



STAFF REPORT

Report To: Board of Supervisors

Meeting Date: 8/17/17

Staff Contact: Nancy Paulson, Chief Financial Officer

Agenda Title: PUBLIC HEARING: Public hearing on the City's intent to issue general obligation (limited tax) sewer bonds (additionally secured by pledged revenues) in the aggregate principal amount not to exceed \$6,000,000 for the purpose of financing sewer projects for the City. (Nancy Paulson, npaulson@carson.org)

Staff Summary: NRS 350.020 requires that a public hearing be held before the sewer bonds can be issued. Notice was published in the Nevada Appeal on July 9, 2017, July 16, 2017 and July 23, 2017 indicating the City's intent to hold this public hearing.

Agenda Action: Other/Presentation

Time Requested: 5 minutes

Proposed Motion

No action need be taken. Open for public comment.

Board's Strategic Goal

Sustainable Infrastructure

Previous Action

6/1/17 - Board adopted Resolution #2017-R-14, a resolution directing staff to notify the Debt Management Commission of the City's intent to issue sewer general obligation bonds in an amount not to exceed \$6,000,000.

6/19/17 - Debt Management Commission approved.

7/6/17 - Board adopted Resolution #2017-R-29, a Resolution of Intent, proposing the issuance of, and authorizing the publication of notices relating to general obligation (limited tax) sewer bonds (additionally secured by pledged revenues), in the aggregate principal amount not to exceed \$6,000,000, for the purpose of financing sewer projects for the City.

Background/Issues & Analysis

Applicable Statute, Code, Policy, Rule or Regulation

NRS Chapter 350 and 244A

Financial Information

Is there a fiscal impact? Yes No

If yes, account name/number: Estimated annual debt service payments of approximately \$436,000 in principal and interest for 20 years from the Sewer Fund.

Is it currently budgeted? Yes No

Explanation of Fiscal Impact: We will augment the FY 2018 Budget for the amount of bond proceeds, issuance costs and debt service associated with the issuance of the debt, as these amounts were unknown at the time we prepared the budget.

Alternatives

Elect to pursue other financing options for the sewer capital program.

Board Action Taken:

Motion: _____

- 1) _____
- 2) _____

Aye/Nay

(Vote Recorded By)

Proof and Affidavit of Publication

580 Mallory Way, Carson City, NV 89701
P.O. Box 1888, Carson City, NV 89702-2288
(775) 881-1201

Account Number: 1060825

Carson City Clerk
885 East Musser St., Ste. 1032
Carson City, NV 89701
Attn: Kathleen King

Bailee Taylor says:
That (s)he is a legal clerk of the NEVADA APPEAL, a newspaper published Tuesday through Sunday in Carson City, in the State of Nevada.

Display ad Notice of Hearing

Ad# 82227

of which a copy is hereto attached, was published times commencing on 07/09/2017, 07/16/2017, 07/23/2017,

Signed: *Bailee Taylor*

NOTICE OF PUBLIC HEARING ON THE INTENT OF CARSON CITY, NEVADA, TO ISSUE GENERAL OBLIGATION (LIMITED TAX) SEWER BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES).

NOTICE IS HEREBY GIVEN that the Board of Supervisors (the "Board") of Carson City, Nevada, (the "City") by a resolution, passed, adopted, signed and approved on July 6, 2017, and designated in Section 1 thereof by the short title "2017 Resolution of Intent to Issue Bonds," has proposed the issuance of the City's general obligation (limited tax) sewer bonds (additionally secured by pledged revenues) (the "Bonds") designated below, as follows:

GENERAL OBLIGATION SEWER 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 sewer bonds, in one series to be issued, in the aggregate principal amount not exceeding \$6,000,000 for the purpose of acquiring, constructing, improving and equipping City sewerage projects as defined in NRS 244A.0505, which includes drainage and flood control projects, such bonds to mature not later than thirty (30) 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 there for), 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

The above Proposal was previously approved by the Debt Management Commission of Carson City, Nevada.

The Board has determined that the Bonds to be issued for the purpose of financing sewer projects for the City (as further described in the above Proposal) will be additionally secured by a pledge of the "pledged revenues." The Board has, in addition, determined, based upon a revenue study, that the pledged revenues will at least equal the amount required in each year for the payment of the interest on and the principal of the Bonds.

All persons interested are hereby advised that the Board will hold a public hearing on the Proposal at a regular meeting to be held on August 17, 2017 at the hour of 8:30 a.m. at the Community Center, 851 East William, Carson City, Nevada. All persons are invited to attend and to be heard regarding the Proposal. Further information regarding the Proposal, the Project to be financed by the Bonds, the Bonds and the revenues to be pledged to the Bonds, and all proceedings, are on file in the office of the City Clerk, 885 East Musser Street, Suite 1028, Carson City, Nevada, and can be seen and examined by interested persons during the regular office hours of the City Clerk.

BY ORDER of the Board of Supervisors, Carson City, Nevada dated this 6th day of July, 2017.
Susan Merriwether, Carson City Clerk
By: K. King, Chief Deputy (seal)

STATEMENT:

Date	Amount	Credit	Balance
07/23/17	\$1,699.00	\$0	\$1,699.00

PROPOSALS TO ISSUE OBLIGATIONS

NRS 350.020 Use of general obligation only for stated purpose; submission to electors of proposal to issue general obligations; restrictions on special elections; issuance of general obligations secured by pledge of revenues and issuance of special or medium-term obligations without election; issuance of certain general obligation bonds by board of trustees of school district.

1. A general obligation issued or incurred pursuant to this section must be used only for the stated purpose for which the general obligation was originally issued or incurred and not for any other purpose. Except as otherwise provided by subsections 3 and 4, if a municipality proposes to issue or incur general obligations, the proposal must be submitted to the electors of the municipality at a special election called for that purpose or the next general municipal election or general state election.

