

**Carson City
Request for Board Action**

Date Submitted: 01/29/13

Agenda Date Requested: 02/07/13

Time Requested: 10 minutes

To: Mayor and Supervisors

From: Nick Providenti, Finance Director

Subject Title: For Possible Action: to adopt a Resolution authorizing an Installment-Purchase Agreement for the purpose of financing the cost of a building project; directing the City Finance Director to forward materials to the Department of Taxation of the State of Nevada; authorizing the City Finance Director of the City to execute the City's Installment-Purchase Agreement evidencing such financing; and providing the effective date hereof. (Nick Providenti)

Staff Summary: The Board of Supervisors of Carson City, Nevada proposes to enter into an installment-purchase agreement in the aggregate amount of \$1,250,000 in order to finance all or a portion of the cost to acquire, improve and equip a building project as defined in NRS 244A.019. The resolution is hereby designated by the short title the "2013 Installment-Purchase Agreement Authorization Resolution". This Resolution allows the City Finance Director to take all action necessary to effectuate the provisions of this resolution, including, without limitation, forwarding all necessary documents to the Department of Taxation and, if necessary, update the City's plan for capital improvement to include the Project.

Type of Action Requested: (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Specify)

Does this action require a Business Impact Statement: () Yes (X) No

Recommended Board Action: I move to adopt Resolution # _____, a Resolution authorizing an Installment-Purchase Agreement for the purpose of financing the cost of a building project; directing the City Finance Director to forward materials to the Department of Taxation of the State of Nevada; authorizing the City Finance Director of the City to execute the City's Installment-Purchase Agreement evidencing such financing; and providing the effective date hereof.

Explanation of Recommended Board Action: See Staff Summary.

Applicable Statute, Code, Policy, Rule or Regulation: NRS 350, NRS 244A.

Fiscal Impact: Estimated to be annual amounts of \$76,800 to \$81,700 in the general fund and \$22,800 to \$24,250 in the Building Permits fund for a period of not more than 16 years.

Explanation of Impact: As described.

Funding Source: General Fund and Building Permits Fund. It is anticipated that the Redevelopment Authority will make a transfer to the General Fund in the approximate amount of \$50,000 per year to pay for its share assuming the amount is appropriated by the Redevelopment

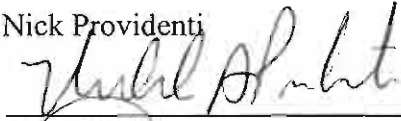
Authority.

Alternatives: Elect to not pursue the financing and not purchase the BRIC.

Supporting Material: Resolution

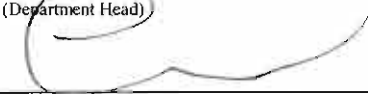
Prepared By: Nick Providenti

Reviewed By:



(Department Head)

Date: 1/29/13

: 

(City Manager)

Date: 1/29/13

: 

(District Attorney)

Date: 1/29/13

: 

(Finance Director)

Date: 1/29/13

Board Action Taken:

Motion: _____

1) _____ Aye/Nay

2) _____

(Vote Recorded By)

Summary - a resolution authorizing an installment-purchase agreement and authorizing the City Finance Director to execute the City's installment-purchase agreement evidencing such financing.

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AN INSTALLMENT-PURCHASE AGREEMENT FOR THE PURPOSE OF FINANCING THE COST OF A BUILDING PROJECT; DIRECTING THE CITY FINANCE DIRECTOR TO FORWARD MATERIALS TO THE DEPARTMENT OF TAXATION OF THE STATE OF NEVADA; AUTHORIZING THE CITY FINANCE DIRECTOR OF THE CITY TO EXECUTE THE CITY'S INSTALLMENT-PURCHASE AGREEMENT EVIDENCING SUCH FINANCING; AND PROVIDING THE EFFECTIVE DATE HEREOF.

WHEREAS, the Board of Supervisors of Carson City, Nevada (the "Board", "City", and "State", respectively) proposes to enter into an installment-purchase agreement in the aggregate amount of \$1,250,000 of the City under NRS 350.087 to 350.095, inclusive (the "Agreement Act"), in order to finance all or a portion of the cost to acquire, improve and equip a building project as defined in NRS 244A.019 in the City (the "Project"); and

WHEREAS, the Board has determined that legally available funds of the City will at least equal the amount required in each year for the payment of interest and principal on such installment-purchase agreement; and

WHEREAS, a notice of intention to act upon the resolution authorizing the installment-purchase agreement has been duly published in a newspaper of general circulation in the City not less than 10 days prior to the date hereof pursuant to NRS 350.087, and an affidavit evidencing such publication is attached as Exhibit C to this resolution; and

