



QUILICI SPECIAL ASSESSMENT DISTRICT FOR TMWA WATER SERVICE

COMMITMENT TO HOMEBUILDING

- Toll Brothers has been in the homebuilding business since 1967, building homes in 24 states.
- Since 2005, Toll Brothers has built 3,741 homes in 42 communities throughout Washoe County.



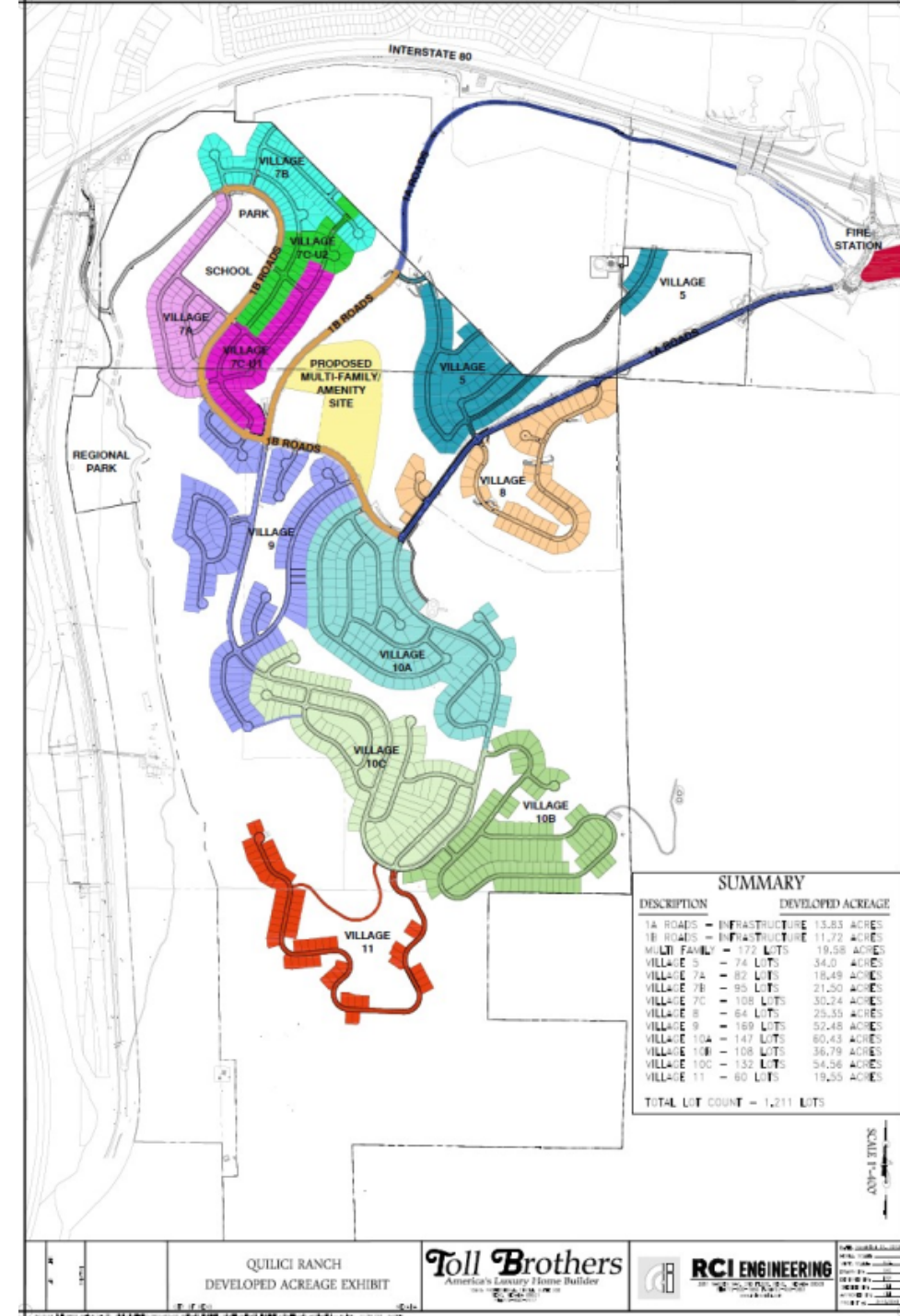




Quilici Project

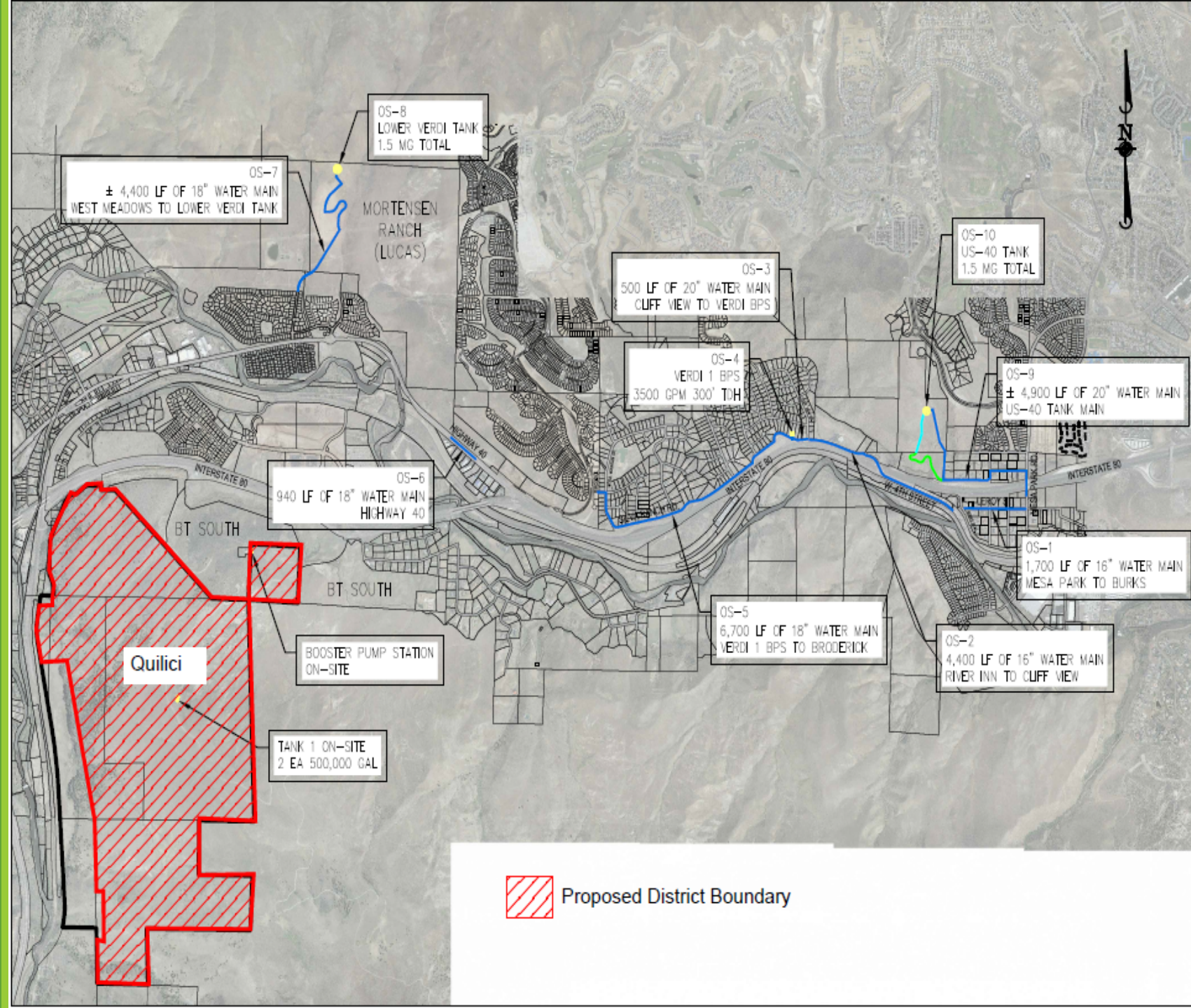
Key Points

- Tentative Map and related SUPs approved on March 24, 2021.
- SAD Deposit Agreement approved on February 22, 2023.
- SAD Application approved on December 13, 2023.
- 1,211 residential units
- 367 acres SF and MF residential
- 578 acres open space (56% of site)
- 10 acres Neighborhood commercial
- 26 acres multi-family/community amenity
- 18 acre regional park site
- 5 acre neighborhood park
- 10 acre school site
- \$1608 per door and per 1000 sf commercial for fire facilities, all homes include fire sprinklers.
- \$1000 per door to Reno Land Trust (Community Foundation) for affordable housing.
- \$150,000 for roadway safety improvements in Verdi.



