



STAFF REPORT

Report To: Board of Supervisors **Meeting Date:** November 3, 2022

Staff Contact: Sheri Russell, Chief Financial Officer

Agenda Title: PUBLIC HEARING: For Discussion Only: Public hearing regarding the proposed issuance by Carson City, Nevada of its General Obligation (Limited Tax) Infrastructure Sales Tax Bonds (Additionally Secured by Pledged Revenues), in the aggregate principal amount not to exceed \$5,550,000 for the purpose of acquiring, establishing, constructing, expanding, improving and equipping certain infrastructure projects and paying the related issuance costs. (Sheri Russell, srussell@carson.org)

Staff Summary: NRS 350.020(3) requires that a public hearing be held before the Carson City, Nevada General Obligation Infrastructure Sales Tax Bonds can be issued. The proceeds from the bonds will be used for the purpose of acquiring, establishing, constructing, expanding, improving and equipping certain infrastructure projects as defined in NRS 377B.160(3). Notice was published in the Nevada Appeal on October 5, 2022, October 12, 2022, and October 19, 2022, indicating the City's intent to hold this public hearing.

Agenda Action: Other / Presentation **Time Requested:** 5 minutes

Proposed Motion

Public comment and discussion only.

Board's Strategic Goal

Sustainable Infrastructure

Previous Action

August 4, 2022 (Item 12A) - The Board of Supervisors ("Board") adopted Resolution #2022-R-27 a resolution directing staff to notify the Carson City Debt Management Commission of the City's intent to issue infrastructure sales tax general obligation bonds in an amount not to exceed \$5,550,000.

August 23, 2022 - The Debt Management Commission adopted a resolution approving Carson City's proposed issuance of infrastructure sales tax general obligation bonds.

September 1, 2022 (Item 18A) - The Board approved Resolution #2022-R29, a resolution of intent, proposing the issuance of, and authorizing the publication of, notices related to general obligation (limited tax) infrastructure sales tax bonds (additionally secured by pledged revenues), in the aggregate principal amount not to exceed \$5,550,000.

October 5, 2022, October 10, 2022, and October 19, 2022 - The resolution of intent was published in the Nevada Appeal.

Background/Issues & Analysis

This public hearing is required by statute and is the next step in the process for the City to issue general obligation bonds additionally secured by pledged revenues. Carson City will still need to complete a 90-day petition period, a final hearing and the adoption of a bond ordinance. Staff anticipate these remaining steps will be completed by February 2023.

Carson City is pursuing the issuance of a general obligation bond not to exceed the amount of \$5,550,000 to fund the balance of the William Street Corridor Project that remains unfunded. The total project costs are \$22,240,787. The City received a federal appropriation of \$2 million and \$9.3 million from a RAISE federal grant. In addition, \$5,540,787 is available through Redevelopment, Water, Wastewater and Stormwater Funds for their portion of this project, leaving a remaining project balance of \$5,400,000. The bond issuance costs are included in the total not to exceed amount requested. The City has been able to reduce the amount borrowed based on the federal appropriation and grants received.

The interest rate on the proposed bonds was initially estimated by the City's municipal advisor, JNA Consulting Group, 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.

Annual debt service on the bonds will be paid from the City's Infrastructure Tax Fund. The bonds are additionally secured by a one-eighth of one percent (0.125%) sales tax.

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; and 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. Bond issuance costs will be deducted from the bond proceeds, and remaining amounts available for the project will be approximately \$5,400,000. The estimated annual debt service payments for these bonds are approximately \$553,000 for 15 years. Final amounts of bond proceeds, issuance costs, debt service and capital project proceeds will be added to the Infrastructure Tax Fund and Debt Service Fund budgets through a budget augmentation in Fiscal Year 2023 once bond numbers are finalized.

Alternatives

N/A; public hearing discussion item.

Attachments:

[Funding Model CACI 2023 Infrastructure Bonds \(2022-10-18\) bond issue1.pdf](#)

Board Action Taken:

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

(Vote Recorded By)

Carson City, Nevada
General Obligation (Limited Tax)
Infrastructure Sales Tax Bonds, Series 2023
Sources & Uses of Funds

Issue Summary

| | |
|---------------------------|-------------|
| Dated Date | 03/01/2023 |
| Par Amount | \$5,550,000 |
| Underwriter's Spread | 0.750% |
| Total Costs as % of Par | 3.935% |
| True Interest Cost | 3.8070% |
| All-in TIC | 4.2324% |
| Arbitrage Yield Limit | 3.6015% |
| Weighted Average Maturity | 8.885 years |

Sources of Funds:

| | |
|------------------------|----------------|
| Par Amount | \$5,550,000.00 |
| Original Issue Premium | 519,238.65 |
| Cash Contribution | 0.00 |
| | ----- |
| Total | \$6,069,238.65 |

Uses of Funds:

| | |
|--------------------|----------------|
| Construction Funds | \$5,850,863.65 |
| Net Underwriting | 41,625.00 |
| Insurance | 0.00 |
| Issuance Costs | 176,750.00 |
| | ----- |
| Total | \$6,069,238.65 |

