

Carson City Culture & Tourism Authority Agenda Report

Date Submitted: 08/08/23

Agenda Date Requested: 08/14/23

Time Requested: 10 Minutes

To: Carson City Culture & Tourism Authority ("CTA") - Board of Directors ("CTA Board")

From: David Peterson, Executive Director (dpeterson@visitcarsoncity.com)

Subject Title: For Possible Action: Discussion and possible action regarding a proposed Interlocal Agreement ("Agreement") between Carson City and the Carson City Culture and Tourism Authority ("CTA") providing for a pledge of room tax proceeds to the City for the repayment of general obligation park bonds additionally secured by pledged revenues, in the aggregate principal amount not to exceed \$5,000,000, and a proposed resolution authorizing and ratifying the execution and delivery of the Agreement. (David Peterson, dpeterson@visitcarsoncity.com)

Staff Summary:

The proposed Agreement between Carson City and CTA obligates 5 and 13/16% of a 7% transient lodging tax imposed by Section 4.08.080(1) of the Carson City Municipal Code ("CCMC") and collected by CTA over the next 21 years and pledges these revenues toward repayment of the proposed \$5,000,000 general obligation park bonds of the City. The City anticipates issuing the general obligation park bonds in order to acquire, reconstruct, construct, improve, extend and better recreational facilities including but not limited to, improvements at the JohnD Winters Centennial Park Complex. The proposed resolution authorizes and ratifies the execution and delivery of the Agreement.

Previous Action:

On August 3, 2023, the Carson City Board of Supervisors adopted a resolution notifying the debt management commission of Carson City of the City's intent to issue \$5,000,000 of general obligation bonds repaid from a pledge of 5 and 13/16% transient lodging tax received by CTA.

On April 10, 2023, the CTA Board recommended the issuance of \$5 million of bonds by Carson City with annual debt service payments of approximately \$405,000 through fiscal year 2044 to fund improvements at the JohnD Winters Centennial Park Complex.

Background:

JohnD Winters Centennial Park ("Centennial Park") is located on the north end of Carson City and is host to more than 100,000 participants annually for sports tournaments, adult sports leagues and special events. The Centennial Park infrastructure is aging and requires capital reinvestment to maximize use, reduce potential safety concerns and ensure it remains competitive as a venue for tourism related opportunities and an economic benefit for the community.

Proposed improvements may include converting upper fields to artificial turf; installing a landscape buffer for wind mitigation and drainage enhancements; and purchasing maintenance equipment/storage. These improvements would increase the playability for year-round field use for sports tournaments and tourism opportunities in Carson City. The improvements would not only increase opportunities for outdoor recreation, but also reduce overall maintenance and water usage. The proposed project to convert the upper fields will complement other existing projects, already budgeted, intended to rehabilitate and reinvest in this park for the benefit of the community. Current projects include the Concession/Restroom replacement and tennis complex rehabilitation, funded through the American Rescue Plan Act, Quality of Life Capital Funds and a donation from the Foundation for Carson City Parks and Recreation.

The Centennial Park total project budget is \$5,300,000, of which \$300,000 is available through Quality of Life Capital in the Fiscal Year ("FY") 2024 budget.

The Agreement identifies 5 and 13/16% of a distinct 7% transient lodging tax imposed by Section 4.08.080(1) of the CCMC ("Pledged Revenues"), which is collected by CTA, and which is available to pay debt service on the proposed bonds. The remaining 1 and 3/16% imposed by Section 4.08.080(1) as well as the taxes imposed pursuant to sections 4.08.080(2) through 4.08.080(4) of the CCMC, inclusive, are either obligated by prior agreements between the City and CTA or are not available to pay debt service on the proposed bonds. The agreement obligates the Pledged Revenues to the bonds and prohibits either the City or CTA from impairing the Pledged Revenues for bond repayment. The agreement obligates the Pledged Revenues to the proposed bonds as well as to any bonds which may refinance the proposed bonds for a period of up to 21 years. Annual debt service on the bonds will be paid by the CTA from the Pledged Revenues. Annual debt service is estimated at \$405,000 for 21 years. This estimated annual debt service is consistent with a resolution adopted by CTA on April 10, 2023, which recommended the issuance of bonds for the proposed project. Additional general obligation bonds, including refunding bonds, payable from the Pledged Revenues may only be issued with the approval of both the City and CTA. CTA will request a transfer, and Finance will create a journal entry to transfer the bond payment from CTA Custodial Fund to the Debt Service Fund. After payment on the proposed bonds has been made, the remaining Pledged Revenues may be used by CTA for its programmatic purposes.