WHEREAS, all comments made at the public hearing held on the date of this resolution have been duly considered by the Board and the minutes of such public hearing are attached as Exhibit B to this resolution; and

WHEREAS, the Board proposes to enter into an installment-purchase agreement with a term of more than 10 years, requiring the Board, pursuant to NRS 350.014, to submit to the Carson

City Debt Management Commission (the "Commission") for its approval or disapproval the following proposal:

INSTALLMENT-PURCHASE AGREEMENT PROPOSAL:

Shall the Board of Supervisors of Carson City in the State of Nevada, be authorized to issue an installment-purchase agreement of the City in an aggregate principal amount not to exceed \$1,250,000 for the purpose of financing, wholly or in part, the cost to acquire, improve and equip a building project as defined in NRS 244A.019 in the City, which installment-purchase agreement shall mature not later than 16 years from its date, to bear interest at a rate or rates not in excess of the statutory maximum rate in effect at the time the installment-purchase agreement is entered into, the installment-purchase agreement by its terms to be extinguished by failure of the Board to appropriate money for the ensuing fiscal year for payment of the amounts then due, to be payable from legally available funds of the City, to be secured by a security interest in property of the City as provided in NRS 350.800, and to be entered into upon such terms and conditions, and with such other details as the Board may determine?

(the "Proposal"); and

WHEREAS, before entering into an installment-purchase agreement with a term of more than 10 years, the Commission must approve the Proposal; and

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

"1. Before entering into an installment-purchase agreement with a term of more than 10 years, the proposed incurrence . . . must receive the favorable vote of two-thirds of the members of the [debt management] 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 enter into an installment-purchase agreement with a term of more than 10 years. . . 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. This resolution is hereby designated by the short title the “2013 Installment-Purchase Agreement Authorization Resolution”.

Section 2. The Board hereby finds and determines that the public interest requires the issuance of an installment-purchase agreement to finance the Project in an amount not exceeding \$1,250,000.

Section 3. The facts upon which the finding stated in Section 2 above are:

(a) There is a need in the City to provide office space for the employees of the City and the Carson City Redevelopment Authority and thereby improve services to residents in the City.

(b) It is in the best interests of the City and its residents, and would best serve the public interest thereof, if the Project is now accomplished, thereby assisting in alleviating the needs mentioned in (a) above.

(c) It is not feasible to finance the Project from other funds of the City, among other reasons because of restraints on the City’s budget for the current fiscal year and other demands on and needs for existing funds of the City.

Section 4. The City proposes to borrow a sum not to exceed \$1,250,000 at an annual interest rate of approximately 2.75% to be repaid over a period of not more than 16 years. The installment-purchase agreement shall evidence a transaction described in NRS 350.800 which is payable not later than 16 years after the date of issuance and contains a provision that the installment-purchase agreement by its terms is extinguished by failure of the Board to appropriate money for the ensuing fiscal year for payment of the amounts then due (the “Agreement”). In addition to or as a substitute for granting a security interest in the Project financed, the Agreement may be secured by a security interest in other property subject to the provision of NRS 350.800. If determined to be necessary by the City Finance Director, the City Finance Director is hereby authorized to arrange for a deed of trust on properties of the City subject to ratification and approval by the Board. The term of the Agreement of a maximum of 16 years does not exceed the estimated weighted average useful life of the Project being financed with the Agreement, and the interest rate

shall in no event exceed by more than 3 percent the “Index of Revenue Bonds” which is most recently published before the City enters into the Agreement. Such Agreement shall be issued as an installment-purchase agreement as provided in the Agreement Act and NRS 350.800 (the “Act”).

Section 5. The Agreement is not proposed to be repaid in whole or in part by the levy of a tax which is exempt from the limitations on taxes ad valorem. The Agreement is anticipated to be repaid from other legally available funds of the City, including, without limitation, monies in the City’s General Fund in the estimated annual amount of \$76,800 to \$81,700 and Building Permits Fund in the estimated annual amount of \$22,800 to \$24,250 for a period of not more than 16 years.

Section 6. As set forth in the materials provided by JNA Consulting Group, LLC, attached as Exhibit D hereto, the City’s cost of financing the Project with the Agreement is expected to be comparable to the cost of using other methods of financing. The City does not have sufficient funds to be legally pledged to the repayment of revenue bonds and does not have any general obligation bond authority outstanding from the voters at this time. The Agreement is expected to bear a higher interest rate than if it had been structured as a general obligation bond or a medium-term bond. The Agreement is being used as the method of financing because the terms of repayment will be longer than 10 years. If the City were to finance the Project with general obligation bonds, the general obligation bonds would require approval from the registered voters in the City which would require a delay in the issuance and may result in a higher interest rate and an increased cost of the Project. The City prefers financing with the Agreement because of the necessity of completing the Project before the time for completion that general obligation bond financing would require. The benefits of completing the Project in a more timely manner better serves the interests of the City and its residents than a possible lower cost of another method of financing.

