

# Quilici

## Petition and Application for the Formation of the Special Assessment District



Prepared by: Launch Development Finance Advisors

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**Quilici**  
**Petition and Application for the Formation of a**  
**Special Assessment District**  
**Listing of Exhibits**

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- EXHIBIT A** - Title Report
- EXHIBIT B** - Construction Cost Estimates
- EXHIBIT C** - Underwriter Commitment Letter
- EXHIBIT D** - Phase I Environmental Assessment

**Quilici**  
**Petition and Application for the Formation of a**  
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**Introduction**

This petition and application (“Application”) is being submitted to the City of Reno, Nevada (“City”) by Toll North Reno, LLC (“Applicant”) to request the formation of the Special Assessment District (“District”) for the Quilici development (“Quilici” and/or “Development”) pursuant to Nevada Revised Statutes Chapter 271 (the “Act”) for the financing their pro-rata share of regional Truckee Meadows Water Authority (“TMWA”) water improvements (“Water Improvements”) that will enable water service to Quilici, will improve water service for existing properties in the Verdi area, and will enable water service for future developments in the Verdi area. A conceptual map of Quilici is provided on page 6.

The purpose of this Application is to provide the City with specific information related to the Applicant, Quilici, and the District financing plan, and to petition the City to move forward with the proposed District financing as outlined herein.

The Applicant has provided the City with a \$150,000 deposit (“Deposit”) on March 8, 2023, to pay the estimated costs incurred by the City and their consultants related to the formation of the District and the issuance of the Special Assessment Bonds (“Bond(s)”) and has agreed to fund any additional costs that the City may request. To the extent the Bonds are issued the Deposit will be reimbursed to the Applicant via Bond proceeds.

The City is **not** requested to pledge its general fund or taxing power to secure the Bonds issued to finance the eligible Water Improvements.

**Applicant Information**

1. Applicant General Background

The Applicant owns 100% of the real property contained within the District.

2. Applicant Information

a. Applicant Name and Address:

Toll North Reno, LLC  
10345 Professional Circle, Suite 200  
Reno, NV 89521

b. Applicant Representatives:

Ms. Julie Wong  
Sr. Land Development Manager  
jwong1@tollbrothers.com  
775-850-2417

c. Company Information

Toll North Reno, LLC  
State of Incorporation – Nevada  
Date of Incorporation – December 2007  
Fiscal Year-End – December 31

3. Three (3) Years of the Applicant’s Financial Statements

The Applicant has 20+ years of successful homebuilding experience in Northern Nevada. The Applicant is a related entity and receives equity from its parent company, Toll Brothers, Inc. Toll Brothers, Inc.’s financial information may be found at <https://investors.tollbrothers.com/financials-and-filings/sec-filings>.

Other relevant financial information will be made available to City staff upon request and the Applicant will assist with the preparation of all relevant financial analyses as requested by the underwriter, disclosure counsel, appraiser, and market consultant.

4. Applicant Prior Developments

Toll Brothers, Inc. has been in the homebuilding business since 1967 and has built homes in 24 states, including Northern Nevada for 20+ years. Information related to prior developments is available upon request.

5. References

A list of references of City officials the Applicant and/or related entities have completed similar developments is shown below.

| <b>Name</b>     | <b>Position</b>                        | <b>Municipality</b> |
|-----------------|--|---------------------|
| Vicki Van Buren | Director of Finance                    | City of Reno        |
| Chris Pingree   | Development Services Director          | City of Reno        |
| Angela Fuss     | Assistant Development Services Manager | City of Reno        |

6. Funding to Date

To date, the Applicant has contributed more than \$25.5 million related to Quilici's planning, entitlement, and development.