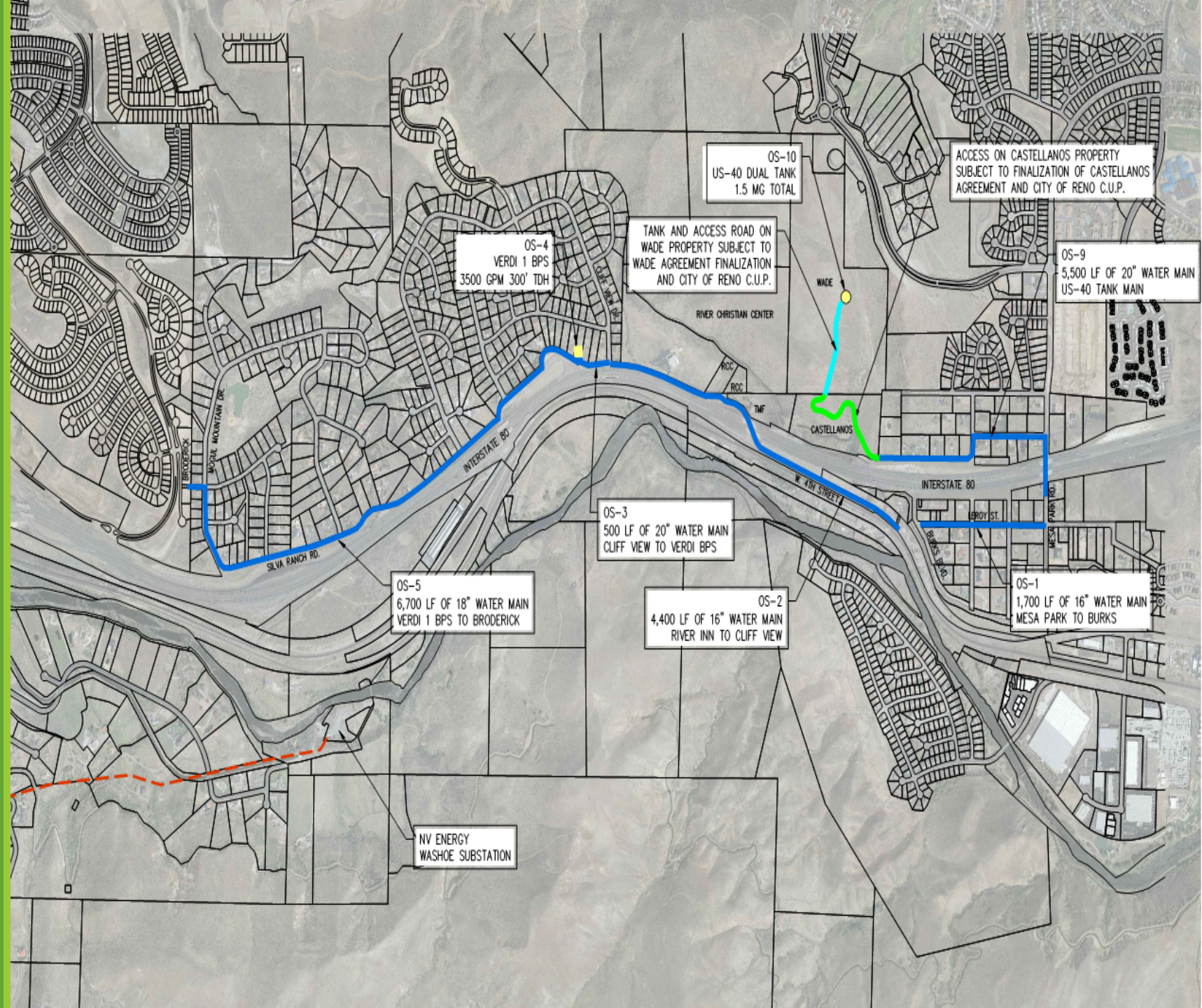
Offsite Utilities Exhibit (Expanded View)

- TMWA will be water purveyor
- Water improvements will be oversized and largely offsite in order to accommodate present and future growth.
- Verdi backbone water facilities are a critical part of TMWA's Regional Water Management Plan.
- Verdi backbone water facilities are necessary to provide full capacity water service to the entire Verdi area.
- Water main extensions, water tanks, and service mains will be built concurrently with development in accordance with TMWA requirements.
- The water facilities will be owned and operated by TMWA.



