

STAFF REPORT

Date: August 26, 2019

To: Mayor and City Council

Thru: Sabra Newby, City Manager

Subject: **D.3. Staff Report (For Possible Action): 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 maximum principal amount of \$55,000,000 for the purpose of financing sewerage projects for the City; together with other matters properly relating thereto. (Sewer Fund).**

From: Deborah Lauchner, Director of Finance

Summary: The City has sewer projects in the capital improvement plan for improvements to the Reno/Stead Water Reclamation Facility. The City proposes to issue General Obligation (Limited Tax) Sewer Bonds in the maximum amount of \$55,000,000 (the "Bond") to finance the proposed sewer projects. The resolution requires an affirmative vote of at least 2/3 of all members of the City Council.

Previous Council Action: August 14, 2019 - City Council adopted a resolution requesting approval of the Washoe County Debt Management Commission of the City's proposal to issue general obligation sewer bonds additionally secured by the net revenues of the City's municipal sewer system.

August 5, 2019 – Council held a special meeting to discuss sewer operations and several additional sewer related items.

February 13, 2019 – Approval of Agreement with WesTech Engineering, Inc. for rental of pilot testing equipment and limited technical support for the Reno-Stead Water Reclamation Facility (RSWRF) Advanced Purified Water Pilot Project in the amount of \$99,500. (Sewer Fund)

February 13, 2019 – Approval of Agreement with Xylem Water Solutions USA, Inc. for rental of pilot testing equipment and limited technical support for the Reno-Stead Water Reclamation Facility (RSWRF) Advanced Purified Water Pilot Project in the amount of \$96,700. (Sewer Fund)

January 9, 2019 – Council approved a construction management contract with Brown and

Caldwell in the amount of \$108,642. (Sewer Fund)

December 10, 2018 – Approval of Agreement with the University of Nevada, Reno (UNR) for assistance in process operation, sampling, testing and performance evaluation of the Reno-Stead Water Reclamation Facility Advanced Purified Water Pilot Project in an amount not to exceed \$476,198.10. (Sewer Fund)

December 5, 2018 – Council approved a contract with K.G. Walters construction to construct a project to send up to 0.5 MGD from RSWRF to TMWRF in the amount of \$253,000. (Sewer Fund)

September 18, 2018 – Approval of Agreement with HDR for regulatory permitting feasibility analysis for effluent delivery to Long Valley Creek, development of pipe alignment alternatives to Long Valley Creek and Bedell Flat, and 30 percent design for one selected alternative at Long Valley Creek and Bedell Flat, in an amount not to exceed \$1,259,720. (Sewer Fund)

September 12, 2018 – Approval of Award of Contract to Peek Brothers Construction Inc. for the Reno-Stead Water Reclamation Facility subsurface hydrogeologic investigation pilot study: installation of utilities, in an amount not to exceed \$99,655. (Sewer Fund)

June 13, 2018 – Council approved an agreement with Brown and Caldwell for engineering a project to send up to 0.5 MGD from RSWRF to Truckee Meadows Water Reclamation Facility (TMWRF) in the amount of \$433,051. (Sewer Fund)

April 25, 2018 – Council approved an agreement with Stantec Consulting Services, Inc. for engineering design services associated with the Reno Stead Water Reclamation Facility Expansion Project in the amount of \$2,163,445. (Sewer Fund)

April 25, 2007 - Council approved an agreement with ECO:LOGIC in the amount of \$2,659,000 for project and engineering support services for the expansion of Reno-Stead Water Reclamation Facility.

December 14, 2005 - Council approved an agreement with ECO:LOGIC in the amount of \$1,042,372 for partial design services for the expansion of the RSWRF from 2 MGD to 4 MGD capacity.

Discussion: The improvements to the Stead sewer plant are in the City's capital improvement plan. The City has completed an application to request the State of Nevada Revolving Fund (SRF) purchase the Bond and SRF funds have been pledged for the project. The SFR program provides a lower cost financing resource than the City would receive through a bond issued on

the competitive market. Through the SRF program, funds will be drawn from the Bond proceeds as needed for construction and interest will accrue only on the funds drawn.