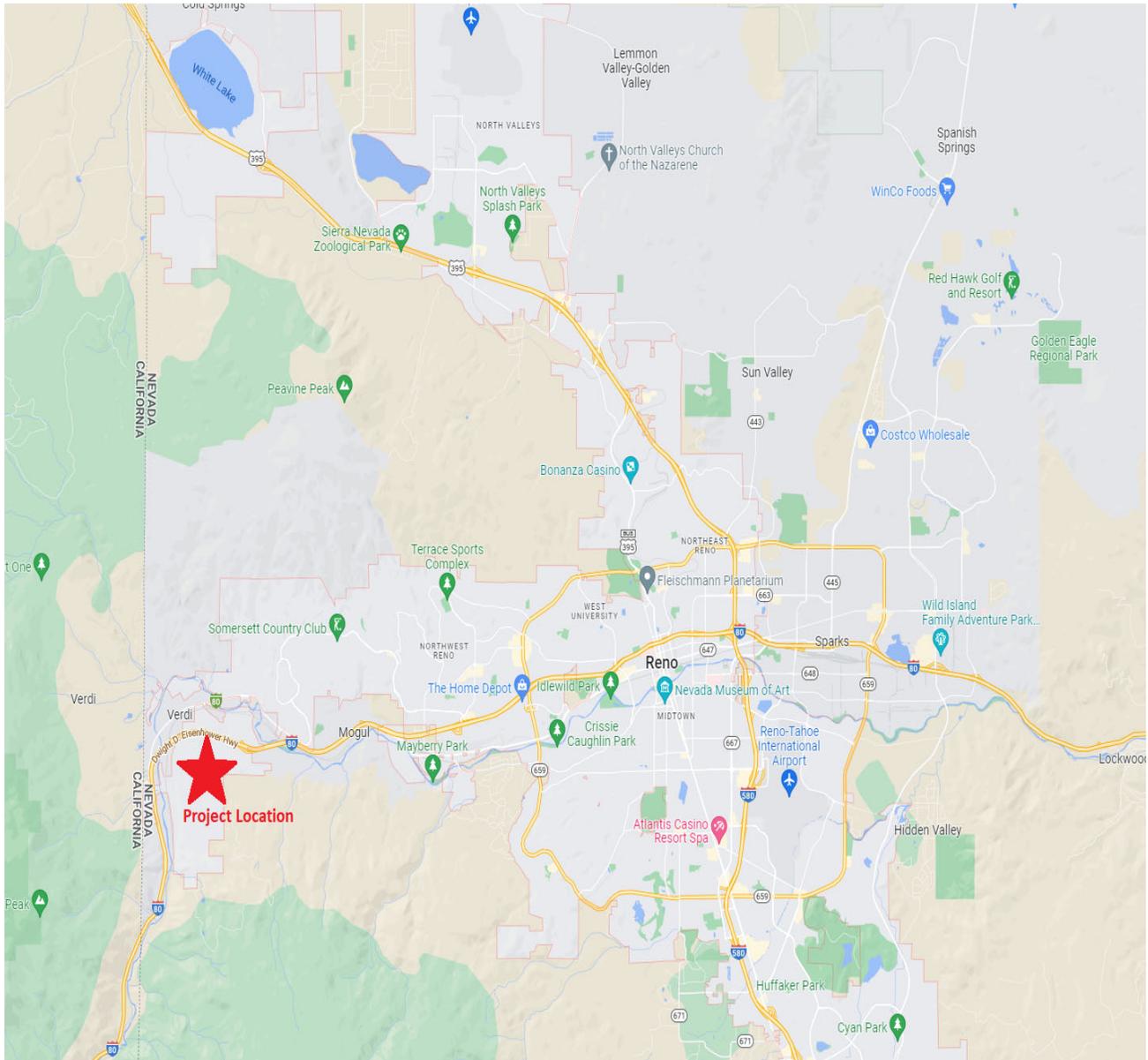
The remaining costs will be financed through a combination of equity, third-party borrowings, and/or internal cash.

# Development Information

## 1. Development Overview

The general location of Quilici is shown below. A proposed District boundary map is illustrated on the following page. The District boundary map also illustrates the locations of eligible Water Improvements proposed to be financed.

