



STAFF REPORT

Report To: Board of Supervisors

Meeting Date: 7/19/18

Staff Contact: Sheri Russell, Chief Financial Officer

Agenda Title: For Possible Action: To adopt a Resolution concerning the financing of water projects; directing the Clerk to notify the Carson City Debt Management Commission of the City's proposal to issue general obligation water bonds additionally secured by pledged revenues, in the aggregate principal amount not to exceed \$7,000,000; providing certain details in connection therewith; and providing the effective date. (Sheri Russell srussell@carson.org)

Staff Summary: The Resolution directs the City Clerk to give notice to the Carson City Debt Management Commission of the City's intent to issue general obligation water bonds in an amount not to exceed \$7,000,000, pursuant to Nevada Revised Statutes Chapter 350, in order to acquire, construct, improve and equip water projects as defined in NRS 244A.056.

Agenda Action: Resolution

Time Requested: 15 minutes

Proposed Motion

I move to adopt Resolution # _____, a Resolution concerning the financing of water projects; directing the Clerk to notify the Carson City Debt Management Commission of the City's proposal to issue general obligation water bonds additionally secured by pledged revenues, in the aggregate principal amount not to exceed \$7,000,000; providing certain details in connection therewith; and providing the effective date.

Board's Strategic Goal

Sustainable Infrastructure

Previous Action

6-7-18 - Board approved a proposal to refinance the series 2010A Water Bonds and issue up to \$7 Million in new bonds for construction of the East West Transmission Line Project looking at all bonding options available.

Background/Issues & Analysis

In spring 2016, City staff requested the Nevada Division of Environmental Protection through the SRF, refinance the 2010A Water Bonds (Bonds). The Bonds were issued to finance the acquisition of water rights from the Town of Minden. The SRF initially declined the request, pending the City obtain a waiver from the United States Environmental Protection Agency (EPA), allowing the Bonds to be refinanced. The Bonds were financed through the Build America Bonds (BAB) federal subsidy program which had various restrictions.

In spring 2017, City staff requested a waiver from the EPA to refinance the Bonds. In February 2018, the EPA granted the waiver. However, as a condition of the waiver, the savings from the refinancing of the Bonds must be reinvested into a new water improvement project.

Staff proposes that the \$3.3 million savings from this refinance will be used to partially offset the cost of issuing up to \$7 million in new bonds for the East/West Transmission Line project, thereby fulfilling the EPA's requirement.

Applicable Statute, Code, Policy, Rule or Regulation

NRS Chapters 350 and 244A

Financial Information

Is there a fiscal impact? Yes No

If yes, account name/number: Estimated annual debt service payments ranging from \$295,788 to \$1,077,419 for 20 years from the Water Fund.

Is it currently budgeted? Yes No

Explanation of Fiscal Impact: Final amounts of bond proceeds, issuance costs, debt service and capital projects will be added to the Water Fund Budget through a budget augmentation in FY 2019.

Alternatives

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

Board Action Taken:

Motion: _____

- 1) _____
- 2) _____

Aye/Nay

(Vote Recorded By)

Carson City, Nevada
General Obligation (Limited Tax)
Water Bonds, Series 2019
Revenue Sufficiency Analysis