Section 7. The City Finance Director, on behalf of the City, or designee is hereby authorized to arrange for the issuance and sale of the Agreement in an amount not more than \$1,250,000, and to carry out the Project, subject to ratification by Board. The Agreement issued to finance the Project shall be issued on such other terms and conditions as the Board determines, all as provided in Agreement Act, the Act and NRS 350.500 to 350.720, inclusive (the “Bond Act”), and as authorized by the City Finance Director or the City Manager at the time of sale of the Agreement and

thereafter ratified by the Board as set forth in a resolution or ordinance, and any other necessary details including the execution and delivery of deeds of trust and an indenture of trust, if any.

Section 8. The City Finance Director is authorized and directed to take all action necessary to effectuate the provisions of this resolution, including, without limitation, forwarding all necessary documents to the Executive Director, Department of Taxation, Carson City, Nevada, and, if necessary, updating the City's plan for capital improvement to include the Project. The City represents that it is in compliance with the applicable provisions of law, including, without limitation, the provisions of chapter 354 of NRS.

Section 9. The City Finance Director is authorized to update or amend the City's plan for capital improvements if necessary to reflect the Project and the Agreement and the Project to be financed thereby and to file the information as required by NRS 350.013 to the extent required to comply with NRS 350.013.

Section 10. This resolution, except for Sections 7 and 8 hereof, shall become effective upon the approval by the Executive Director of the Department of Taxation of the State of Nevada and the Commission. Sections 7 and 8 of this resolution shall be effective upon passage and approval.

PASSED AND ADOPTED BY AN AFFIRMATIVE VOTE OF AT LEAST TWO-THIRDS OF THE BOARD OF SUPERVISORS OF THE CITY OF CARSON CITY, NEVADA, THIS FEBRUARY 7, 2013.

(SEAL)

Mayor
Carson City, Nevada

Attest:

City Clerk

STATE OF NEVADA)
) ss.
CITY OF CARSON CITY)

I am the duly chosen and qualified City Clerk of the City of Carson City (herein “City”), Nevada, and in the performance of my duties as Clerk do hereby certify:

1. The foregoing pages constitute a true, correct and compared copy of a resolution adopted at a regular meeting of the Board of Supervisors held on February 7, 2013. The original of such resolution has been approved and authenticated by the signature of the Mayor of the City and myself as Clerk 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 such officers and properly sealed.

2. The members of the Board were present at the meeting on February 7, 2013 and voted on the resolution as follows:

Those Voting Aye:	Robert L. Crowell Karen Abowd Shelly Aldean John McKenna Molly Walt
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Those Voting Nay:
Those Abstaining:
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 City Clerk 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 held on February 7, 2013.

5. 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 and excerpts from the agenda for the meetings relating to the resolution, as posted at least 3 working days in advance of the meetings at the City’s website and at the:

(i) Community Center

851 East William Street
Carson City, Nevada

(ii) Public Safety Complex
885 East Musser Street
Carson City, Nevada

(iii) City Hall
201 North Carson
Carson City, Nevada

(iv) Carson City Library
900 North Roop Street
Carson City, Nevada

are attached as Exhibit A hereto.

6. Prior to 9:00 a.m. at least 3 working days before such meeting, such notice was given to each person, if any, who has requested notice of the meetings of the Board in compliance with NRS 241.020(3)(b) by United States Mail, or if feasible and agreed to by the requestor, by electronic mail.

7. A public hearing on the proposed installment-purchase agreement was held by the Board immediately before adoption of the authorization resolution, and the minutes of the meeting are attached hereto as Exhibit B. A copy of the affidavit of publication evidencing publication at least 10 days in advance of the public hearing of the notice of intent to authorize installment-purchase agreement is attached hereto as Exhibit C. The materials provided by the financial advisor comparing the cost of financing methods is attached hereto as Exhibit D.

IN WITNESS WHEREOF, I have hereunto set my hand this February 7, 2013.

City Clerk

EXHIBIT A
(Attach Notice of Meeting)

EXHIBIT B

(Attach Minutes of Public Hearing)

EXHIBIT C

**(Attach Affidavit of Publication of Notice of Intention
to Authorize Installment-Purchase Agreement)**

EXHIBIT D

**(Attach Financial Advisor Materials
Comparing Costs of Financing Methods)**