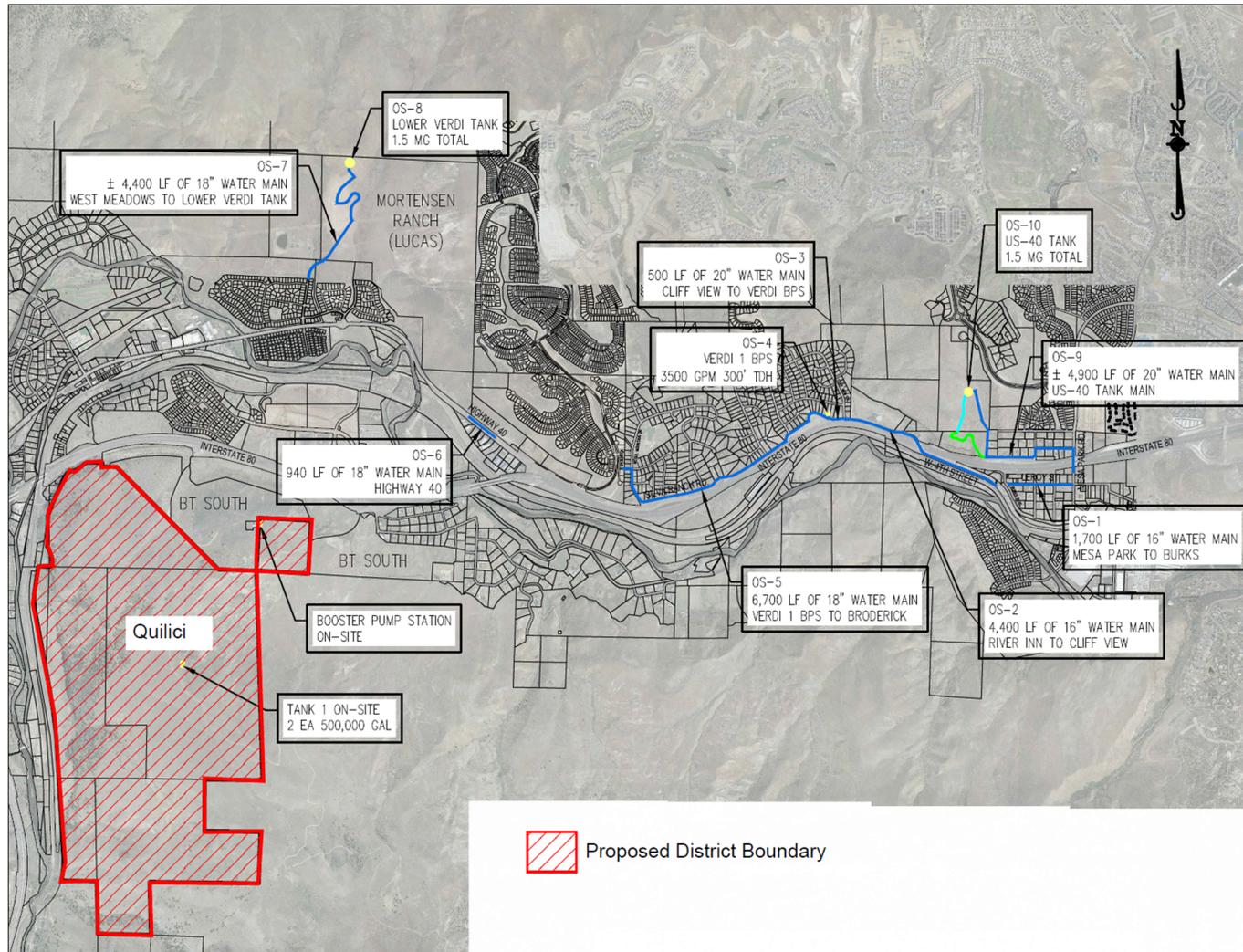
### Quilici Location Map



Source: Applicant.

## Quilici

### Proposed District Boundary and Water Improvement Location Map



Source: RCI Engineering.

2. Land Use Plan

Quilici is divided into two development phases (“Phase(s)”) as shown in Table 1 below and illustrated on the maps on the following pages. The Development also includes a school site to be dedicated to the Washoe County School District. The Development will also include one finished park and one park site that will be dedicated to the City.

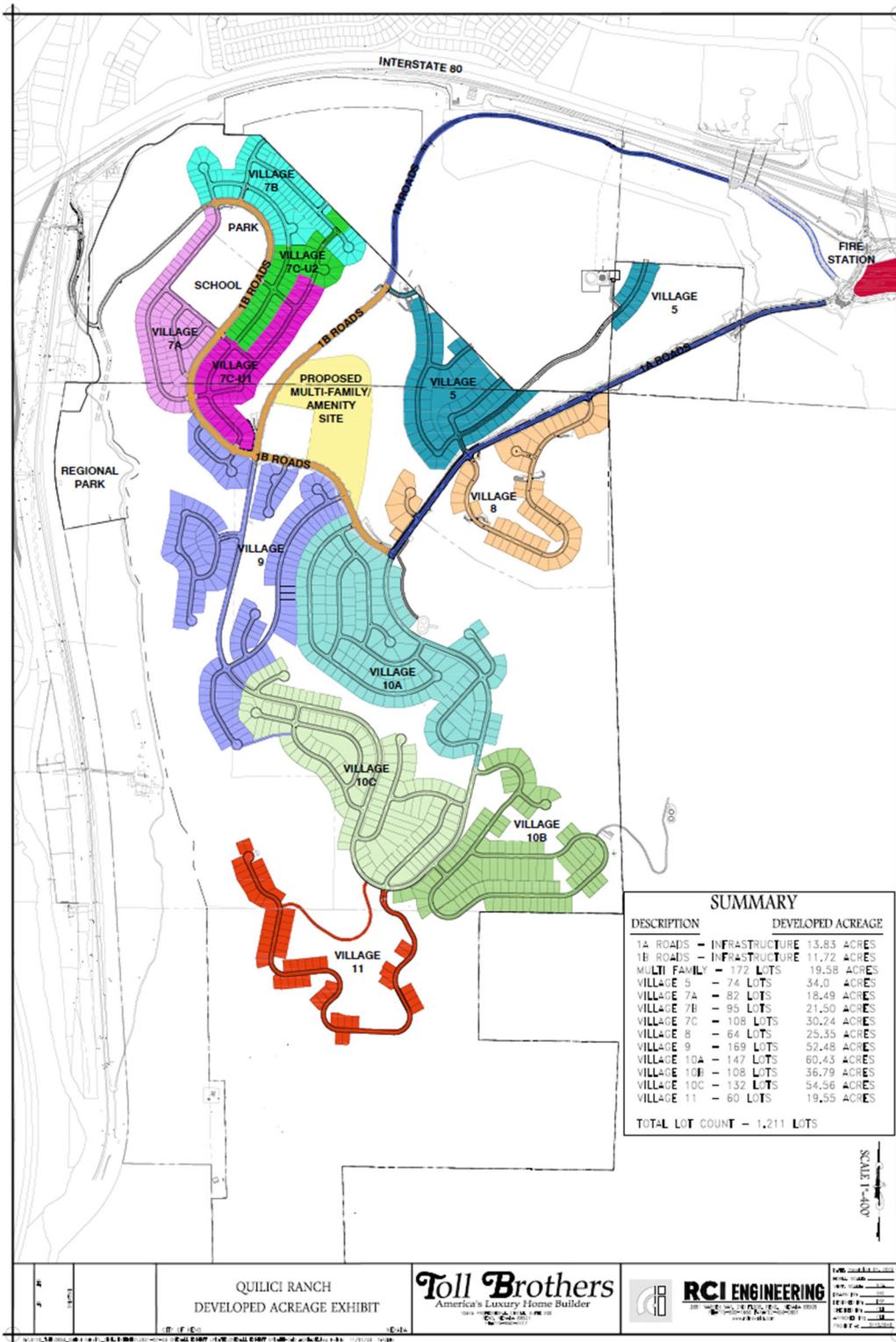
**Table 1**  
**Quilici**  
**Land Use Plan**