FY Ending June 30	Pledged Revenues 1/	Existing Debt Service 2/	Debt Service Offsets 3/	Proposed Bonds			Net Comb. Debt Service	Excess/ (Deficiency)
				Principal	Interest 4/	Total		
2017	\$7,309,839							
2018	7,551,357	\$5,164,809	\$0	\$0	\$0	\$0	\$5,164,809	\$2,386,548
2019	7,940,136	5,278,299	(116,093)	0	74,769	74,769	5,236,974	2,703,162
2020	7,940,136	5,471,204	(307,306)	0	295,788	295,788	5,459,685	2,480,451
2021	7,940,136	5,497,592	(437,360)	0	295,788	295,788	5,356,019	2,584,117
2022	7,940,136	5,497,366	(437,360)	0	295,788	295,788	5,355,793	2,584,343
2023	7,940,136	5,497,477	(437,360)	0	295,788	295,788	5,355,904	2,584,232
2024	7,940,136	5,497,416	(437,360)	0	295,788	295,788	5,355,844	2,584,292
2025	7,940,136	5,434,687	(437,360)	0	295,788	295,788	5,293,114	2,647,022
2026	7,940,136	5,232,030	(437,360)	210,000	291,588	501,588	5,296,257	2,643,879
2027	7,940,136	5,236,344	(437,360)	215,000	283,088	498,088	5,297,072	2,643,064
2028	7,940,136	3,360,426	(437,360)	300,000	272,788	572,788	3,495,853	4,444,283
2029	7,940,136	3,361,787	(437,360)	310,000	260,588	570,588	3,495,014	4,445,122
2030	7,940,136	3,264,822	(437,360)	425,000	243,763	668,763	3,496,225	4,443,911
2031	7,940,136	3,774,859	(1,156,446)	665,000	216,513	881,513	3,499,925	4,440,211
2032	7,940,136	2,999,635	(1,173,536)	480,000	190,288	670,288	2,496,386	5,443,750
2033	7,940,136	2,744,243	(1,193,352)	780,000	165,088	945,088	2,495,978	5,444,158
2034	7,940,136	2,766,192	(1,215,679)	815,000	133,188	948,188	2,498,701	5,441,435
2035	7,940,136	2,350,799	(1,235,407)	410,000	108,688	518,688	1,634,079	6,306,057
2036	7,940,136	2,373,294	(1,257,429)	425,000	91,722	516,722	1,632,587	6,307,549
2037	7,940,136	2,397,273	(1,281,528)	445,000	73,778	518,778	1,634,524	6,305,612
2038	7,940,136	2,422,496	(1,307,487)	465,000	54,719	519,719	1,634,728	6,305,408
2039	7,940,136	1,892,757	(1,335,090)	1,055,000	22,419	1,077,419	1,635,086	6,305,050
2040	7,940,136	1,369,013	(1,369,013)	0	0	0	0	7,940,136
		\$88,884,820	(\$17,321,971)	\$7,000,000	\$4,257,706	\$11,257,706	\$82,820,555	

1/ From the City's final 2018-19 budget.

2/ Includes debt service and receipt of BAB subsidy on the 2010A Bonds. Includes pro-forma debt service on the 2018B Bond.

3/ Includes pro-forma receipts from the 2018B Bond escrow account and the impact of refinancing the 2010A Bonds.

4/ Interest rate estimated at 4.21%.

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

RESOLUTION NO. _____

A RESOLUTION CONCERNING THE FINANCING OF WATER PROJECTS; DIRECTING THE CLERK TO NOTIFY THE CARSON CITY DEBT MANAGEMENT COMMISSION OF THE CITY'S PROPOSAL TO ISSUE GENERAL OBLIGATION WATER 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 acquire, construct, improve and equip water projects as defined in NRS 244A.056 (the "Project"); and

WHEREAS, the Board pursuant to NRS 350.020(3) (subject to the approval of the proposal to issue general obligation bonds by the Carson City Debt Management Commission), proposes to issue general obligation water bonds additionally secured by a pledge of the revenues of the City's water system (the "Bonds") of which the Project is a part (the "Pledged Revenues"); and

WHEREAS, based on the study presented to the Board, which is attached hereto as Exhibit "B," the Board hereby determines that the Pledged Revenues will at least equal the amount required in each year for the payment of interest and principal on such 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 (the "Finding"); and

WHEREAS, the Board proposes to incur 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 WATER 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 water bonds, in one series or more, in the aggregate principal amount of not exceeding \$7,000,000 for the purpose of acquiring, constructing, improving and equipping City water projects as defined in NRS 244A.056, 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 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 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. 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 Finding, the Proposal, the Project, and the financings thereof be, and the same hereby are, ratified, approved and confirmed.

Section 2. The City Clerk be, and she hereby is, authorized and directed to notify the Secretary of the Carson City Debt Management Commission (“Commission”) of the City’s Proposal (the “Proposal”); to submit to said Secretary a statement of the Proposal and Finding in sufficient number of copies for each member of the Commission; and to request the Commission to consider and approve the Proposal and the Finding. 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 \$7,000,000.

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.

Passed and adopted this July 19, 2018.

Mayor

Attest:

City Clerk

- (ii) Public Safety Complex
885 East Musser Street
Carson City, Nevada
- (iii) City Hall
201 North Carson Street
Carson City, Nevada
- (iv) Carson City Library
900 North Roop Street
Carson City, Nevada
- (v) Business Resource & Innovation Center (BRIC)
108 East Proctor Street
Carson City, Nevada

is attached as Exhibit “A.”

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 July 19, 2018.

City Clerk

EXHIBIT "A"

(Attach Copy of Notice of Meeting)

EXHIBIT "B"

(Attach Revenue Study)