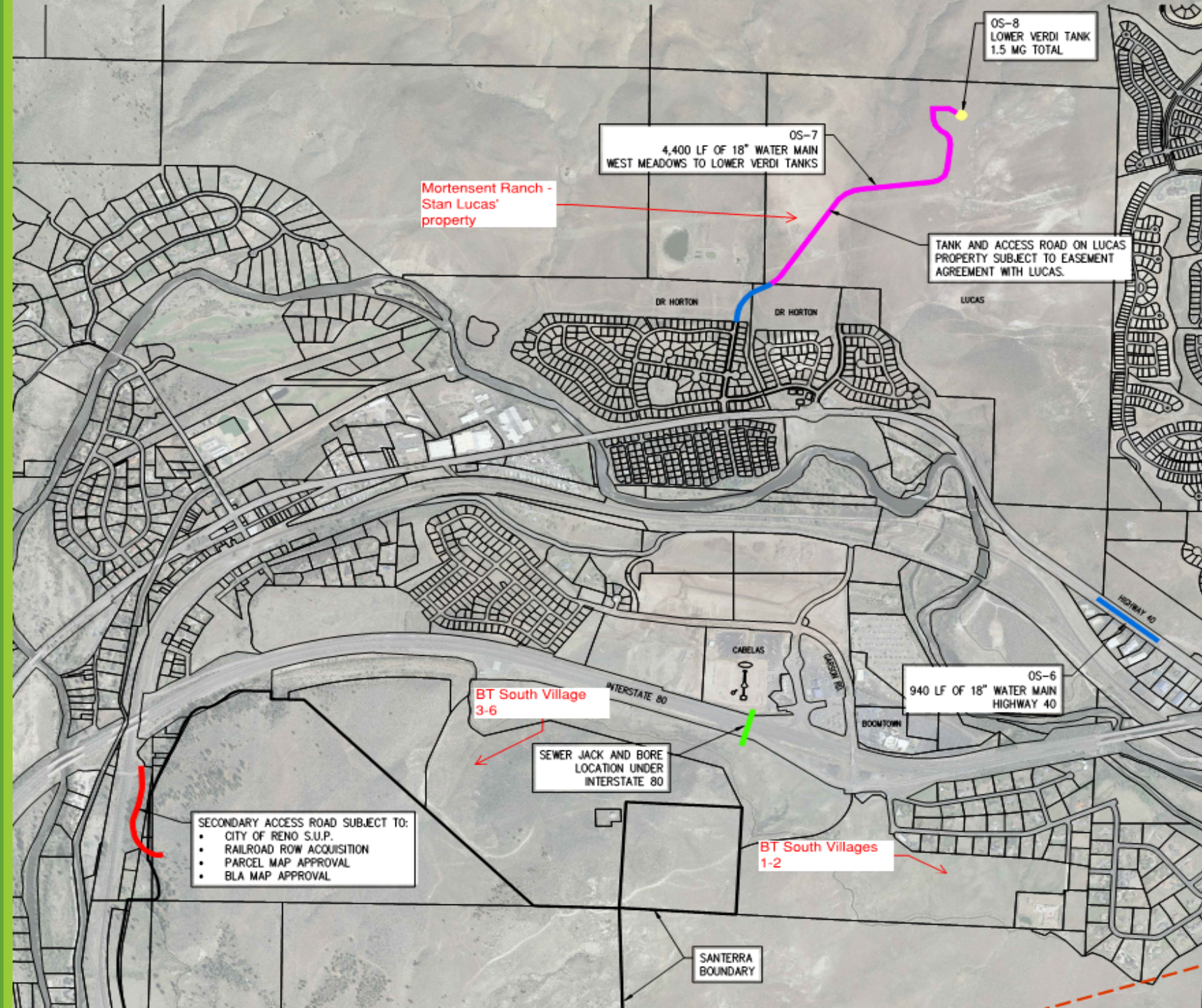
Offsite Utilities Exhibit (East end)