| Planned Villages      | Net Acres    | Estimated Units |
|-----------------------|--------------|-----------------|
| <b><i>Phase 1</i></b> |              |                 |
| Village 5             | 34.0         | 74              |
| Village 7A            | 18.5         | 82              |
| Village 7B            | 21.5         | 95              |
| Village 7C            | 30.2         | 108             |
| Village 8             | 25.4         | 64              |
| Village MF-1          | 19.6         | 172             |
| <b><i>Phase 2</i></b> |              |                 |
| Village 9             | 52.5         | 169             |
| Village 10A           | 60.4         | 147             |
| Village 10B           | 36.8         | 108             |
| Village 10C           | 54.6         | 132             |
| Village 11            | 19.6         | 60              |
| <b>Total</b>          | <b>373.0</b> | <b>1,211</b>    |

**Source:** Applicant.

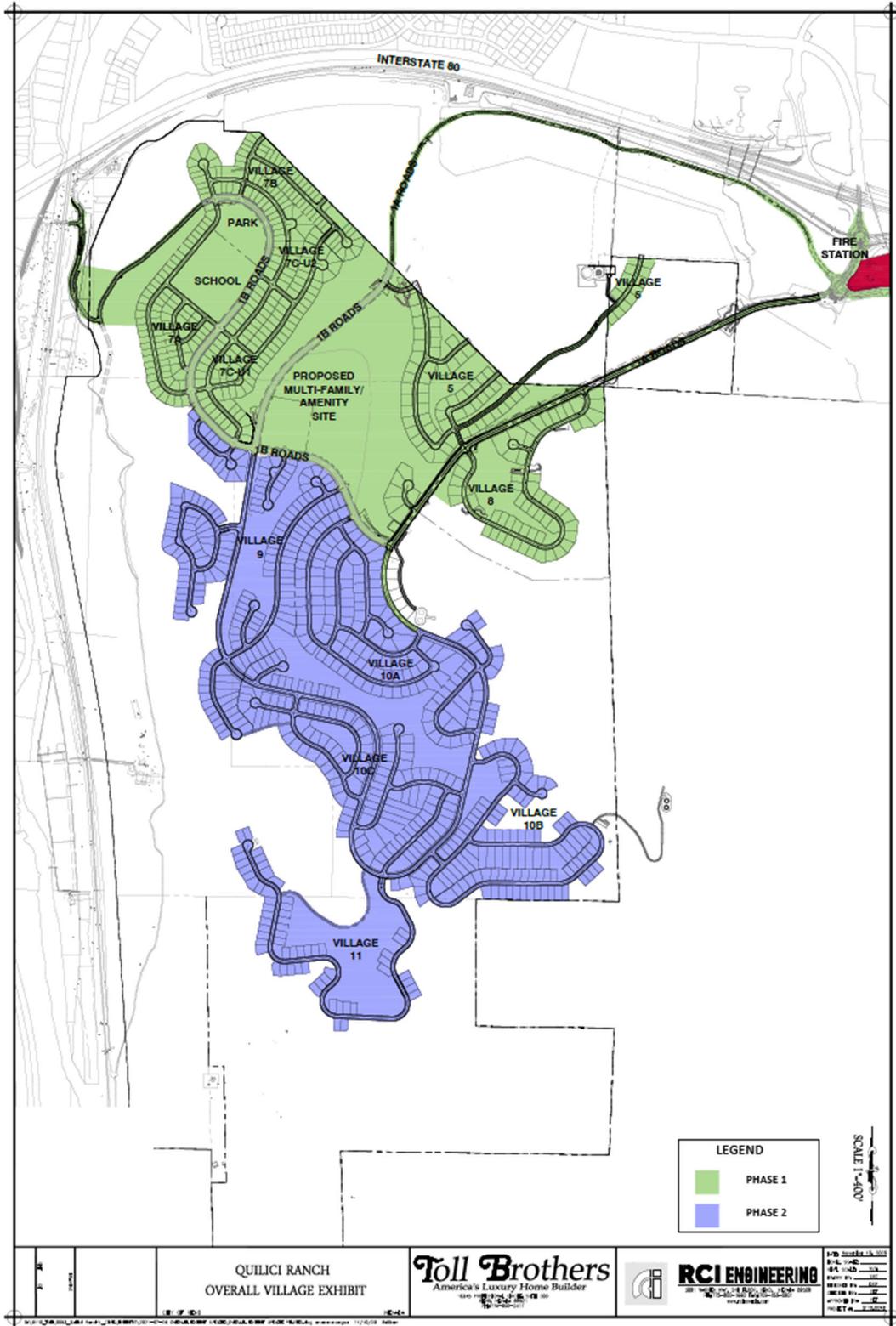
**Note:** Columns may not properly total due to rounding.