Nevada Revised Statutes (NRS) requires that the City seek approval from the Washoe County Debt Management Commission (DMC) before any formal action may be taken to incur any general obligation debt. At their August 16, 2019 meeting, the DMC approved the City's proposal to issue general obligation sewer bonds additionally secured by the net revenues of the City's municipal sewer system.

This resolution is the next step in the authorization process for the Bond by directing certain publications including notice of a public hearing to be held on October 2, 2019. Additional authorization proceedings include the consideration of publication of various notices, holding a public hearing and consideration of a bond ordinance. After completion of all legal proceedings, the bond is expected to be issued in calendar year 2020 and will mature in 2040.

Financial Implications: Annual debt service on the Bond in the maximum principal amount of \$55,000,000 is estimated to be approximately \$3,800,000 per fiscal year. All debt service will be paid from the Sewer Fund. There will be no costs outside of the Sewer Fund.

Legal Implications: None.

Recommendation: Staff recommends Council adopt the Resolution.

Proposed Motion: I move to adopt the Resolution.

RESOLUTION NO.

RESOLUTION NO. _____

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 MAXIMUM PRINCIPAL AMOUNT OF \$55,000,000 FOR THE PURPOSE OF FINANCING SEWERAGE PROJECTS FOR THE CITY; AND PROVIDING OTHER MATTERS PROPERLY RELATED THERETO.

WHEREAS, the City Council (the "Council") of the City of Reno (the "City") in the County of Washoe (the "County") in the State of Nevada, proposes to issue up to \$55,000,000 of general obligation (limited tax) sewer bonds additionally secured by pledged revenues (the "Bonds") to finance sewerage projects as defined in NRS 268.714 for the City (the "Project"); and

WHEREAS, the Council proposes to issue the Bonds additionally secured by a pledge of the net revenues of the City's municipal sanitary sewer system of which the Project is a part (the "Pledged Revenues"); and

WHEREAS, the Council has determined 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 interest and principal on such Bonds for the term thereof; and

WHEREAS, pursuant to NRS 350.020(3), the Council proposes to incur these general obligations without an election unless a petition requesting an election signed by 5% of the registered voters of the City is presented to the Council within 90 days after the publication of a notice of the adoption of this resolution of intent requiring the Council to submit to the qualified electors of the City for their approval or disapproval the following proposal (the "Proposal"):

**GENERAL OBLIGATION SEWER BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
PROPOSAL:**

Shall the City Council of the City of Reno, 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 or more, in the aggregate principal amount of not exceeding \$55,000,000 for the purpose of acquiring, improving, equipping and maintaining a sewerage project as defined in NRS 268.714, such bonds to mature commencing not later than five (5) years from the date or respective dates of the bonds and ending not later than thirty (30) years therefrom, 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, as shall be determined at the time of the sale thereof, not exceeding the statutory maximum rate, if any, in effect at the time bonds are sold 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 Council 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?

WHEREAS, pursuant to NRS 350.011 to 350.0165, inclusive, the Council has submitted the Proposal to the Debt Management Commission of Washoe County (the "Commission"); and

WHEREAS, the Commission has approved the Proposal; and

WHEREAS, NRS 350.020(3) provides that a public hearing must be held before issuing the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RENO, NEVADA:

Section This resolution shall be known as and may be cited by the short title "2019 Resolution of Intent to Issue Sewer Bonds" (this "Resolution").

Section All action heretofore taken (not inconsistent with the provisions of this Resolution) by the Council and the officers of the Council directed:

(a) Toward the Project to be refinanced by the Bonds;

and

(b) Toward the issuance of the Bonds to defray, in part,
the cost thereof,

be, and the same hereby is, ratified, approved and confirmed.