- OS-1: 1,700 LF of 16" water main within County ROW
- OS-2: 4,400 LF of 16" water main within UPRR and NDOT ROW
- OS-3: 500 LF of 20" water main within NDOT ROW
- OS-4: 3500 GPM Booster Station on City property
- OS-5: 6,700 LF of 18" water main within County ROW
- OS-9: 5,500 LF of 20" water main within City ROW
- OS-10: 1.5 million gallon water tank on City property



Offsite Utilities Exhibit (West end)

- OS-6: 940 LF of 18" water main along Old US 40 and within NDOT ROW.
- OS-7: 4,400 LF of 18" water main to Lower Verdi water tank within private easement.
- OS-8: 1.5 million gallon water tank within private easement.



Home Construction Schedule

Village	Acres	Units	Estimated Construction Start	Estimated Completion
Village 8	19.90	64	May 2025	April 2028
Village 7C	30.20	108	May 2025	January 2029
Village 5	34.00	74	December 2026	January 2030
Village 7A	18.50	82	December 2026	January 2030
Village 7B	21.50	95	December 2026	October 2029
Village MF-1	19.60	172	October 2026	July 2031
Village 9	52.50	169	May 2029	January 2034
Village 10A	60.4	147	May 2029	October 2033
Village 10B	36.8	108	May 2029	October 2032
Village 10C	54.6	132	May 2029	July 2033
Village 11	19.6	60	November 2029	July 2031

Source: Applicant.

Water Improvement Cost Allocation and Construction Timing

Project No.	Project Description	Project Location	Estimated Construction Cost	Estimated Soft Costs (15%)	Total Eligible Costs	Estimated Construction Start Date	Estimated Construction Completion Date
1	Plan Set 1	Water Line along 4th St. from River Inn to I-80 (Portion of OS-2)	\$ 1,111,457	\$ 166,719	\$ 1,278,176	May 2024	Complete
2	Plan Set 2	Water Line from I-80 to Mogul Mountain (Remainder of OS-2, OS-3, and portion of OS-5)	\$ 5,163,986	\$ 774,598	\$ 5,938,584	Started	Nov-24
3	Plan Set 3	Water Line on Leroy St. and Mogul Mountain (OS-1 and Remainder of OS-5)	\$ 1,441,705	\$ 216,256	\$ 1,657,961	Started	Complete
4	Plan Set 4	Booster Pump at 10200 Timberwolf Dr (OS-4)	\$ 3,634,690	\$ 545,204	\$ 4,179,894	November 2024	Sep-25
5	Plan Set 5	Water Line along Old Highway 40 (OS-6)	\$ 487,806	\$ 73,171	\$ 560,977	Started	Complete
6	Plan Set 6	Lower Verdi Tank and Access Road (OS-7 and OS-8)	\$ 13,824,362	\$ 2,073,654	\$ 15,898,016	May 2024	Dec-25
7	Plan Set 7	US 40 Water Tank and Access Road (OS-9 and OS-10)	\$ 8,800,000	\$ 1,320,000	\$ 10,120,000	November 2024	Dec-25
Total			\$ 34,464,006	\$ 5,169,601	\$ 39,633,607		

Source: Applicant

Note: Columns may not properly total due to rounding

Water Improvement Cost Allocation

Project No.	Project Description	TMWA Share (1)	Quilici Share (2)	BT South Share (2)	Mortenson Ranch Share (2)	Total
1	Plan Set 1	\$ -	\$ 844,180	\$ 129,874	\$ 304,121	\$ 1,278,176
2	Plan Set 2	\$ -	\$ 3,922,181	\$ 603,412	\$ 1,412,991	\$ 5,938,584
3	Plan Set 3	\$ -	\$ 1,095,012	\$ 168,463	\$ 394,485	\$ 1,657,961
4	Plan Set 4	\$ -	\$ 2,760,641	\$ 424,714	\$ 994,539	\$ 4,179,894
5	Plan Set 5	\$ -	\$ 370,501	\$ 57,000	\$ 133,475	\$ 560,977
6	Plan Set 6	\$ -	\$ 10,499,960	\$ 1,615,378	\$ 3,782,678	\$ 15,898,016
7	Plan Set 7	\$ 6,746,667	\$ 2,227,942	\$ 342,760	\$ 802,631	\$ 10,120,000
Total		\$ 6,746,667	\$ 21,720,418	\$ 3,341,603	\$ 7,824,920	\$ 39,633,607