# Quilici Conceptual Land Use Plan



Source: RCI Engineering.

# Quilici Phasing Plan



Source: RCI Engineering.

Water Improvement construction has started during the fourth quarter of 2023 and is anticipated to be completed by the fourth quarter of 2025. The estimated construction schedule for Water Improvements is included in Table 2 below. The Applicant currently anticipates that the development and sale of the homes will begin in August 2025 and occur over approximately nine years and be completed in late 2032.

**Table 2**  
**Quilici**  
**Water Improvement Construction Timing**

| Project No. | Project Description     | Plan Set Status        | Estimated Construction Start | Estimated Construction Completion |
|-------------|-------------------------|------------------------|------------------------------|-----------------------------------|
| OS-1        | 16" Water Line          | County/TMWA Approved   | 3/31/2025                    | 5/30/2025                         |
| OS-2        | 16" Water Line          | NDOT/TMWA Approved     | 12/23/2024                   | 3/28/2025                         |
| OS-3        | 20" Water Line          | Approval Est. 11/30/23 | 5/20/2024                    | 12/20/2024                        |
| OS-4        | Booster Pump            | Approval Est. 10/24/23 | 3/12/2024                    | 7/21/2025                         |
| OS-5        | 18" Water Line          | Approval Est. 11/30/23 | 3/25/2024                    | 5/17/2024                         |
| OS-6        | 18" Water Line          | TMWA/NDOT Approved     | 1/29/2024                    | 3/22/2024                         |
| OS-7        | Water Main              | Approval Est. 12/15/23 | 12/28/2023                   | 9/4/2024                          |
| OS-8        | Lower Verdi Dual Tanks  | Approval Est. 1/31/24  | 9/5/2024                     | 11/5/2025                         |
| OS-9        | 20" Water Line          | Approval Est. 12/15/23 | 12/26/2023                   | 7/22/2024                         |
| OS-10       | Water Tanks             | Approval Est. 1/31/24  | 7/23/2024                    | 9/22/2025                         |
| Tank 1      | Village 10A Tank        | TMWA Approved          | Started                      | 12/27/2024                        |
| Pump 1      | Village 5B Pump Station | TMWA Approved          | Started                      | 2/10/2025                         |

**Source:** Applicant.

Table 3 below shows the anticipated timing of construction of the residential units within the Development.

**Table 3**  
**Quilici**  
**Home Construction Timing**

| Village      | Acres | Units | Estimated Construction Start | Estimated Completion |
|--------------|-------|-------|------------------------------|----------------------|
| Village 8    | 25.35 | 64    | August 2025                  | July 2028            |
| Village 7C   | 30.24 | 108   | August 2025                  | October 2029         |
| Village 5    | 34.00 | 74    | January 2027                 | January 2030         |
| Village 7A   | 18.49 | 82    | January 2027                 | April 2030           |
| Village 7B   | 21.50 | 95    | January 2027                 | April 2030           |
| Village MF-1 | 19.58 | 172   | January 2027                 | July 2031            |
| Village 9    | 52.48 | 169   | January 2027                 | July 2032            |
| Village 10A  | 60.43 | 147   | May 2029                     | April 2034           |
| Village 10B  | 36.79 | 108   | May 2029                     | July 2033            |
| Village 10C  | 54.56 | 132   | May 2029                     | January 2034         |
| Village 11   | 19.55 | 60    | May 2029                     | April 2032           |

**Source:** Applicant.

3. Ownership

The assessor parcel numbers (“APN(s)”) to be included within the boundaries of the District along with their respective ownership entity are included in Table 4 below. A title report has been included as **Exhibit A**.

**Table 4**  
**Quilici**  
**Assessor Parcel Numbers / Ownership**

| APN (1)      | Ownership            | Gross Acreage  |
|--------------|----------------------|----------------|
| 038-030-10   | Toll North Reno, LLC | 167.7          |
| 038-120-04   | Toll North Reno, LLC | 40.0           |
| 038-190-37   | Toll North Reno, LLC | 440.0          |
| 038-190-48   | Toll North Reno, LLC | 242.9          |
| 038-200-16   | Toll North Reno, LLC | 135.7          |
| <b>Total</b> |                      | <b>1,026.3</b> |

**Footnotes:**

(1) APN 038-200-10 was 038-200-11 and APN 038-190-48 was APN 038-190-14 on the title report.

The locations of these APNs are illustrated in the map on the following page.



## Financing Plan

### 1. Water Improvements to be financed

The Applicant proposes to finance a portion of Quilici’s pro-rata share of Water Improvement costs. The cost estimates in Table 5 on the next page are in terms of 2020 dollars and have been escalated to 2023 estimates by the Engineering News-Record Construction Cost Index (“CCI”) from the date the estimates were initially completed. The Water Improvements are currently being bid out by the Applicant.