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

| Date | Principal | Rate | Interest | Semi-Annual Debt Service | Annual Debt Service |
|-------------|------------------|-------------|-----------------|-------------------------------------|--------------------------------|
| 03/01/2023 | | | | | |
| 09/01/2023 | | | \$138,750.00 | \$138,750.00 | |
| 03/01/2024 | | | 138,750.00 | 138,750.00 | \$277,500.00 |
| 09/01/2024 | \$280,000 | 5.000% | 138,750.00 | 418,750.00 | |
| 03/01/2025 | | | 131,750.00 | 131,750.00 | 550,500.00 |
| 09/01/2025 | 293,000 | 5.000% | 131,750.00 | 424,750.00 | |
| 03/01/2026 | | | 124,425.00 | 124,425.00 | 549,175.00 |
| 09/01/2026 | 309,000 | 5.000% | 124,425.00 | 433,425.00 | |
| 03/01/2027 | | | 116,700.00 | 116,700.00 | 550,125.00 |
| 09/01/2027 | 327,000 | 5.000% | 116,700.00 | 443,700.00 | |
| 03/01/2028 | | | 108,525.00 | 108,525.00 | 552,225.00 |
| 09/01/2028 | 341,000 | 5.000% | 108,525.00 | 449,525.00 | |
| 03/01/2029 | | | 100,000.00 | 100,000.00 | 549,525.00 |
| 09/01/2029 | 361,000 | 5.000% | 100,000.00 | 461,000.00 | |
| 03/01/2030 | | | 90,975.00 | 90,975.00 | 551,975.00 |
| 09/01/2030 | 379,000 | 5.000% | 90,975.00 | 469,975.00 | |
| 03/01/2031 | | | 81,500.00 | 81,500.00 | 551,475.00 |
| 09/01/2031 | 398,000 | 5.000% | 81,500.00 | 479,500.00 | |
| 03/01/2032 | | | 71,550.00 | 71,550.00 | 551,050.00 |
| 09/01/2032 | 418,000 | 5.000% | 71,550.00 | 489,550.00 | |
| 03/01/2033 | | | 61,100.00 | 61,100.00 | 550,650.00 |
| 09/01/2033 | 441,000 | 5.000% | 61,100.00 | 502,100.00 | |
| 03/01/2034 | | | 50,075.00 | 50,075.00 | 552,175.00 |
| 09/01/2034 | 461,000 | 5.000% | 50,075.00 | 511,075.00 | |
| 03/01/2035 | | | 38,550.00 | 38,550.00 | 549,625.00 |
| 09/01/2035 | 489,000 | 5.000% | 38,550.00 | 527,550.00 | |
| 03/01/2036 | | | 26,325.00 | 26,325.00 | 553,875.00 |
| 09/01/2036 | 515,000 | 5.000% | 26,325.00 | 541,325.00 | |
| 03/01/2037 | | | 13,450.00 | 13,450.00 | 554,775.00 |
| 09/01/2037 | 538,000 | 5.000% | 13,450.00 | 551,450.00 | |
| 03/01/2038 | | | 0.00 | 0.00 | 551,450.00 |
| | \$5,550,000 | | \$2,446,100.00 | \$7,996,100.00 | \$7,996,100.00 |

Carson City, Nevada
General Obligation (Limited Tax)
Infrastructure Sales Tax Bonds, Series 2023
Pricing Schedule

Call Date: 09/01/2033

Call Price: 100

| Date | Principal | Coupon | Yield | Price | Prem/(Disc) | Production |
|------------|-------------------|------------------------|--------|-----------|--------------|----------------|
| 03/01/2023 | | | | | | |
| 09/01/2024 | \$280,000.00 | 5.000% | 3.040% | 102.852 | \$7,985.60 | \$287,985.60 |
| 09/01/2025 | 293,000.00 | 5.000% | 3.080% | 104.585 | 13,434.05 | 306,434.05 |
| 09/01/2026 | 309,000.00 | 5.000% | 3.230% | 105.813 | 17,962.17 | 326,962.17 |
| 09/01/2027 | 327,000.00 | 5.000% | 3.270% | 107.184 | 23,491.68 | 350,491.68 |
| 09/01/2028 | 341,000.00 | 5.000% | 3.310% | 108.434 | 28,759.94 | 369,759.94 |
| 09/01/2029 | 361,000.00 | 5.000% | 3.380% | 109.382 | 33,869.02 | 394,869.02 |
| 09/01/2030 | 379,000.00 | 5.000% | 3.440% | 110.235 | 38,790.65 | 417,790.65 |
| 09/01/2031 | 398,000.00 | 5.000% | 3.510% | 110.868 | 43,254.64 | 441,254.64 |
| 09/01/2032 | 418,000.00 | 5.000% | 3.540% | 111.691 | 48,868.38 | 466,868.38 |
| 09/01/2033 | 441,000.00 | 5.000% | 3.640% | 111.780 | 51,949.80 | 492,949.80 |
| 09/01/2034 | 461,000.00 | 5.000% | 3.670% | 111.502 * | 53,024.22 | 514,024.22 |
| 09/01/2035 | 489,000.00 | 5.000% | 3.760% | 110.675 * | 52,200.75 | 541,200.75 |
| 09/01/2036 | 515,000.00 | 5.000% | 3.810% | 110.219 * | 52,627.85 | 567,627.85 |
| 09/01/2037 | 538,000.00 | 5.000% | 3.850% | 109.855 * | 53,019.90 | 591,019.90 |
| | \$5,550,000.00 | Par Amount | | | \$519,238.65 | \$6,069,238.65 |
| | <u>477,613.65</u> | + Premium Bid | | | | |
| | 6,027,613.65 | = Amount Bid | | | | |
| | <u>41,625.00</u> | + Underwriter's Spread | | | | |
| | \$6,069,238.65 | = Price to Public | | | | |

* Priced to first optional redemption date of September 1, 2033.