This interlocal agreement is a necessary preparatory step toward issuing the bonds. The agreement is not the final approval of the bonds. Once the City has completed its bond authorization process, a final resolution will be brought back to the CTA Board for approval in January 2024.

Type of Action Requested:

Resolution

Ordinance

Formal Action/Motion

Other (Specify) Presentation Only

Recommended Board Action: I move to approve the Interlocal Agreement and to adopt Resolution #2024-01.

Applicable Statute, Code, Policy, Rule or Regulation: NRS Chapters 244A and 350; NRS 277.180; CCMC 4.08.080(1)

Fiscal Impact: Yes


Explanation of Impact: The bond issuance will require payments of approximately \$405,000 for principal and interest payments each fiscal year for 21 years, Fiscal Years 2024 through 2044. It is anticipated that this will generate approximately \$5,000,000 for improvements to recreation facilities in Carson City. The Carson City Parks, Recreation and Open Space Department anticipates paying for all design costs out of Quality of Life Capital, from local sales and use tax, to maximize bond funding for on the ground improvements.

Alternative: Do not approve the interlocal agreement or adopt the resolution. If bonds are not issued and no other action is taken, two percent (2%) of the room rental received will continue to be deposited into the CTA's Capital Project Funds to be used for future bond payments.


Funding Source: CTA Capital Project Fund #7409887-418351

Supporting Material/Attachments: Interlocal Agreement, Financial Estimate of Bonds, Interlocal Agreement and Plan of Finance Summary