**Table 5**  
**Quilici**  
**Estimated Water Improvement Costs**

| Project No. | Project Description    | Estimated Hard Costs | Soft Costs (15%)    | CCI Cost Increase (1) | Prevailing Wage Cost Increase (2) | Total Estimated Eligible Costs |
|-------------|------------------------|----------------------|---------------------|-----------------------|-----------------------------------|--------------------------------|
| OS-1        | 16" Water Line         | \$ 875,670           | \$ 131,351          | \$ 161,081            | \$ 175,215                        | \$ 1,343,317                   |
| OS-2        | 16" Water Line         | \$ 2,266,440         | \$ 339,966          | \$ 416,915            | \$ 453,498                        | \$ 3,476,819                   |
| OS-3        | 20" Water Line         | \$ 330,270           | \$ 49,541           | \$ 60,754             | \$ 66,085                         | \$ 506,649                     |
| OS-4        | Booster Pump           | \$ 2,777,500         | \$ 416,625          | \$ 510,925            | \$ 555,758                        | \$ 4,260,808                   |
| OS-5        | 18" Water Line         | \$ 3,884,258         | \$ 582,639          | \$ 714,515            | \$ 777,212                        | \$ 5,958,624                   |
| OS-6        | 18" Water Line         | \$ 544,956           | \$ 81,743           | \$ 100,245            | \$ 109,042                        | \$ 835,986                     |
| OS-7        | Water Main             | \$ 3,795,176         | \$ 569,276          | \$ 698,128            | \$ 759,387                        | \$ 5,821,968                   |
| OS-8        | Lower Verdi Dual Tanks | \$ 1,919,000         | \$ 287,850          | \$ 353,003            | \$ 383,978                        | \$ 2,943,831                   |
| OS-9        | 20" Water Line         | \$ 2,955,319         | \$ 443,298          | \$ 543,635            | \$ 591,338                        | \$ 4,533,589                   |
| OS-10       | Water Tanks            | \$ 2,424,000         | \$ 363,600          | \$ 445,899            | \$ 485,025                        | \$ 3,718,523                   |
| Tank 1      | Onsite Tank 2          | \$ 2,826,600         | \$ 423,990          | \$ 519,957            | \$ 565,582                        | \$ 4,336,130                   |
| Pump 1      | Onsite Booster Pump    | \$ 2,275,000         | \$ 341,250          | \$ 418,490            | \$ 455,211                        | \$ 3,489,951                   |
|             | <b>TOTAL</b>           | <b>\$ 26,874,188</b> | <b>\$ 4,031,128</b> | <b>\$ 4,943,548</b>   | <b>\$ 5,377,330</b>               | <b>\$ 41,226,194</b>           |

Source: Applicant.

Note: Columns may not properly total due to rounding.

**Footnotes:**

- (1) ENR CCI increase from December 2020 to September 2023 (15.9%).
- (2) Estimated cost increase from the projects including prevailing wage (15%)

The Water Improvements shown in Table 5 will be allocated between Quilici, TMWA, and the BT South and Mortensen Ranch developments based on the Retail Water Service Area Annexation Agreement between TMWA and the Applicant dated December 29, 2021 (the “TMWA Annexation Agreement”). The Water Improvements are oversized so TMWA will be able to provide adequate water service to projects other than the Development. The Water Improvements will be financed and constructed by the Applicant and any cost overruns from the construction of the Water Improvements will be the responsibility of the Applicant.

The proposed SAD will cover the “Quilici Share” as shown below in Table 6. After completion of the Water Improvements, the Applicant will seek reimbursement from TMWA. BT South and Mortensen Ranch will pay their pro-rata share to TWMA and the funds will be forwarded to the

Applicant for their cost allocation pursuant to the TMWA Annexation Agreement, and as shown below in Table 6.

**Table 6**  
**Quilici**  
**Water Improvement Cost Allocation**

| Project No. | TMWA Share (1)      | Quilici Share (2)    | BT South Share (2)  | Mortenson Ranch Share (2) | Total                |
|-------------|---------------------|----------------------|---------------------|---------------------------|----------------------|
| OS-1        | \$ -                | \$ 887,203           | \$ 136,493          | \$ 319,621                | \$ 1,343,317         |
| OS-2        | \$ -                | \$ 2,296,290         | \$ 353,275          | \$ 827,253                | \$ 3,476,819         |
| OS-3        | \$ -                | \$ 334,620           | \$ 51,480           | \$ 120,549                | \$ 506,649           |
| OS-4        | \$ -                | \$ 2,814,081         | \$ 432,936          | \$ 1,013,791              | \$ 4,260,808         |
| OS-5        | \$ -                | \$ 3,935,416         | \$ 605,449          | \$ 1,417,759              | \$ 5,958,624         |
| OS-6        | \$ -                | \$ 552,133           | \$ 84,944           | \$ 198,909                | \$ 835,986           |
| OS-7        | \$ -                | \$ 3,845,161         | \$ 591,563          | \$ 1,385,244              | \$ 5,821,968         |
| OS-8        | \$ -                | \$ 1,944,274         | \$ 299,119          | \$ 700,437                | \$ 2,943,831         |
| OS-9        | \$ 3,022,393        | \$ 998,081           | \$ 153,551          | \$ 359,565                | \$ 4,533,589         |
| OS-10       | \$ 2,479,016        | \$ 818,642           | \$ 125,945          | \$ 294,921                | \$ 3,718,523         |
| Tank 1      | \$ -                | \$ 3,757,979         | \$ 578,151          | \$ -                      | \$ 4,336,130         |
| Pump 1      | \$ -                | \$ 3,024,624         | \$ 465,327          | \$ -                      | \$ 3,489,951         |
|             | <b>\$ 5,501,408</b> | <b>\$ 25,208,505</b> | <b>\$ 3,878,232</b> | <b>\$ 6,638,049</b>       | <b>\$ 41,226,194</b> |

