest rate on the proposed bonds was estimated by the City's municipal advisor, JNA Consulting Group, LLC, to be 5%. Based on current market conditions, JNA considers this estimate to be conservative. Prior to the adoption of the bond ordinance mentioned above, an updated estimate will be provided to the Board of Supervisors.

Annual debt service on the bonds will be paid from the City's Infrastructure Tax Fund. The bonds are secured by a lien on a one-eighth of one percent infrastructure sales tax imposed by an ordinance adopted by the Board of Supervisors on May 1, 2014. The attached affordability analysis compiled by JNA shows the pledged Infrastructure Tax revenues are sufficient to repay the proposed bonds.

Applicable Statute, Code, Policy, Rule or Regulation

NRS Chapters 350 and 377B

Financial Information

Is there a fiscal impact? Yes

If yes, account name/number: Infrastructure Tax Fund, Bond Proceeds 3100099-483030 Transfer to Debt service 3100079-507205, Debt Service Fund, principal and interest payments 4107100-50XXXX.

Is it currently budgeted? No

Explanation of Fiscal Impact: Bond Proceeds and issuance costs would be posted to Infrastructure Tax Fund, Bond Proceeds 3100099-483030; therefore bond issuance costs would be incorporated in the cost of the debt, and remaining amounts available for the project will be \$5,400,000. Estimated annual debt service payments of approximately \$553,000 for 15 years. Final amounts of bond proceeds, issuance costs, debt service and capital projects will be added to the Infrastructure Tax Fund and Debt Service Fund budgets through a budget augmentation in FY 2023 once bond numbers are finalized.

Alternatives

Elect to not pursue the financing and accumulate funds to do projects on a pay-as-you-go basis.

Attachments:

[DMC Notice Resolution \(Infrastructure Sales Tax\) \(53784749v3\).DOC](#)

[Affordability report \(2022-07-18\).pdf](#)

Board Action Taken:

Motion: _____	1) _____	Aye/Nay
	2) _____	_____

(Vote Recorded By)

Summary - a resolution directing notice to the Carson City Debt Management Commission.

RESOLUTION NO. 2022-R-__

A RESOLUTION CONCERNING THE FINANCING OF CERTAIN INFRASTRUCTURE PROJECTS SET FORTH IN NRS 377B.160(3); DIRECTING THE CLERK-RECORDER TO NOTIFY THE CARSON CITY DEBT MANAGEMENT COMMISSION OF THE CITY'S PROPOSAL TO ISSUE GENERAL OBLIGATION INFRASTRUCTURE SALES TAX BONDS ADDITIONALLY SECURED BY PLEDGED REVENUES; PROVIDING CERTAIN DETAILS IN CONNECTION THEREWITH; AND PROVIDING THE EFFECTIVE DATE HEREOF.

WHEREAS, Carson City, in the State of Nevada (the "City" and "State," respectively), is organized and operating pursuant to the provisions of Chapter 276, Statutes of Nevada 1971 (the "Charter") and the general laws of the State; and

WHEREAS, pursuant to Section 7.020 of the Charter (the "Project Act"), the City is authorized to borrow money for any corporate purpose and to evidence such borrowing by the issuance of bonds or other securities pursuant to the Local Government Securities Law (being cited as Nevada Revised Statutes ("NRS") 350.500 through 350.720 (the "Bond Act"); and

WHEREAS, the Board of Supervisors (the "Board") proposes to finance all or a portion of the cost of acquiring, establishing, constructing, expanding, improving and equipping certain infrastructure projects set forth in NRS 377B.160(3) (the "Project"); and

WHEREAS, the Board pursuant to NRS 350.020(3) and (subject to the approval of the proposal to issue general obligation bonds by the Carson City Debt Management Commission), proposes to issue general obligation infrastructure sales tax bonds additionally secured by a pledge of the revenues received by the City from the one-eighth of 1 percent (0.125%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail, or stored, used or otherwise consumed, in the City pursuant to NRS Chapter 377B and as set forth in Chapter 21.08 of the Carson City Municipal Code (the "Pledged Revenues"); and

WHEREAS, based on the study presented to the Board, which is attached hereto as Exhibit B, the Board hereby finds and determines that the Pledged Revenues will at least equal the

amount required in each year for the payment of interest and principal on such general obligation infrastructure sales tax bonds (the “Bonds”) and that no increase in the rate of an ad valorem tax is anticipated to be necessary for the payment of such Bonds for the term thereof (collectively, the “Findings”); and