Prepared By: Chris Kipp, Operations & Finance Manager



SUMMARY OF INTERLOCAL AGREEMENT BETWEEN CTA AND CARSON CITY

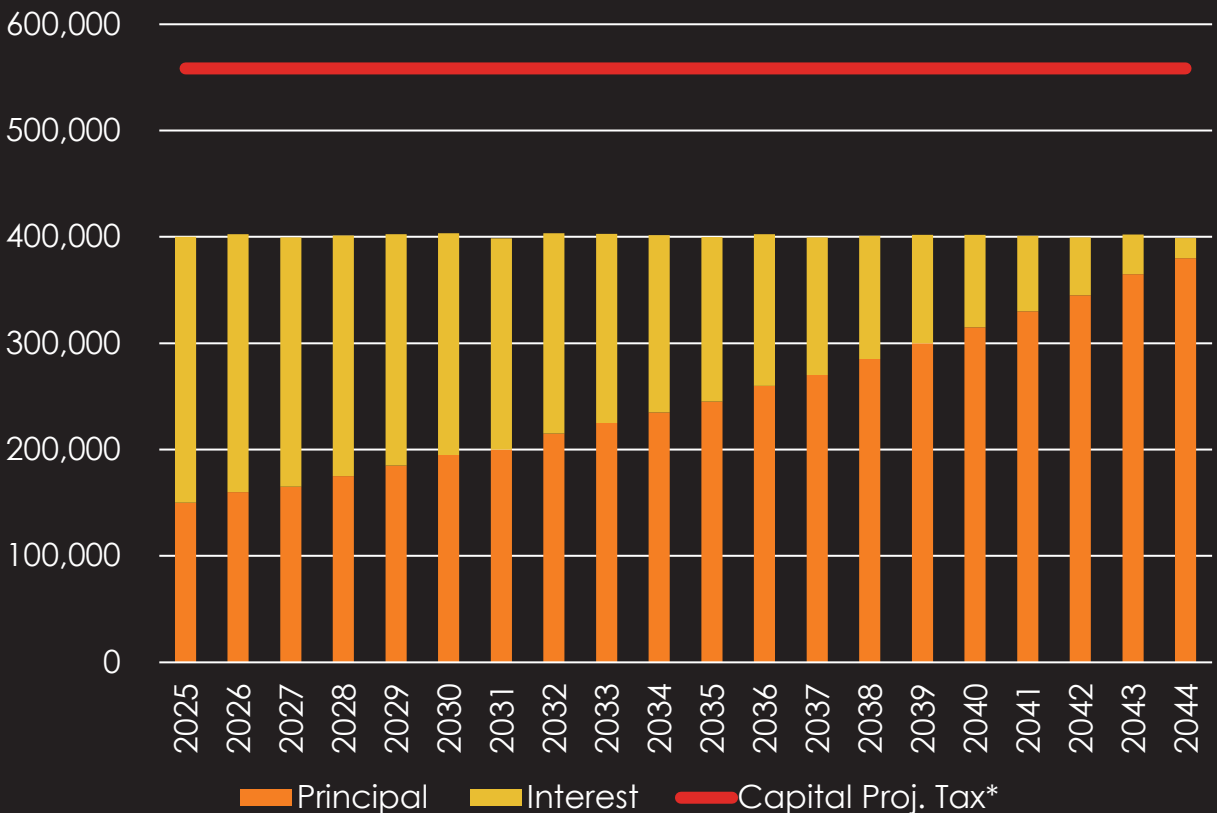


INTERLOCAL AGREEMENT KEY FUNCTIONS

- Pledges 5 and 13/16% transient lodging tax imposed under 4.08.080(1) of the Carson City Municipal Code to the repayment of bonds to be issued by Carson City
- Revenue is pledged through fiscal year 2044 or until the proposed bonds are redeemed (if earlier)
- All pledged revenues not necessary for debt service are available to CTA for its programmatic uses
- Limits the proposed bonds to no more than \$5,000,000
- Intended use of bonds is to fund improvements at the JohnD Winters Centennial Park Complex
- Prohibits either the City or CTA from impairing the pledged revenue to bondholders until bonds are repaid (e.g., eliminating the transient lodging tax)
- Modeled from 2003 interlocal agreement between CTA and the City which authorized bonds for the V&T Railway

FINANCIAL ANALYSIS OF PROPOSED BONDS

While the interlocal agreement pledges 5 and 13/16% of the transient lodging tax to bondholders, the internally identified revenues to repay the bonds are the 2% capital projects tax



* As budgeted for FY2024

Capital projects tax revenue is 138% of estimated debt service

PRIOR CTA ACTION ON THIS PROJECT

In April 2023, the Board of Directors recommended the issuance of bonds for the improvements at JohnD Winters Centennial Park

April Board Recommendation

- Proposed \$5,000,000 bond
- Est. debt service of ~\$400,000
- Final payment in FY2044

Interlocal Agreement

- Proposed \$5,000,000 bond
- Est. debt service of ~\$400,000
- Final payment in FY2044

REMAINING STEPS BEFORE BONDS MAY BE ISSUED

- The City must complete several steps before bonds may be issued. These include:
 - City must approve the interlocal agreement (Aug 17)
 - City must receive approval of the bonds from the Carson City Debt Management Commission (Aug 22)
 - City must complete a 90-day waiting period
 - City must hold a public hearing (Nov 2023)
 - City must adopt a bond ordinance (early 2024)
- Issuance of bonds will also require future action by CTA
 - Board must adopt a “ratification resolution” agreeing to the terms in the City’s bond ordinance
 - The financial terms of the city’s bond ordinance may not exceed the limits contained in the interlocal agreement
 - The ratification resolution is expected to be brought back for approval in January 2024
 - Financial disclosure to bondholders (annual pledged revenue performance) when bonds are issued and continuing until bonds are paid off



QUESTIONS?

Carson City, Nevada
General Obligation (Limited Tax)
Park Bonds
(Additionally Secured by Pledged Revenues)
Series 2024
Sources & Uses of Funds

Issue Summary	
Dated Date	02/29/2024
Par Amount	\$5,000,000
Underwriter's Spread	1.000%
Total Costs as % of Par	4.105%
True Interest Cost	3.7614%
Arbitrage Yield Limit	3.2914%
Weighted Average Maturity	12.407 years

Sources of Funds:		Uses of Funds:	
Par Amount	\$5,000,000.00	Construction Funds	\$5,428,630.75
Original Issue Premium	633,880.75	Net Underwriting	50,000.00
Cash Contribution	0.00	Insurance	0.00
	-----	Issuance Costs	155,250.00
Total	\$5,633,880.75	Total	\$5,633,880.75

Carson City, Nevada
General Obligation (Limited Tax)
Park Bonds
(Additionally Secured by Pledged Revenues)
Series 2024
Debt Service Schedule