Source: TMWA Annexation Agreement.

Note: Columns may not properly total due to rounding.

**Footnotes:**

(1) TMWA Annexation Agreement section 2.5.2 - TMWA to pay 2/3 of the actual construction costs for the Feeder Main (OS-9) and US 40 Tanks (OS-10).

(2) Water cost allocation based on gallons per minute assumptions in TMWA Annexation Agreement Exhibit B-1.

Detailed Water Improvement cost estimates and maps illustrating the location of the Water Improvements may be found in **Exhibit B**.

**a. Public Ownership Requirement**

Only Water Improvements are proposed to be financed by the District. The Water Improvements will be dedicated and acquired by TMWA or other applicable agencies for ongoing operations and maintenance.

**b. Benefit**

The proposed Water Improvements will provide special benefit to the property contained within the District in an amount equal to, or above, the amount of the assessment lien as determined by the District's assessment engineer. The proposed Water Improvements will benefit future developments outside of the boundaries of Quilici as outlined above.

c.Subdivision Improvements

No subdivision level Water Improvements are proposed to be financed by the District.

d.Water, Sewer, and Other Utilities

"Will serve" letters or their equivalent will be provided when the final plat map is recorded. At present, the City, TMWA, Southwest Gas, and NV Energy are anticipated to provide services to Quilici. As may be required by City representatives, the actual "will serve" letters will be obtained from the local service providers once the final maps have been approved by the City. However, at this time, the Applicant has no reason to believe that services and/or utilities will not be available upon the Applicant's request.

e.Other Permits

There are no additional permits and/or requirements above and beyond standard inspection and building permits that the Applicant is aware of at this time.

2. Acquisition District

The Applicant will fund the construction of the eligible Water Improvements with TMWA acquiring completed Water Improvements after final inspection and acceptance and an audit by the City or their consultant of the reimbursement requests. Completed Water Improvements may be comprised of multiple subprojects to accelerate reimbursement of eligible Water Improvement costs. It is expected that the City will make payments to the Applicant for individual subprojects as they are completed with cost savings on eligible Water Improvements being made available for the reimbursement of cost overruns (if any) on other eligible Water Improvements. The Applicant shall not be required to post a completion bond or similar financial assurances for Water Improvements to be funded by Bond proceeds. To the extent that the estimated costs of the Water Improvements exceed the estimated amount of the Bond proceeds, the Applicant shall only be required to post performance bonds for the difference between estimated Bond proceeds and estimated costs of the Water Improvements. Any cost overruns for the Water Improvements will be the responsibility of the Applicant.

The construction and/or acquisition of completed Water Improvements will be subject to the District Financing Agreement to be negotiated and mutually agreed to by the Applicant and the City.

3. Bond Sizing

Estimate gross Bond amounts and net construction proceeds are illustrated in Table 7 on the following page.

**Table 7**  
**Quilici**  
**Estimated Bond Amount**

| <b>Description</b>                             | <b>Total</b>         |
|--|----------------------|
| <b>Assumptions</b>                             |                      |
| Net Developable Acres (1)                      | 373.0                |
| Estimated Units (1)                            | 1,211                |
| Density  | 3.25                 |
| Assessment Per Acre (1)                        | \$ 70,000            |
| Bond Term (2)                                  | 30                   |
| Interest Rate (2)                              | 6.00%                |
| Capitalized Interest Period - Months (2)       | 12                   |
| <b>Bond Sizing</b>                             |                      |
| Bond Amount                                    | \$ 26,110,000        |
| Less: Capitalized Interest (3)                 | \$ (1,566,600)       |
| Less: Reserve Fund (4)                         | \$ (1,921,164)       |
| Less: Underwriters Discount (2%)               | \$ (522,200)         |
| Less: Cost of Issuance                         | \$ (300,000)         |
| <b>Net Construction Proceeds</b>               | <b>\$ 21,800,036</b> |
| Estimated District Eligible Construction Costs | \$ 25,208,505        |
| Excess District Costs (5)                      | \$ 3,408,468         |
| Average Assessment Per Unit (6)                | \$ 21,561            |
| Average Annual Assessment Payment/Unit (6)     | \$ 1,756             |

**Footnotes:**

- (1) Information provided by Developer.
- (2) Preliminary assumption.
- (3) Capitalized interest period of 12 months beginning at date of Bond issue.
- (4) Estimate.
- (5) Excess costs to be funded by Toll.
- (6) Assumes that the rate on the installment payments is 1% higher than the rate on the Bonds.

