

STAFF REPORT

Date: April 28, 2021

To: Mayor and City Council

Thru: Doug Thornley, City Manager

Subject: **D.5. Staff Report (For Possible Action): Resolution authorizing City staff to proceed with the issuance of assessment bonds for the proposed City of Reno, Nevada, 2021 Special Assessment District No. 2 (Stonegate I), subject to further approval by Council.**

From: Deborah Lauchner, Director of Finance

Summary: Staff requests Council authorization to proceed with the issuance of assessment bonds of the City for the proposed Special Assessment District (SAD) related to the StoneGate development project. It is expected that approximately \$36,700,000 of assessment bonds would be issued to help fund the expansions of TMWA water infrastructure and Washoe County sanitary sewer system within the StoneGate project. Final authorization of such bonds will require further Council approval.

The proposed SAD will utilize the Alternate Procedure for Local Improvements, as outlined in NRS 271.700 through 271.730. These SADs differ from standard SADs that are commonly used in Reno for infrastructure improvements and for supplemental services in the downtown area. Key differences include a requirement for 100 percent owner consent, provisions for developer funded expenses, security provided with encumbrances to the applicant's property, and additional financial contingencies. Any assessment bonds issued for this SAD will not be a debt of the City and the City has no repayment liability pursuant to NRS 271.500. Staff recommends Council adopt the Resolution.

Previous Council Action:

March 10, 2021 - Council adopted a resolution approving a Development and Financing Agreement for the City of Reno, Nevada, 2021 Special Assessment District No. 2 (StoneGate I) with Heinz Ranch Land Company, LLC (Developer).

February 13, 2019 - Council adopted a resolution approving the form of a Deposit Reimbursement Agreement with Heinz Ranch Land Company, LLC; the developer of the proposed StoneGate development.

Background: In July 2018, staff began discussions with Developer's team related to their proposed financing plan for project infrastructure. On August 31, 2018, staff received an outline of Developer's proposal for a developer funded, property secured, SAD. An internal City team reviewed the potential SAD related to this development and a process was outlined that included a request to Developer to provide the City with a deposit that could be drawn upon to pay for the City's costs of reviewing and processing their proposal.

On February 13, 2019, Council adopted a resolution to allow the City to enter into the Deposit and Reimbursement Agreement and accept a deposit in the amount of \$150,000 with Developer. The deposit is to be used to cover City costs related to exploring, possible creation and financing of a proposed Special Assessment District. The City has expended over \$140,000 in appraisal services, assessment engineering services and legal services to further this request and Developer has refilled the account to maintain the amount of \$150,000 on deposit. Once Council approved this agreement, the Developer completed the Petition and Application for the City to work from to create a Development and Financing Agreement that outlines how construction will proceed along with the financing and reimbursement process.

On March 26, 2019, the City received the final draft Petition and Application for the formation of 2021 Special Assessment District No. 2 (StoneGate I), submitted by Developer. The Petition and Application is seeking the formation of a local special assessment district pursuant to Nevada Revised Statutes Chapter 271 for the financing of public improvements relating to the StoneGate development project.

On January 7, 2021, the Financial Advisory Board received a report on the 2021 Special Assessment District No. 2 (StoneGate I) request and analysis. They reviewed the proposed DFA and determined it substantially meets the parameters in the SAD Guidelines and mitigates risk to the City as best as possible.

On March 10, 2021, Council adopted a resolution approving a Development and Financing Agreement (DFA) for the City of Reno, Nevada, 2021 Special Assessment District No. 2 (Stonegate I) with Heinz Ranch Land Company, LLC.

Discussion: The proposed 2021 Special Assessment District No. 2 (StoneGate I) would consist of approximately 1,253 total acres and would include nine water and sewer infrastructure projects with an estimated cost of \$36,700,000.

Financial Implications: There are no financial implications from approving this next step in the process. All costs to the City are being borne by Developer. Adopting this Sales Resolution is the next step in issuing the Assessment Bonds. Staff will return with a Bond Ordinance for Council consideration that will govern the issuance of the Assessment Bonds contemplated in the DFA.

Legal Implications: By adopting the Sale Resolution, Council will authorize Finance staff to proceed with the Bond issuance, including hiring professionals to assist City staff with the authorization and issuance of the Bonds. Future Council approvals will be required for the creation of the SAD, the levy of assessments on properties within the SAD, and the issuance of Bonds.

Recommendation: Staff recommends Council adopt the Resolution.

Proposed Motion: I move to adopt the Resolution.

Attachments:

- Presentation -StoneGate SAD Bond Sale Resolution (PDF)

RESOLUTION NO.

A RESOLUTION CONCERNING THE ISSUANCE OF SPECIAL ASSESSMENT BONDS FOR THE CITY OF RENO, NEVADA, 2021 SPECIAL ASSESSMENT DISTRICT NO. 2 (STONEGATE I) AND AUTHORIZING CITY STAFF TO PROCEED WITH THE ISSUANCE OF SUCH BONDS AND NEGOTIATION AND PREPARATION OF AGREEMENTS RELATED THERETO, SUBJECT TO FURTHER APPROVAL BY THE CITY COUNCIL.

WHEREAS, the City Council of the City of Reno, Nevada (the “Council,” “City,” and “State,” respectively), intends to create the City of Reno, Nevada, 2021 Special Assessment District No. 2 (StoneGate I) (the “District”), order the acquisition, improvement, and construction of a sanitary sewer project and a water project (collectively, the “Project”), and levy assessments against parcels in the District benefitted by the Project; and

WHEREAS, the Council plans to finance a portion of the cost of the Project with the proceeds of special assessment bonds of the City (the “Bonds”); and

WHEREAS, the Council desires to authorize City staff to arrange for the sale of the Bonds and the negotiation and preparation of agreements related thereto.

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

All actions, proceedings, matters and things heretofore taken, had and done by the City and the officers thereof (not inconsistent with the provisions of this resolution) concerning the District and the Bonds, be, and the same hereby are, ratified, approved and confirmed.

Upon the creation of the District, the City’s Finance Director or her designee is hereby authorized and directed to take all action necessary or appropriate to proceed with the Bond issuance, including without limiting the generality of the foregoing, hiring professionals to assist City staff with the authorization and issuance of the Bonds and the negotiation and preparation of: a) the ordinance authorizing the issuance of the Bonds (the “Bond Ordinance”); b) the Trust Indenture relating to the Bonds; c) the Bond Purchase Agreement relating to the sale of the Bonds to the initial purchaser thereof; d) the Preliminary Official Statement or other offering document relating to the offering of the Bonds; and e) all other certificates and agreements relating to the Bonds. Notwithstanding the foregoing, the issuance of the Bonds and the execution and delivery of the related agreements shall be subject to approval of the Council, which approval shall be contained in the Bond Ordinance to be considered by the Council at a later date.

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.

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.

The Council has determined, and does hereby declare, that this resolution shall be in effect upon its passage in accordance with law.

Upon motion by Councilmember _____, and seconded by Councilmember _____, the foregoing Resolution was passed and adopted this _____ day of _____, 2021, by the following vote of the Council:

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

APPROVED this _____ day of _____, 2021.

HILLARY SCHIEVE
MAYOR

ATTEST:

ASHLEY D. TURNEY
CITY CLERK