Date	Principal	Coupon	Interest	Semi-Annual Debt Service	Annual Debt Service
02/29/2024					
06/01/2024			\$63,194.44	\$63,194.44	\$63,194.44
12/01/2024			125,000.00	125,000.00	
06/01/2025	\$150,000	5.000%	125,000.00	275,000.00	400,000.00
12/01/2025			121,250.00	121,250.00	
06/01/2026	160,000	5.000%	121,250.00	281,250.00	402,500.00
12/01/2026			117,250.00	117,250.00	
06/01/2027	165,000	5.000%	117,250.00	282,250.00	399,500.00
12/01/2027			113,125.00	113,125.00	
06/01/2028	175,000	5.000%	113,125.00	288,125.00	401,250.00
12/01/2028			108,750.00	108,750.00	
06/01/2029	185,000	5.000%	108,750.00	293,750.00	402,500.00
12/01/2029			104,125.00	104,125.00	
06/01/2030	195,000	5.000%	104,125.00	299,125.00	403,250.00
12/01/2030			99,250.00	99,250.00	
06/01/2031	200,000	5.000%	99,250.00	299,250.00	398,500.00
12/01/2031			94,250.00	94,250.00	
06/01/2032	215,000	5.000%	94,250.00	309,250.00	403,500.00
12/01/2032			88,875.00	88,875.00	
06/01/2033	225,000	5.000%	88,875.00	313,875.00	402,750.00
12/01/2033			83,250.00	83,250.00	
06/01/2034	235,000	5.000%	83,250.00	318,250.00	401,500.00
12/01/2034			77,375.00	77,375.00	
06/01/2035	245,000	5.000%	77,375.00	322,375.00	399,750.00
12/01/2035			71,250.00	71,250.00	
06/01/2036	260,000	5.000%	71,250.00	331,250.00	402,500.00
12/01/2036			64,750.00	64,750.00	
06/01/2037	270,000	5.000%	64,750.00	334,750.00	399,500.00
12/01/2037			58,000.00	58,000.00	
06/01/2038	285,000	5.000%	58,000.00	343,000.00	401,000.00
12/01/2038			50,875.00	50,875.00	
06/01/2039	300,000	5.000%	50,875.00	350,875.00	401,750.00
12/01/2039			43,375.00	43,375.00	
06/01/2040	315,000	5.000%	43,375.00	358,375.00	401,750.00
12/01/2040			35,500.00	35,500.00	
06/01/2041	330,000	5.000%	35,500.00	365,500.00	401,000.00
12/01/2041			27,250.00	27,250.00	
06/01/2042	345,000	5.000%	27,250.00	372,250.00	399,500.00
12/01/2042			18,625.00	18,625.00	
06/01/2043	365,000	5.000%	18,625.00	383,625.00	402,250.00
12/01/2043			9,500.00	9,500.00	
06/01/2044	380,000	5.000%	9,500.00	389,500.00	399,000.00
	-----		-----	-----	-----
	\$5,000,000		\$3,086,444.44	\$8,086,444.44	\$8,086,444.44

Carson City, Nevada
General Obligation (Limited Tax)
Park Bonds
(Additionally Secured by Pledged Revenues)
Series 2024
Pledged Revenue History

Fiscal Year Ended June 30	2019	2020	2021	2022	2023	2024
	(audited)	(audited)	(audited)	(audited)	(estimated)	(budgeted)
Pledged Room Taxes ¹						
2% Capital Projects Tax	\$387,915	\$325,265	\$385,096	\$503,573	\$575,455	\$558,321
3 13/16% Tax	<u>739,460</u>	<u>620,033</u>	<u>734,086</u>	<u>959,931</u>	<u>1,096,956</u>	<u>1,064,294</u>
Total Pledged Revenues	\$1,127,375	\$945,297	\$1,119,183	\$1,463,504	\$1,672,412	\$1,622,615
Maximum Annual Debt Service	403,500	403,500	403,500	403,500	403,500	403,500
Coverage	2.794x	2.343x	2.774x	3.627x	4.145x	4.021x

¹ The pledged room taxes consist of 5 and 13/16% of the total 11% room tax imposed in Carson City.

Carson City, Nevada
General Obligation (Limited Tax)
Park Bonds
(Additionally Secured by Pledged Revenues)
Series 2024
Debt Service Coverage