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

Estimated Bond Amount

Description	Total
Assumptions	
Net Developable Acres (1)	367.5
Estimated Units (1)	1,211
Density	3.30
Assessment Per Acre (1)	\$ 70,000
Bond Term (2)	30
Interest Rate (2)	6.00%
Capitalized Interest Period - Months (2)	12
Bond Sizing	
Bond Amount	\$ 25,725,000
Less: Capitalized Interest (3)	\$ (1,543,500)
Less: Reserve Fund (4)	\$ (1,892,836)
Less: Underwriters Discount (2%)	\$ (514,500)
Less: Cost of Issuance	\$ (300,000)
Net Construction Proceeds	\$ 21,474,164
Estimated SAD Eligible Construction Costs	\$ 21,720,418
Excess SAD Costs	\$ 246,253
Average Assessment Per Unit (5)	\$ 21,243
Average Annual Assessment Payment/Unit (5)	\$ 1,730

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.

What Does it Mean for a Homeowner?

- Without a SAD, the TMWA water improvements will be built with a construction loan and the cost will be built into the home sale price.
- The homeowner will include that cost in a mortgage and pay it over the life of the mortgage.
- Assuming a typical construction loan and a 30-year mortgage at today's rates, a homeowner will save \$15,305 through the use of a SAD.

Description	Construction Loan	SAD
Amount Borrowed	\$ 26,105,000	\$ 26,105,000
Loan Points (1 Point) / Borrowing Costs	\$ 261,050	\$ 822,200
Loan Interest (2 Years)	10.00%	6.00%
Carry Cost Over 2 Years	\$ 5,221,000	\$ 4,013,242
Total Costs for 2 Years	\$ 5,482,050	\$ 4,835,442
Water Infrastructure Costs per Unit	\$ 17,936	\$ 17,936
Loan Costs per Unit	\$ 4,311	\$ 3,314
Total Water Infrastructure Costs	\$ 22,247	\$ 21,250
Homeowner Borrowing Costs	8.00%	6.00%
Annual Interest Cost Difference	\$ 1,779.78	\$ 1,275.00
First Year Interest Savings from SAD Financing		\$ 504.78
Estimated Total Homeowner Interest Cost (1)	\$ 37,038	\$ 22,730
Estimated Total Savings from SAD Financing		\$ 15,305

Footnotes:

(1) Assumes a 30-year mortgage and a 30-year bond term with 1 year of capitalized interest, 1 year of developer assessment payments, and 1 year of payments via the bond reserve fund.

CONSISTENT WITH THE MASTER PLAN

- ✓ “Utilize a wide range of financing mechanisms and tools as appropriate to finance capital improvements and infrastructure in priority growth areas.” *Section 2.1H*
- ✓ “Consider the use of special assessment districts as a means of funding/financing the construction of publicly-owned infrastructure improvements . . .” *Section 2.1I*
- ✓ Priority growth areas include “Areas that are located within existing city limits that do not have infrastructure and services in place but can be served by the City if infrastructure is built . . .” *Section 2.1A*

2.1H: FINANCING MECHANISMS

Utilize a wide range of financing mechanisms and tools as appropriate to finance capital improvements and infrastructure in priority growth areas.

2.1I: SPECIAL ASSESSMENT DISTRICTS

Consider the use of special assessment districts as a means of funding/financing the construction of publicly-owned infrastructure improvements and proposed improvement districts:

- Provide a tangible benefit to the community;
- Align with the goals and policies of the Master Plan;
- Advance priority initiatives of the Master Plan; and
- Meet the City’s guidelines for use of special assessment districts.