4. Appraisal Valuation

An appraisal firm for the Bond issuance will be selected by the City. It is expected that the appraisal will demonstrate that the value of the property 'as-is' will be at least one and one-half (1.5) times the amount of the proposed principal amount of the Bonds and that the value of each parcel to be assessed after proposed Water Improvements are installed is at

least three and one-half (3.5) times the amount of the proposed assessment against that parcel.

5. Primary Bond Security

The primary security related to the Bonds will be an assessment lien placed upon the property contained within the boundaries of the District. It is expected that an overall value-to-lien ratio of at least three-to-one (3-to-1) will be achieved in relation to the proposed Bond issue.

6. Reserve Fund

A reserve fund to equal the least of the following amounts: ten percent (10%) of the proceeds of the Bonds, or one hundred percent (100%) of the maximum annual debt service, or one hundred twenty-five percent (125%) of the average annual debt service will be funded at the time the Bonds are issued.

7. Additional Security

In the event that the required overall value-to-lien ratio cannot be achieved, the Applicant would like to preserve the following options: (i) pledging other MAI appraised real estate collateral sufficient to cover the portion of the Bonds not supported by the overall value-to-lien ratio requirement; (ii) posting a letter of credit for the portion of the Bonds not supported by the overall value-to-lien requirement; or (iii) holding back construction proceeds in an amount not supported by 3-to-1 value-to-lien ratio; until the Applicant can demonstrate to the District that the required value-to-lien ratio has been obtained at which point the held back construction proceeds will be released.

8. Payment of Assessments; Capitalized Interest

The Bonds and related assessments will be payable over a period not to exceed thirty (30) years in substantially equal semi-annual installments commencing within one year of the levy of the assessment liens. While the Applicant intends to capitalize one (1) year of interest, up to two (2) years of interest may be capitalized at the discretion of the Applicant.

9. Floating Rate Bonds

The Applicant is not proposing the use of floating-rate bonds.

10. No Pledge of Surplus and Deficiency Fund, General Fund, or Taxing Power

The City is **not** being requested to pledge its general fund or taxing power to secure the Bonds issued to finance the Water Improvements discussed herein.

11. Bond Underwriting Commitment

An underwriting commitment letter has been received from Stifel Nicolaus & Company, Incorporated is included as **Exhibit C**.

12. Consultants

The City will select the assessment engineer and project management engineer after receiving comments on its proposed selection from the Applicant. The City also will select its underwriter, financial consultant, bond counsel, and bond trustee. The payment of all fees and expenses of these consultants will be the responsibility of the Applicant, however, to the extent permitted by the Act, the Applicant requests that they be reimbursed for the Applicant's and the City's costs associated with the formation of the District and the issuance of Bonds through available Bond proceeds. Applicant's costs are anticipated to include legal, financial, engineering, survey, and title.

13. City Expenses

Unless otherwise agreed, the Applicant will pay from its funds, all of the costs of the Bond issue before the time Bonds are issued, including the costs of consulting engineers, assessment engineers, project management engineers, underwriters, the City's financial consultant, the City's bond counsel, direct City staff time (as determined by an hourly rate or by formula), the cost of preparing the appraisals, absorption study, environmental review, and other related costs. These items will be eligible for reimbursement to the Applicant from Bond proceeds should the Bonds be issued.

14. On-going Operations and Maintenance

Once accepted, TMWA and/or other applicable agencies will provide for the ongoing operations and maintenance of the Water Improvements. The Applicant will provide TMWA with a one (1) year warranty against defective workmanship and materials from the date of acceptance thereof.

15. Cost Overruns

The Applicant agrees to fund all the Water Improvement costs that exceed the Bond proceeds amounts available for such purposes. To the extent that cost savings exist in relation to Water Improvements, the Applicant will use such cost savings to fund cost overruns on other eligible Water Improvements (if any) or to fund other alternative District eligible Water Improvements.

16. Environmental Matters

A completed Phase I Environmental Assessment Report ("Phase I") (e.g., hazardous waste assessments) on the property to be assessed, the property on which Water Improvements are to be located, and on any property to be dedicated to the City is attached hereto as **Exhibit D**. The Phase I report neither suggests any further environmental investigation nor does it indicate that any significant environmental remedial action is required.

## Council Approval

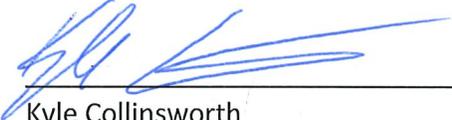
The Applicant hereby requests that the City staff review the Application and place an item on the City Council's Agenda as the first available City Council meeting to authorize the negotiations between the City and the Applicant concerning the proposed financing.

Applied and petitioned for by Toll North Reno, LLC:

### Toll North Reno, LLC

By:   
Name: Julie Wong  
Title: Senior Land Development Manager

Date: 11/21/23

By:   
Name: Kyle Collinsworth  
Title: Vice President of Land Acquisition

Date: 11/21/23