Fiscal Year	Pledged Revenue ¹	Proposed Bonds		Total	Coverage
		Principal	Interest ²		
2024	\$1,463,504				
2025	1,463,504	\$150,000	\$250,000	\$400,000	3.659
2026	1,463,504	160,000	242,500	402,500	3.636
2027	1,463,504	165,000	234,500	399,500	3.663
2028	1,463,504	175,000	226,250	401,250	3.647
2029	1,463,504	185,000	217,500	402,500	3.636
2030	1,463,504	195,000	208,250	403,250	3.629
2031	1,463,504	200,000	198,500	398,500	3.673
2032	1,463,504	215,000	188,500	403,500	3.627
2033	1,463,504	225,000	177,750	402,750	3.634
2034	1,463,504	235,000	166,500	401,500	3.645
2035	1,463,504	245,000	154,750	399,750	3.661
2036	1,463,504	260,000	142,500	402,500	3.636
2037	1,463,504	270,000	129,500	399,500	3.663
2038	1,463,504	285,000	116,000	401,000	3.650
2039	1,463,504	300,000	101,750	401,750	3.643
2040	1,463,504	315,000	86,750	401,750	3.643
2041	1,463,504	330,000	71,000	401,000	3.650
2042	1,463,504	345,000	54,500	399,500	3.663
2043	1,463,504	365,000	37,250	402,250	3.638
2044	1,463,504	380,000	19,000	399,000	3.668
		-----	-----	-----	
		\$5,000,000	\$3,023,250	\$8,023,250	
				Maximum Annual Debt Service	403,500
					2043

1/ Pledged revenue derived from the fiscal year 2022 audited results.
2/ Interest rate estimated at 5.00%.

Summary - a resolution approving and ratifying an interlocal agreement with Carson City.

RESOLUTION NO. 2024-01

A RESOLUTION APPROVING AND RATIFYING THE EXECUTION AND DELIVERY BY THE CARSON CITY CULTURE AND TOURISM AUTHORITY OF AN INTERLOCAL AGREEMENT WITH CARSON CITY; AND PROVIDING OTHER DETAILS IN CONNECTION THEREWITH.

WHEREAS, the Carson City Culture and Tourism Authority (the “CTA”) and Carson City, Nevada (“the City”) desire to enter into an Interlocal Agreement by and between the CTA and the City in the form attached hereto as Exhibit B (the “Agreement”) in connection with City’s proposed issuance of its General Obligation (Limited Tax) Park Bonds (Additionally Secured by Pledged Revenues), Series 2024; and

WHEREAS, pursuant to Nevada Revised Statutes (“NRS”) 277.180, the Agreement provides that it shall not become effective until the governing bodies of the CTA and the City ratify the Agreement by resolution; and

WHEREAS, the Board of Supervisors of the City intends to approve and ratify the execution and delivery of the Agreement pursuant to a resolution on or around August 17, 2023.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CARSON CITY CULTURE AND TOURISM AUTHORITY:

Section 1. The execution and delivery of the Agreement by the CTA’s Executive Director in substantially the form presented at this meeting, is hereby authorized and ratified.

Section 2. The officers and employees of the CTA are hereby authorized to take all action necessary or appropriate to effectuate the provisions of this resolution.

Section 3. All resolutions, or parts thereof, in conflict with this resolution are repealed to the extent of such inconsistency.

Section 4. This resolution shall become effective and be in force immediately upon its adoption.

PASSED, ADOPTED AND SIGNED August 14, 2023.

Chairman
Carson City Culture and Tourism Authority

Attest:

Secretary
Carson City Culture and Tourism Authority

STATE OF NEVADA)
) **ss.**
CARSON CITY)

I am the duly chosen, qualified and acting Secretary of the Carson City Culture and Tourism Authority (the “CTA”), in the State of Nevada, and do hereby certify:

1. The foregoing pages constitute a true, correct, complete and compared copy of a resolution of the Board of Directors (the “Board”) adopted at a meeting of the Board held on August 14, 2023.

2. The members of the Board voted on the resolution as follows:

Those Voting Aye:

Those Voting Nay:

Those Absent:

3. The original of the resolution has been approved and authenticated by the signatures of the Chairman of the CTA and myself as Secretary and has been recorded in the minute book of the Board kept for that purpose in my office, which record has been duly signed by the officers and properly sealed.

4. All members of the Board were given due and proper notice of such meeting. 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 is attached as Exhibit A.

5. At least 3 working days before such meeting, such notice was delivered to each member of the Board and to each person, if any, who has requested notice of meetings of the Board in accordance with the provisions of Chapter 241 of NRS.

6. The Interlocal Agreement referred to in the attached resolution is attached as Exhibit B.

IN WITNESS WHEREOF, I have hereunto set my hand this August 14, 2023.