CONSISTENT WITH THE MASTER PLAN

- ✓ “Support the efficient and reliable management of surface water and groundwater resources by . . . Promoting TMWA efforts and directives to manage water resources and provide water supply . . .” *Section 2.4C*
- ✓ Take steps to ensure that water service is “capable of serving present and future demand within the city.” *Section 2.4B*
- ✓ “Pursue opportunities to increase flexibility and available tools for funding infrastructure and services.” *Priority Initiative PI-F*

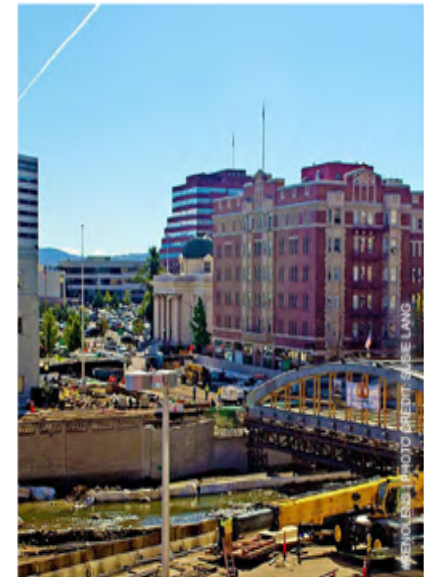
City of Reno Master Plan | November 2021

PI-F

Pursue opportunities to increase flexibility and available tools for funding infrastructure and services.

WHY IT'S IMPORTANT

Due to current state statutes, tools available for the purposes of funding and financing infrastructure and services are limited. Furthermore, limitations in the tools that do exist hinder their usability. One of the most significant challenges for the City of Reno and other local governments is triggered by time limitations imposed on impact fees that require local governments to refund fees within a ten-year timeframe if the improvements the fees were slated to be used for have not been built. In addition, the depreciation component of property value assessments and taxation rules have a significant impact on revenues to provide public services and facilities. Depreciating revenues from existing development and the inability to raise taxes or locally control taxing powers results in a reliance on new development to maintain revenue levels and leaves the City vulnerable to economic downturns. The need to fund infrastructure to facilitate growth and the general lack of revenue for both improvements to existing infrastructure and public service provision has caused the City to leave many needs unfunded and unimproved.



CONSISTENT WITH RENO SAD GUIDELINES

- ✓ City to select appraisal firm, with costs to be paid by Toll Brothers.
- ✓ Appraisal must demonstrate that the “as is” value of the property is at least 1.5x the proposed value of the bonds.
- ✓ Value of each parcel to be assessed after installation of Water Improvements is at least 3.5x the proposed assessment against the parcel.
- ✓ Reserve Fund established.
- ✓ City not required to pledge general fund or taxing power.
- ✓ Water Improvements to be granted to TMWA upon completion.

CONSISTENT WITH LEGISLATIVE INTENT

- ✓ Legislative authority for special assessment districts was enacted within NRS Chapter 271 with bi-partisan support through Assembly Bill 393 in 1989.
- ✓ A Chapter 271 project is declared “in the public interest, is conducive to the public welfare, and constitutes part of the established and permanent policy of the State of Nevada.” NRS 271.020(2).
- ✓ Chapter 271 is necessary because “of the large population growth and intense residential, commercial and industrial development in the incorporated and unincorporated areas of portions of the State and of the ensuing need for extensive local improvements therein.” NRS 271.020(3).
- ✓ “The Legislature hereby finds and declares that a consistent and robust supply of housing is an important factor in the overall affordability of housing.” *Assembly Bill 213 (2023) Sec. 14(1)*.



CONSISTENT WITH TMWA PLANNING

- ✓ “As such, TMWA’s water resource plan has contemplated future expansion of the surface water system into the Verdi area for years, the Verdi Backbone Water Facilities are identified as critical and necessary regional water facilities in the 2016-2035 Regional Water Management Plan and the Truckee Meadows Regional Plan.”
- ✓ “Additionally, TMWA’s water resource plan recognizes the critical need for these new backbone water facilities, including booster pump stations, storage tanks and main extensions, required to provide full capacity water service for the entire Verdi area.”
- ✓ TMWA “has no comments or opinions on the funding mechanism being proposed.”



Kerrie Koski, P.E.

December 8, 2023

Director of Public Works / City Engineer

Via email to koskik@Reno.Gov

RE: Toll North Reno LLC's application for Special Assessment District

Dear Kerrie,

In reviewing Toll North Reno LLC's application requesting a special assessment district to pay for "Water Improvements", it appears that the document is accurate, but I wanted to provide some additional context for the City of Reno Staff reviewing the improvement plans, construction estimates and schedules etc. The Truckee Meadows Water Authority (TMWA) has no comments or opinions on the funding mechanism being proposed. TMWA plans its water supply based on the land use decisions of the appropriate agencies.