Section The Council and the officers of the Council be, and they hereby are, authorized and directed to publish this resolution of intent or to publish a notice of the adoption of the resolution of intent relating to the Council's Proposal to issue the Bonds in a newspaper of general circulation in the City, at least once on August 31, 2019, or at such other time as specified by the Finance Director of the City (the "Finance Director") or designee.

Section Such notice to issue the Bonds shall be published once in a newspaper of general circulation in the City in substantially the following form:

(Form of Notice of Intent for Publication)

**NOTICE OF THE INTENT OF THE CITY COUNCIL OF
THE CITY OF RENO, NEVADA, TO ISSUE GENERAL
OBLIGATION (LIMITED TAX) SEWER BONDS
ADDITIONALLY SECURED BY PLEDGED REVENUES**

NOTICE IS HEREBY GIVEN that the City Council (the "Council") of the City of Reno (the "City"), Nevada, by a resolution, passed, adopted, signed and approved on August 26, 2019, and designated in Section 1 thereof by the short title "2019 Resolution of Intent to Issue Sewer Bonds" has made the following proposal (the "Proposal") for the issuance of the City's General Obligation (Limited Tax) Sewer Bonds (Additionally Secured by Pledged Revenues) (the "Bonds") designated below:

**GENERAL OBLIGATION SEWER BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
PROPOSAL:**

Shall the City Council of the City of Reno, 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 or more, in the aggregate principal amount of not exceeding \$55,000,000 for the purpose of acquiring, improving, equipping and maintaining a sewerage project as defined in NRS 268.714, such bonds to mature commencing not later than five (5) years from the date or respective dates of the bonds and ending not later than thirty (30) years therefrom, 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, as shall be determined at the time of the sale thereof, not exceeding the statutory maximum rate, if any, in effect at the time bonds are sold 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 Council 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 was approved upon the adoption of a resolution by the Debt Management Commission of Washoe County, Nevada.

The Council has determined that the Bonds will be issued for the purpose of financing sewerage projects for the City (as further described in the above Proposal) will be additionally secured by a pledge of the net revenues of the City's sewer system (the "Pledged Revenues"). The Council has determined 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, and that no increase in the rate of an ad valorem tax is anticipated to be necessary for the payment of the interest on and the principal of the Bonds for the term thereof.

Based upon this determination, the Council intends to incur these general obligations as set forth above without an election as provided in NRS 350.020(3), unless within ninety (90) days after the publication of this notice a petition or petitions requesting an election is presented to the Council signed by not fewer than five percent (5%) of the registered voters of the City. The number of registered voters is to be determined as of the close of registration for the last preceding general election.

At a meeting or meetings of the Council, the Council shall proceed to enact an ordinance or ordinances authorizing the issuance of the Bonds. Such ordinance or ordinances authorizing the issuance of the Bonds will be effective unless prior to 5:00 p.m. on November 29, 2019, a petition is presented to the Council asking for an election upon the question of whether or not the proposed general obligations shall be incurred. The petition for an election herein referred to may be presented to the Council at any time prior to the expiration of ninety (90) days after the publication of this notice. In the event such petition is presented, no such ordinance or ordinances shall be effective except pursuant to an election called and held for such purpose and carried by a majority of the votes cast. In the event no such petition is presented, the Bonds will be authorized as described above. The ordinance or ordinances authorizing the Bonds will, in addition, contain provisions for additionally securing the payment of the general obligations by pledging the Pledged Revenues to the payment of the Bonds.

The authority to issue the Bonds if conferred at the election or if conferred by the fact no petition is presented to the Council requesting such an election within ninety (90) days of the date of publication hereof shall be deemed to be a continuing authority and the Council shall be authorized to sell the Bonds at such time or times and upon such terms and conditions as it deems proper in accordance with the provisions of the Proposal and the laws of the State of Nevada.