Secretary
Carson City Culture and Tourism Authority

EXHIBIT A

(Attach Copy of Notice of Meeting)

EXHIBIT B

(Attach Interlocal Agreement)

INTERLOCAL AGREEMENT

BETWEEN

CARSON CITY, NEVADA

AND

THE CARSON CITY CULTURE AND TOURIM AUTHORITY

This interlocal agreement (the “Agreement”) is entered into by and between Carson City, a consolidated municipality and political subdivision of the State of Nevada (the “City”), and the Carson City Culture and Tourism Authority (the “CTA”), a county fair and recreation board created by the City pursuant to Nevada Revised Statutes (“NRS”) Chapter 244A. The City and the CTA may be individually referred to as “the Party” and collectively referred to as “the Parties”.

A. The City intends to adopt a bond ordinance (the “Bond Ordinance”) authorizing the issuance of bonds in the maximum principal amount of \$5,000,000 (the “Bonds”), the proceeds of which, in addition to debt issuance and reserve requirements, if any, will be used to finance all or a portion of the cost of acquiring, reconstructing, constructing, improving, extending, and bettering recreational facilities as set forth in NRS 244A.597, including, but not limited to, improvements at the JohnD Winters Centennial Park Complex.

B. NRS 277.180 provides that any one or more public agencies, including the City and the CTA, may contract with each other to perform any governmental service which any of the contracting public agencies is authorized by law to perform, provided that any such contract must: (a) be ratified by appropriate official action of the governing body of each party to the contract as a condition precedent to its entry into force; and (b) set forth fully the purposes, powers, rights, objectives and responsibilities of the contracting parties.

C. The governing bodies of the City and the CTA intend to ratify this Agreement by resolution prior to its entry into force.

D. At present, the CTA receives the proceeds of 5 and 13/16% of a 7% City-wide tax on gross receipts from the rental of transient lodging imposed pursuant to Section 4.08.080(1) of the Carson City Municipal Code (the “Room Tax”). The Parties intend for the CTA to pledge the Room Tax to the City to support the repayment of the Bonds.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES OF THE PARTIES, THE CITY AND THE CTA AGREE AS FOLLOWS:

Section 1. Pledge of the Room Tax. The CTA hereby agrees to pledge the Room Tax to the repayment of the Bonds, if issued (including any bonds or other obligations which are issued to refund the Bonds).

Section 2. Excess Funds. The City agrees that any revenues from the Room Tax which are not needed for debt service on the Bonds shall be immediately remitted to the CTA; provided, that the obligation of the City to pay any excess revenues to the CTA shall be subordinate and junior to the pledge of and lien on such revenues of the Bonds.

Section 3. Covenants. The City and the CTA covenant that they are prohibited from making any agreement or arrangement which will impair the ability of the CTA to generate, maintain and pledge the Room Tax to the City for repayment of the Bonds.

Section 4. Acknowledgment of Pledge of the Room Tax. The City acknowledges and accepts the CTA's pledge of the Room Tax to the City in accordance with this Agreement.

Section 5. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute one and the same instrument.

Section 6. Entire Agreement. This Agreement contains the entire agreement of the Parties and any previous understandings of the Parties regarding the subject matter of this Agreement are expressly declared null and void and are superseded by this Agreement.

Section 7. Severability. If any term or provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected by such holding.

Section 8. Waiver. No waiver or any breach of any covenant or provision contained in this Agreement shall be deemed a waiver of any other covenant or provision contained in this Agreement, and no waiver shall be valid unless in writing and executed by the waiving party. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act.

Section 9. Interpretation. Headings at the beginning of each paragraph and subparagraph are solely for the convenience of the Parties and are not a part of and shall not be used to interpret this Agreement. The singular form shall include plural and vice versa. This Agreement shall not be construed as if it had been prepared by one of the Parties, but rather as if both Parties have prepared the Agreement.

Section 10. Term. This Agreement shall expire on the date on which the Bonds (including any bonds or other obligations which are issued to refund the Bonds) are repaid and/or defeased in full.

Section 11. Effective Date. This Agreement shall not take effect until the governing bodies of the City and the CTA have adopted resolutions ratifying this Agreement.

Section 12. Time of the Essence. Time is of the essence of each and every condition in this Agreement, and of each term and provision in this Agreement.

Section 13. Nevada Law. This Agreement shall be governed and construed in accordance with Nevada Law.

(The remainder of this page is left intentionally blank; the signature blocks follow on the next page)

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

(SEAL)

CARSON CITY, NEVADA

ATTEST:

By: _____
Mayor

By: _____
Clerk-Recorder

APPROVED AS TO FORM:

CARSON CITY CULTURE AND
TOURISM AUTHORITY

By: _____
District Attorney (or a deputy thereof)

By: _____
Chairman

ATTEST:

By: _____
Secretary