Currently, the Verdi area relies mainly on groundwater for potable supply. A continued extension of TMWA's surface water system into Verdi is critical to ensure reliable water service and protect groundwater resources by allowing conjunctive use of surface water and groundwater resources. As such, TMWA's water resource plan has contemplated future expansion of the surface water system into the Verdi area for years, the Verdi Backbone Water Facilities are identified as critical and necessary regional water facilities in the 2016-2035 Regional Water Management Plan and the Truckee Meadows Regional Plan. Additionally, TMWA's water resource plan recognizes the critical need for these new backbone water facilities, including booster pump stations, storage tanks and main extensions, required to provide full capacity water service for the entire Verdi area.

SUPPORTED BY EDAWN

- “EDAWN strives to recruit industries to the region that provide stable and high-paying jobs to its employees. One of our greatest challenges is the limited supply of new market-rate housing in the area.”
- One of the reasons for limited new home supply is the cost to construct and install critical infrastructure in undeveloped areas.”
- “Publicly owned infrastructure should always be built as efficiently and as cost-effectively as possible.”
- “EDAWN urges your support for the proposed SAD to further that goal, and further urges the City to consider utilizing Special Assessment Districts on a widespread basis to improve and better the community we call home.”



SUPPORTED BY LOCAL BUSINESS

- ✓ “This influx of new residents, along with those from nearby developments, is expected to bring substantial patronage to Verdi establishments.”
- ✓ “The increased population will undoubtedly solidify existing jobs and create new employment opportunities in the area.”
- ✓ “In anticipation of the growth, we opened the Verdi Grillhouse & Casino earlier this year and have two retail pads ready to support the community.”





SANTERRA-QUILICI PROJECT

Toll Brothers
AMERICA'S LUXURY HOME BUILDER®

Special Assessment Districts are Widely Used by Cities in Nevada

Source: University of Nevada, Reno – University Center for Economic Development

Cities with at Least One Active Special Assessment District, State of Nevada Total Number of Special Assessment Districts, Parcel Count, and Total Revenue Collected FY 2015-16 and FY 2016-17					
City	Total Number of SAD's FY 2016-17	Parcel Count FY 2015-16	Parcel Count FY 2016-17	Total Revenue Collected FY 2015-16	Total Revenue Collected FY 2016-17
City of Henderson	9	10,431	10,528	\$20,504,072	\$18,262,854
City of Las Vegas	19	16,535	16,876	\$186,914,855*	\$186,914,855*
City of Reno	19	2,699	2,353	\$4,670,075	\$4,767,524
City of Sparks	1	31	35	\$1,998,081	\$1,827,875
Total	48	29,696	29,792	\$214,087,083	\$211,773,108

Summerlin Special Assessment Districts

Table 1.5 – Clark County Name, Total Parcel Count, and Total Revenue Collected for each Special Assessment District – Using Acreage Basis for Assessment FY 2015-16 and FY 2016-17				
District Name	Parcel Count FY 2015-16	Parcel Count FY 2016-17	Total Revenue Collected FY 2015-16	Total Revenue Collected FY 2016-17
Summerlin South Area	16	0	\$1,341,905	\$5,717
Southern Highland Area	4,526	4,277	\$2,689,338	\$2,480,084
Southern Highland Area (2)	455	756	\$911,491	\$800,147
The Gardens at Summerlin, Village 14 B	526	458	\$438,538	\$410,513
The Summerlin Centre	1,006	901	\$458,805	\$417,152
The Summerlin Centre (2)	459	904	\$868,055	\$811,378
The Summerlin Centre (3)	1	1	\$50,767	\$50,922
The Summerlin Centre (4)	21	21	\$862,548	\$839,098
Summerlin South Area (Village 15A, 18)	1,466	995	\$1,772,681	\$1,702,695
Mountain's Edge	8,516	8,118	\$7,010,718	\$6,657,608
Summerlin Mesa	1,299	1,369	\$2,029,953	\$1,987,028
Summerlin Village 16A	7	575	\$1,079,041	\$2,157,443
TOTAL	18,298	18,375	\$19,513,840	\$18,319,785

Source: Clark County Treasurer's Office