WHEREAS, subject to the approval of the proposal to issue the Bonds by the Carson City Debt Management Commission, the Board proposes to issue the Bonds without an election unless a petition signed by the requisite number of registered voters of the City is presented to the Board requiring the Board to submit to the qualified electors of the City for their approval or disapproval the following proposal:

GENERAL OBLIGATION INFRASTRUCTURE SALES TAX BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES) PROPOSAL:

Shall the Board of Supervisors of Carson City, Nevada, be authorized to incur a general obligation indebtedness (additionally secured by pledged revenues) on behalf of the City by the issuance at one time, or from time to time, of the City’s general obligation infrastructure sales tax bonds, in one series or more, in the aggregate principal amount of not exceeding \$5,550,000 for the purpose of acquiring, establishing, constructing, expanding, improving and equipping certain infrastructure projects set forth in NRS 377B.160(3), such bonds to mature not later than fifteen (15) years from the date or respective dates of the bonds, payable from general (ad valorem) taxes (except to the extent pledged revenues and other monies are available therefor), and to be issued and sold at, above, or below par at an effective interest rate (including any sale discount) not exceeding the statutory maximum rate, if any, as shall be determined at the time of the sale thereof, and otherwise to be issued in such manner, upon such terms and conditions, with such covenants and agreements, and with such other detail as the Board may determine, including at its option but not necessarily limited to provisions for the redemption of bonds prior to maturity without or with the payment of a premium?

(the “Proposal”); and

WHEREAS, subsection 1 of NRS 350.014 provides, in relevant part, as follows:

“1. Before any proposal to incur a general obligation debt or levy a special elective tax may be submitted to the electors of a

2.

municipality . . . , or before any other formal action may be taken preliminary to the issuance of any general obligation debt, the proposed incurrence or levy must receive the favorable vote of two-thirds of the members of the commission of each county in which the municipality is situated”

and

WHEREAS, subsection 1 of NRS 350.0145 provides, in relevant part, as follows:

“1. The governing body of the municipality proposing to incur general obligation debt . . . shall notify the secretary of each appropriate commission, and shall submit a statement of its proposal in sufficient number of copies for each member of the commission”

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF CARSON CITY, NEVADA:

Section 1. Based on the revenue study presented to the Board, the Board hereby approves the Findings and requests the Carson City Debt Management Commission (the “Commission”) to approve the Proposal and the Findings. All action, proceedings, matters and things heretofore taken, had and done by the Board, and the officers thereof (not inconsistent with the provisions of this resolution) directed toward the Findings, the Proposal, the Project, and the financings thereof be, and the same hereby are, ratified, approved and confirmed.

Section 2. The City’s Clerk-Recorder (the “Clerk-Recorder”) be, and she hereby is, authorized and directed to notify the Secretary of the Commission of the Proposal; to submit to said Secretary a statement of the Proposal and Findings in sufficient number of copies for each member of the Commission; and to request the Commission to consider and approve the Proposal and the Findings. The Chief Financial Officer or her designee is authorized to file any of the information required by NRS 350.013 to the extent required to comply with NRS 350.013.

Section 3. In order to permit the City to reimburse itself for prior expenditures relating to the Project with the proceeds of the Bonds, the Board hereby determines and declares as follows:

(a) The City reasonably expects to incur expenditures with respect to the Project prior to the issuance of the Bonds for financing the Project and to reimburse those expenditures from the issuance of the Bonds; and

(b) The maximum principal amount of the Bonds expected to be issued to reimburse such expenditures is \$5,550,000.

Section 4. The officers of the City are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this resolution, including without limitation, requesting the State to purchase the Bonds pursuant to one or more of its programs.

Section 5. All resolutions, or parts thereof, in conflict with the provisions of this resolution, are hereby repealed to the extent only of such inconsistency. This repealer shall not be constructed to revive any resolution, or part thereof, heretofore repealed.

Section 6. If any section, paragraph, clause or other provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or other provision shall not affect any of the remaining provisions of this resolution.

Section 7. This resolution shall become effective and be in force immediately upon its adoption.