2. Such a special election may be held:

(a) At any time, including, without limitation, on the date of a primary municipal election or a primary state election, if the governing body of the municipality determines, by a unanimous vote, that an emergency exists; or

(b) On the second Tuesday after the first Monday in June of an odd-numbered year, whether or not the municipality also holds a general municipal election on that date,

↳ except that the governing body shall not determine that an emergency exists if the special election is for the purpose of submitting to the electors a proposal to refund bonds. The determination made by the governing body is conclusive unless it is shown that the governing body acted with fraud, a gross abuse of discretion or in violation of the provisions of this subsection. An action to challenge the determination made by the governing body must be commenced within 15 days after the governing body's determination is final. As used in this subsection, "emergency" means any occurrence or combination of occurrences which requires immediate action by the governing body of the municipality to prevent or mitigate a substantial financial loss to the municipality or to enable the governing body to provide an essential service to the residents of the municipality.

3. If payment of a general obligation of the municipality is additionally secured by a pledge of gross or net revenue of a project to be financed by its issue, and the governing body determines, by an affirmative vote of two-thirds of the members elected to the governing body, that the pledged revenue will at least equal the amount required in each year for the payment of interest and principal, without regard to any option reserved by the municipality for early redemption, the municipality may, after a public hearing, incur this general obligation without an election unless, within 90 days after publication of a resolution of intent to issue the bonds, a petition is presented to the governing body signed by not less than 5 percent of the registered voters of the municipality. Any member elected to the governing body whose authority to vote is limited by charter, statute or otherwise may vote on the determination required to be made by the governing body pursuant to this subsection. The determination by the governing body becomes conclusive on the last day for filing the petition. For the purpose of this subsection, the number of registered voters must be determined as of the close of registration for the last preceding general election. The resolution of intent need not be published in full, but the publication must include the amount of the obligation, the purpose for which it is to be incurred, the date by which the registered voters of the municipality must file a petition with the governing body to hold an election on the issuance of the obligation, the location at which the petition must be filed with the governing body and the location at which a person may obtain additional information regarding the contents of and filing requirements for the petition. Notice of the public hearing must be published at least three times, once each week for three consecutive weeks, in a newspaper of general circulation in the municipality. The third publication of the notice required by this subsection must be made at least 10 days before the date of the hearing. When published, the notice of the public hearing must be at least as large as 5 inches high by 4 inches wide.

4. The board of trustees of a school district may issue general obligation bonds which are not expected to result in an increase in the existing property tax levy for the payment of bonds of the school district without holding an election for each issuance of the bonds if the qualified electors approve a question submitted by the board of trustees that authorizes issuance of bonds for a period of 10 years after the date of approval by the voters. If the question is approved, the board of trustees of the school district may issue the bonds for a period of 10 years after the date of approval by the voters, after obtaining the approval of the debt management commission in the county in which the school district is located and, in a county whose population is 100,000 or more, the approval of the oversight panel for school facilities established pursuant to [NRS 393.092](#) in that county, if the board of trustees of the school district finds that the existing tax for debt service will at least equal the amount required to pay the principal and interest on the outstanding general obligations of the school district and the general obligations proposed to be issued. The finding made by the board of trustees is conclusive in the absence of fraud or gross abuse of discretion. As used in

this subsection, “general obligations” does not include medium-term obligations issued pursuant to [NRS 350.087](#) to [350.095](#), inclusive.

5. At the time of issuance of bonds authorized pursuant to subsection 4, the board of trustees shall establish a reserve account in its debt service fund for payment of the outstanding bonds of the school district. The reserve account must be established and maintained in an amount at least equal to the lesser of:

(a) For a school district located in a county whose population is 100,000 or more, 25 percent; and

(b) For a school district located in a county whose population is less than 100,000, 50 percent,

↳ of the amount of principal and interest payments due on all of the outstanding bonds of the school district in the next fiscal year or 10 percent of the outstanding principal amount of the outstanding bonds of the school district.

6. If the amount in the reserve account falls below the amount required by subsection 5:

(a) The board of trustees shall not issue additional bonds pursuant to subsection 4 until the reserve account is restored to the level required by subsection 5; and

(b) The board of trustees shall apply all of the taxes levied by the school district for payment of bonds of the school district that are not needed for payment of the principal and interest on bonds of the school district in the current fiscal year to restore the reserve account to the level required pursuant to subsection 5.

7. A question presented to the voters pursuant to subsection 4 may authorize all or a portion of the revenue generated by the debt rate which is in excess of the amount required:

(a) For debt service in the current fiscal year;

(b) For other purposes related to the bonds by the instrument pursuant to which the bonds were issued; and

(c) To maintain the reserve account required pursuant to subsection 5,

↳ to be transferred to the county school district’s fund for capital projects established pursuant to [NRS 387.328](#) and used to pay the cost of capital projects which can lawfully be paid from that fund. Any such transfer must not limit the ability of the school district to issue bonds during the period of voter authorization if the findings and approvals required by subsection 4 are obtained.

8. A municipality may issue special or medium-term obligations without an election.

[Part 2:70:1937; A 1956, 219]—(NRS A 1959, 594; [1969, 1589](#); [1975, 862](#); [1981, 943](#); [1993, 1066](#); [1995, 217](#), [1812](#), [1960](#), [1961](#); [1997, 551](#), [1209](#), [2464](#), [2826](#); [1999, 610](#), [611](#), [1078](#), [3220](#), [3222](#), [3226](#), [3228](#); [2001, 232](#), [1348](#), [2310](#); [2003, 45](#); [2007, 2520](#); [2011, 149](#), [2905](#), [3341](#); [2015, 1884](#), [3840](#))