

STAFF REPORT

Date: March 8, 2023

To: Mayor and City Council

Thru: Doug Thornley, City Manager

Subject: Staff Report (For Possible Action): Ordinance Introduction – Bill No. _____ Ordinance of the City Council of the City of Reno, Nevada, repealing Ordinance No. 6600 and revoking authority to issue “City of Reno, Nevada 2021 Special Assessment District No. 2 (StoneGate I) Local Improvement Bonds, Series 2021” in the aggregate principal amount of not to exceed \$36,860,000; and matters which pertain to or are necessarily connected thereto. (Ward 4)

From: Vicki VanBuren, Director of Finance

Department: Finance

Summary:

This ordinance is the first step in the repeal of Ordinance No. 6600, adopted by Council on second and final reading on August 11, 2021 (the “Bond Ordinance”), which authorized the City of Reno, Nevada 2021 Special Assessment District No. 2 (StoneGate I) (the “SAD”) to issue bonds in an aggregate amount not to exceed \$36,860,000, to provide funds to (i) pay the cost and expense of acquiring and improving the TMWA water project and the Washoe County sanitary sewer system project (collectively, the “Project”), (ii) pay a portion of the interest on the bonds, (iii) fund a reserve fund for the bonds, and (iv) pay certain costs of issuing the bonds, if bonds were issued. Bonds were never issued pursuant to the request of Heinz Ranch Land Company, LLC, a Nevada limited liability company (the “Developer”), the developer and landowner of the property within the SAD.

The City has informed the Developer of the termination of the Development and Financing Agreement for 2021 Special Assessment District No. 2 (StoneGate I) dated as of March 11, 2021 (the “DFA”), between the City and the Developer, pursuant to the terms thereof, and of its intention to terminate the Creation Ordinance, the Assessment Ordinance and Ordinance No. 6600. Pursuant to separate ordinances, the City intends to repeal Ordinance No. 6596 (the “Creation Ordinance”), which created the SAD, and Ordinance No. 6598 (the “Assessment Ordinance”), which authorized the levy of assessments against the property in the SAD benefitted by the Project.

Alignment with Strategic Plan: Economic and Community Development

Previous Council Action:

August 11, 2021 - Council adopted Ordinance No. 6600 on second and final reading, authorizing the issuance of bonds in an aggregate amount not to exceed \$36,860,000, to provide funds to pay the cost and expense of the Project, pay a portion of the interest on the bonds, fund a reserve fund for the bonds, and pay certain costs of issuing the bonds.

July 21, 2021 - Council held a first reading on Ordinance No. 6600. On July 21, 2021, the Council adopted the Assessment Ordinance on second and final reading, authorizing the levy of assessments in the amount of \$36,860,000 against the property in the SAD benefitted by the Project.

June 2, 2021 - Council adopted the Creation Ordinance on second and final reading, creating the SAD.

April 28, 2021 - Council held a first reading on the Creation Ordinance. On May 12, 2021, the Council held a first reading on the Assessment Ordinance.

April 28, 2021 - Council adopted a Sale Resolution authorizing City staff to proceed with a bond issuance, including hiring professionals to assist City staff with the authorization and issuance of the bonds.

March 10, 2021 - Council adopted a resolution approving the DFA and the City entered into the DFA with the Developer on March 11, 2021.

Background:

On February 13, 2019, Council adopted a resolution to allow the City to enter into the Deposit and Reimbursement Agreement with the Developer. Once Council approved this agreement, the Developer worked diligently to complete the Petition and Application for the City to work from to create the Development and Financing Agreement that outlined how construction would 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 the SAD, submitted by Developer. The Petition and Application sought 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 SAD request and analysis. They reviewed the proposed DFA and determined it substantially met the parameters in

the SAD Guidelines.

In December 2021, the Developer requested that the City halt the bond issuance process.

On January 3, 2023, the City informed the Developer of the termination of the DFA pursuant to the terms thereof and of its intention to terminate the Creation Ordinance, the Assessment Ordinance and Ordinance No. 6600.

Discussion:

The Council will also conduct as first reading of the Ordinance No. 6596 Repealing Ordinance to repeal the Creation Ordinance and a first reading of the Ordinance No. 6598 Repealing Ordinance to repeal the Assessment Ordinance.

Financial Implications:

There are no financial implications from approving this next step in the process.

Legal Implications:

If this Ordinance No. 6600 Repealing Ordinance is approved on first reading, it will be on the Council agenda for the March 22, 2023 meeting. This ordinance will repeal Ordinance No. 6600.

Recommendation:

Staff recommends Council conduct the first reading of the Ordinance No. 6600 Repealing Ordinance and refer Bill No. _____ for a second reading.

Proposed Motion:

I move to refer Bill No. _____ for a second reading and adoption.

Attachments:

Ordinance Repealing Bond Ordinance (Stonegate)