Upon motion by Supervisor _____, seconded by Supervisor _____, the foregoing Resolution was passed and adopted the 4th day of August, 2022, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

Lori Bagwell, Mayor
Carson City, Nevada

Attest:

Aubrey Rowlatt, Clerk-Recorder

STATE OF NEVADA)
) ss.
 CARSON CITY)

I am the duly chosen, qualified and acting Clerk-Recorder of Carson City (the “City”),
 in the State of Nevada, and do hereby certify:

1. The foregoing pages constitute a true, correct, complete and compared copy of
 a resolution of the Board of Supervisors (the “Board”) adopted at a meeting of the Board held on
 August 4, 2022.

2. The members of the Board voted on the resolution as follows:
 Those Voting Aye: _____

Those Voting Nay: _____
 Those Absent: _____

3. The original of the resolution has been approved and authenticated by the
 signatures of the Mayor of the City and myself as Clerk-Recorder and has been recorded in the
 minute book of the Board kept for that purpose in my office, which record has been duly signed by
 the officers and properly sealed.

4. All members of the Board were given due and proper notice of such meeting.
 Public notice of such meeting was given and such meeting was held and conducted in full
 compliance with the provisions of NRS 241.020. Public notice of such meeting was given and such
 meeting was held and conducted in full compliance with the provisions of NRS 241.020. A copy of
 the notice of meeting (attached as Exhibit A) and excerpts from the agenda for the meeting relating
 to the resolution, was posted no later than 9:00 a.m. on the third working day prior to the meeting at
 the principal office of the Board, or if there is no principal office, at the building in which the
 meeting is to be held, on the City's website, on the State of Nevada's official website and at least
 three (3) other separate, prominent places within the jurisdiction of the Board.

5. At least 3 working days before such meeting, such notice was delivered to each member of the Board and to each person, if any, who has requested notice of meetings of the Board in accordance with the provisions of Chapter 241 of NRS.

6. The revenue study referred to in the attached resolution is attached as Exhibit B.

IN WITNESS WHEREOF, I have hereunto set my hand this August 4, 2022.

Aubrey Rowlett, Clerk-Recorder

EXHIBIT A

(Attach Copy of Notice of Meeting)

EXHIBIT B

(Attach Revenue Study)

Carson City, Nevada
General Obligation (Limited Tax)
Infrastructure Sales Tax Bonds, Series 2023
Debt Service Coverage

FY Ending June 30	Pledged Revenues	Existing Debt Service	Proposed Bonds			Combined	
			Principal	Interest	Total	Debt Service	Coverage
2023	\$1,905,778	\$775,925	\$0	\$0	\$0	\$775,925	2.456
2024	1,905,778	774,050	0	277,500	277,500	1,051,550	1.812
2025	1,905,778	776,300	280,000	270,500	550,500	1,326,800	1.436
2026	1,905,778	777,550	295,000	256,125	551,125	1,328,675	1.434
2027	1,905,778	776,925	310,000	241,000	551,000	1,327,925	1.435
2028	1,905,778	774,775	325,000	225,125	550,125	1,324,900	1.438
2029	1,905,778	777,250	345,000	208,375	553,375	1,330,625	1.432
2030	1,905,778	774,350	360,000	190,750	550,750	1,325,100	1.438
2031	1,905,778	775,794	380,000	172,250	552,250	1,328,044	1.435
2032	1,905,778	776,206	400,000	152,750	552,750	1,328,956	1.434
2033	1,905,778	775,850	420,000	132,250	552,250	1,328,100	1.435
2034	1,905,778	774,388	440,000	110,750	550,750	1,325,138	1.438
2035	1,905,778	776,713	465,000	88,125	553,125	1,329,838	1.433
2036	1,905,778	772,763	485,000	64,375	549,375	1,322,138	1.441
2037	1,905,778	772,513	510,000	39,500	549,500	1,322,013	1.442
2038	1,905,778	775,700	535,000	13,375	548,375	1,324,075	1.439
2039	1,905,778	777,200	0	0	0	777,200	2.452
2040	1,905,778	772,800	0	0	0	772,800	2.466
2041	1,905,778	772,500	0	0	0	772,500	2.467
2042	1,905,778	776,100	0	0	0	776,100	2.456
2043	1,905,778	773,600	0	0	0	773,600	2.464
2044	1,905,778	775,000	0	0	0	775,000	2.459
2045	1,905,778	775,200	0	0	0	775,200	2.458
		\$17,829,450	\$5,550,000	\$2,442,750	\$7,992,750	\$25,822,200	

Max Annual Debt Service: \$1,330,625
Occurs in FY: 2029