All persons interested are hereby advised that further information regarding the projects to be financed by the Bonds, the Bonds and the Pledged Revenues, and all proceedings in the premises, are on file in the office of the City Clerk, One East First Street, Reno, Nevada, and can be seen and examined by the interested persons during the regular office hours of the City Clerk.

The determination by the Council that the Pledged Revenues will at least equal the amount required in each year for the payment of interest and principal on the Bonds becomes conclusive on the last day for filing the petition, i.e., on November 29, 2019.

BY ORDER of the City Council of the City of Reno, Nevada.

DATED this August 26, 2019.

PUBLICATION DATE: August 31, 2019.

/s/ Ashley D. Turney

(End of Form of Notice for Publication)

Section The City Clerk and other officers of the City are authorized and directed to publish a notice of public hearing three times, once each week for three consecutive weeks, the third publication to be made at least 10 days before the date of the public hearing described in the following notice, in a newspaper of general circulation in the City, at least as large as 5 inches high by 4 inches wide, in substantially the following form:

(Form of Notice of Public Hearing)

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

NOTICE IS HEREBY GIVEN that the City Council (the "Council") of Reno (the "City"), Nevada, by a resolution, passed, adopted, signed and approved on August 26, 2019, and designated in Section 1 thereof by the short title "2019 Resolution of Intent to Issue Sewer Bonds" has made the following proposal (the "Proposal") for the issuance of the City's General Obligation (Limited Tax) Sewer Bonds (Additionally Secured by Pledged Revenues) (the "Bonds") designated below: :

**GENERAL OBLIGATION SEWER BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
PROPOSAL:**

Shall the City Council of the City of Reno, 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 or more, in the aggregate principal amount of not exceeding \$55,000,000 for the purpose of acquiring, improving, equipping and maintaining a sewerage project as defined in NRS 268.714, such bonds to mature commencing not later than five (5) years from the date or respective dates of the bonds and ending not later than thirty (30) years therefrom, 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, as shall be determined at the time of the sale thereof, not exceeding the statutory maximum rate, if any, in effect at the time bonds are sold 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 Council 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 was approved upon the adoption of a resolution of the Debt Management Commission of Washoe County, Nevada.

The Council has determined that the Bonds to be issued for the purpose of financing sewerage projects for the City (as further described in the above Proposal) will be additionally secured by a pledge of the net revenues of the City's water and wastewater reclamation systems (the "Pledged Revenues"). The City has determined 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 Council will hold a public hearing on the Proposal on October 2, 2019, at 10:00 a.m. at the Council Chambers, One East First Street, Reno, Nevada. All persons are invited to attend and to be heard regarding the Proposal. Further information regarding the Proposal, the projects to be financed by the Bonds, the Bonds and the Pledged Revenues, and all proceedings, are on file in the City Clerk's Office, One East First Street, Reno, Nevada, and can be seen and examined by the interested persons during the regular office hours of the City Clerk.

BY ORDER of the City Council of the City of Reno, Nevada.

DATED this August 26, 2019.

PUBLICATION DATES: August 31, 2019, September 7, 2019 and September 14, 2019.

/s/ Ashley D. Turney

City Clerk

(End of Form of Notice of Public Hearing)

Section The Bonds, in the event no petition is filed during the period allowed by NRS 350.020(3), shall be authorized by an ordinance or ordinances to be adopted by the Council which will be effective after the expiration of the above specified period of publication.

Section The authority to issue the Bonds designated in the Proposal as set forth in the notice shall be deemed and considered a continuing authority to issue and deliver the Bonds designated in such Proposal at one time or from time to time, in one series or in more than one series, all as ordered by the Council. Neither the partial exercise of the authority so conferred nor the lapse of time shall be considered as exhausting or limiting the full authority so conferred.

Section The Finance Director or designee is hereby authorized to arrange for issuance and sale of the Bonds, in one or more series, in a total principal amount of not more than \$10,000,000 at such time or times as determined by the City Clerk, in accordance with Chapter 268 of NRS (the "Project Act") and NRS 350.500 to 350.720, inclusive (the "Bond Act").

Section The Finance Director or designee is authorized to specify the terms of the Bonds, the method(s) of their sale, the series of the Bonds, the final principal amounts of the Bonds, the terms of their repayment and security therefor, and other details of the Bonds, and to advertise the Bonds for public sale, or negotiate the terms of the Bonds with the appropriate administrator of one or more of the State's programs (including, without limitation, requesting the State to purchase all or a portion of the City's Bonds), subject to the Project Act and the Bond Act and subject to ratification by the Council by the adoption of one or more bond ordinances specifying the bond terms and details and approving their sale (the "Bond Ordinances").

Section The officers of the City are hereby authorized to take all action necessary or appropriate to effectuate the provisions of this Resolution, including without limitation, if necessary: (i) assembling of financial and other information concerning the City, the Project and the Bonds in the forms specified by the Finance Director or designee.

Section The Finance Director or designee shall, after arranging for the sale(s) of the Bonds, present the proposed terms of the sale(s) to the Council for its approval by adoption of the Bond Ordinance(s).

Section The officers of the Council be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Resolution.

Section 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 construed to revive any resolution, or part thereof, heretofore repealed.

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

PASSED AND APPROVED by at least a two-thirds majority of the Council on August 26, 2019.

Upon motion by Councilmember _____, and seconded by Councilmember _____, the foregoing Resolution was passed and adopted this _____ day of _____, 2019, by the following vote of the Council:

AYES: _____
NAYS: _____
ABSTAIN: _____ ABSENT: _____

APPROVED this _____ day of _____, 2019.

HILLARY SCHIEVE
MAYOR

ATTEST:

ASHLEY D. TURNEY

CITY CLERK

STATE OF NEVADA)
) ss.
CITY OF RENO)

A. I am the duly chosen and qualified City Clerk of the City of Reno (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 City Council held on August 26, 2019. 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 minutes of the City Council kept for that purpose in my office, which record has been duly signed by such officers and properly sealed.

2. The members of the City Council were present at the meeting on August 26, 2019 and voted on the resolution as follows:

Those Voting Aye: _____
Those Voting Nay: _____
Those Abstaining: _____
Those Absent: _____

3. An affidavit of publication of the notice of intent set forth in the Resolution is attached hereto as Exhibit B.

4. An affidavit of publication of the notice of the public hearing is attached hereto as Exhibit C.

B. The undersigned representative of the City Manager's Office does hereby certify:

1. All members of the City Council were given due and proper notice of the meeting held on August 26, 2019.

2. 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 hereto as Exhibit A) containing the time, place, location and an excerpt from

the agendas for the meeting relating to the resolution as posted by 9:00 a.m. at least 3 working days in advance of the meeting at the Council's office, on the City's website, on the State of Nevada's official website and at:

- (i) Reno Municipal Court
One South Sierra Street
Reno, Nevada
- (ii) Washoe County Library
301 South Center Street
Reno, Nevada
- (iii) Evelyn Mount Northeast Community Center
1301 Valley Road
Reno, Nevada
- (iv) McKinley Arts and Culture Center
925 Riverside Drive
Reno, Nevada
- (v) Washoe County Administration Building
1001 East 9th Street
Reno, Nevada
- (vi) Reno-Sparks Convention and Visitors Authority
4001 S. Virginia Street
Reno, Nevada
- (vii) Reno City Hall
One East First Street
Reno, Nevada

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

IN WITNESS WHEREOF, I have hereunto set my hand on August 26, 2019.

City Clerk

IN WITNESS WHEREOF, I have hereunto set my hand this August 26, 2019.

Representative of City Manager's Office
EXHIBIT A

(Attach Copy of Notice of Meeting)
EXHIBIT B

(Attach Affidavit of Publication of Notice of Intent)

EXHIBIT C

(Attach Affidavit of Publication of Notice of Public Hearing)