

SPARKS REDEVELOPMENT AGENCY MEETING MINUTES
Following the City Council Meeting on Monday, April 23, 2012
City Council Chambers, Legislative Building, 745 Fourth Street, Sparks, Nevada

1. Call to Order (Time: 5:49 p.m.)

The regular meeting of the Sparks Redevelopment Agency was called to order by Chairman Ron Smith at 5:49 p.m.

2. Roll Call (Time: 5:49 p.m.)

Chairman Ron Smith, Agency Members Julia Ratti, Ed Lawson, Geno Martini, Mike Carrigan, Ron Schmitt, Chief Administrative Officer Shaun Carey, Acting Agency Attorney Shirle Eiting, Agency Secretary Linda Patterson, PRESENT.

ABSENT: Agency Member Ron Schmitt

Staff Present: Jeff Cronk, Steve Driscoll, Andy Flock, Chris Syverson, Tracy Domingues, Rich Brown

Comments from the Public (Time: 5:50 p.m.)

None.

Approval of the Agenda – Consideration of taking items out of sequence, deleting items and adding items which require action upon a finding that an emergency exists (Time:5:50 p.m.)

A motion was made by Agency Member Martini, seconded by Agency Member Ratti, to approve the agenda as presented. Agency Members Ratti, Lawson, Smith, Martini, Carrigan, YES. Council Member Schmitt, ABSENT. Motion carried.

3. Recommendation to Approve Minutes of March 26, 2012

3.1 Consideration and possible approval of the minutes for the Sparks Redevelopment Agency meeting of March 26, 2012 (Time: 5:50 p.m.)

A motion was made by Agency Member Martini, seconded by Agency Member Carrigan, to approve the minutes of the Redevelopment Agency meeting of March 26, 2012. Agency Members Ratti, Lawson, Smith, Martini, Carrigan, YES. Council Member Schmitt, ABSENT. Motion carried.

4. Report of Claims and Bills approved for payment and appropriation transfers for the period March 8, 2012 through April 4, 2012 (Time: 5:51 p.m.)

A motion was made by Agency Member Ratti, seconded by Agency Member Martini, to approve the report of claims and bills as outlined in the staff report. Agency Members Ratti, Lawson, Smith, Martini, Carrigan, YES. Council Member Schmitt, ABSENT. Motion carried.

5. Consideration, discussion, and possible approval of the Chief Administration Officer's Final Budget recommendations for the City of Sparks Redevelopment Agency, Areas 1 & 2, for fiscal year 2012-2013 (Time p.m.)

The Agency's Chief Administrative Officer Shaun Carey and Chief Financial Officer Jeff Cronk presented the final budget recommendations for fiscal year 2012-2013 and requested the Agency

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Board to direct staff in preparing the Agency's final budget document for submission to the State of Nevada. City staff has filed the tentative budget for the fiscal year 2012-2013, and the Agency Board will receive public comment on the fiscal year 2012-2013 tentative budget on Tuesday morning, May 15, 2012 at 9:00 am. Immediately following the public hearing on the city's 2012-2013 tentative budget at 9:00 am, staff will present the final budget for the Redevelopment Agency which will be prepared based upon direction received today. The final budget must be filed with the Nevada Department of Taxation by June 1 annually. During years in which the Legislature is in session, should the Legislature take action which affects the Agency's budget for the subsequent fiscal year, an additional 30 days would be granted to file an amended budget with the Nevada Department of Taxation. The following information was presented:

Redevelopment Area #1 Overview & Recommended FY '13 Budget

- FY '13 Property Tax Revenues are expected to decline by 3.4%
- Expenditures expected to remain consistent with FY '12 & include:
 - Debt Service payments of \$2.6M;
 - Common Service Charges of \$304K;
 - Special Events subsidy \$119K;
 - Other expenses of \$257K (incl. \$100k trans. to Tourmark Fund)
- Unrestricted ending fund balance should be ~ \$1.0M
 - Additional fund balance of ~\$2.2M is restricted for tax increment bond reserves
- Exp's are expected to be greater than Rev's by about \$520K
- At current pace of Fund Balance "burn", it is expected that by FY '15 or FY '16, the G.F. will need to begin subsidizing Area #1 costs
 - The planned \$100k transfer to the Tourmark Fund is not expected to occur after FY '13, thus reducing the fund balance "burn" rate
- A financial summary of FY '13 expectations and recommended budget as well as detailed debt information for Redevelopment Area #1 is presented on the next slide

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Sparks RDA #1 Financial Overview		FY '13 Est.	Comments
Revenues		\$2,756,312	3.4% Decline in Property Tax Revenue Expected
Expenses:			
Debt Service	\$2,596,223		
Common Service Charges	\$304,184		
Special Events Subsidy	\$119,091		
Other Operating Exp's	\$257,289	\$3,276,787	
Net Revenues/(Expenses)		(\$520,475)	
Est. FY '13 Unrestricted Beginning Fund Balance		\$1,543,259	
Est. FY '13 Unrestricted Ending Fund Balance		\$1,022,784	(Assuming an additional \$2.2M for tax increment bond reserves)
Est. Fund Balance Coverage Ratio of Net Expenses		2.0	(By FY '15 or '16, the General Fund would need to begin subsidizing costs)

	Tax Increment	** City Issued Debt Partially Paid by RDA #1		Total RDA Debt Service
	Refunding Bonds	2011 CTAX Refunding Bonds	2007 CTAX Refunding Bonds	
Original Issue Amount	\$22,165,000	\$4,180,000	\$13,635,000	
Issue Date	5/11/2010	5/12/2011	2/15/2007	
Maturity Date	1/15/2023	5/1/2018	5/1/2026	
Interest Rate	4.0% - 5.375%	3.05%	4.09%	
FY '12 Principal Payment	\$1,350,000	\$20,000	\$595,000	
FY '12 Interest Payment	\$939,281	\$123,442	\$321,883	
Total FY '12 Debt Service	\$2,289,281	\$143,442	\$916,883	
Total FY '12 Debt Service Paid by RDA	\$2,289,281	\$41,598	\$263,131	\$2,594,010
6/30/12 Debt Outstanding	\$19,210,000	\$4,160,000	\$7,275,000	
FY '13 Principal Payment	\$1,405,000	\$645,000	\$0	
FY '13 Interest Payment	\$885,281	\$112,164	\$297,548	
Total FY '13 Debt Service	\$2,290,281	\$757,164	\$297,548	
Total FY '13 Debt Service Paid by RDA	\$2,290,281	\$219,578	\$86,365	\$2,596,223
6/30/13 Debt Outstanding	\$17,805,000	\$3,515,000	\$7,275,000	
		FY '13 D.S. from RDA-Issued Debt =	\$2,290,281	
		FY '13 D.S. from City-Issued Debt =	\$305,942	
		Total FY '13 RDA Debt Service =	\$2,596,223	

**** City Issued Debt Partially Paid by RDA #1 Notes:**

- 1) Both bonds are issued in the City's name, but about 29% (\$305,942 in FY '13) is allocated to RDA #1 for Victorian Square portion of the original bonding project
- 2) The 2007 Refunding bonds will be interest only until FY '19 after the 2011 Refunding bonds mature
- 3) \$2,181,295 remains in Capital Projects Fund as unspent bond proceeds which can be used for projects or debt service

-- Recommended use of bond proceeds includes \$1.2M for C Street parking garage repairs, & \$980k for City Hall electrical upgrades

Redevelopment Area #2 Overview & Recommended FY '13 Budget

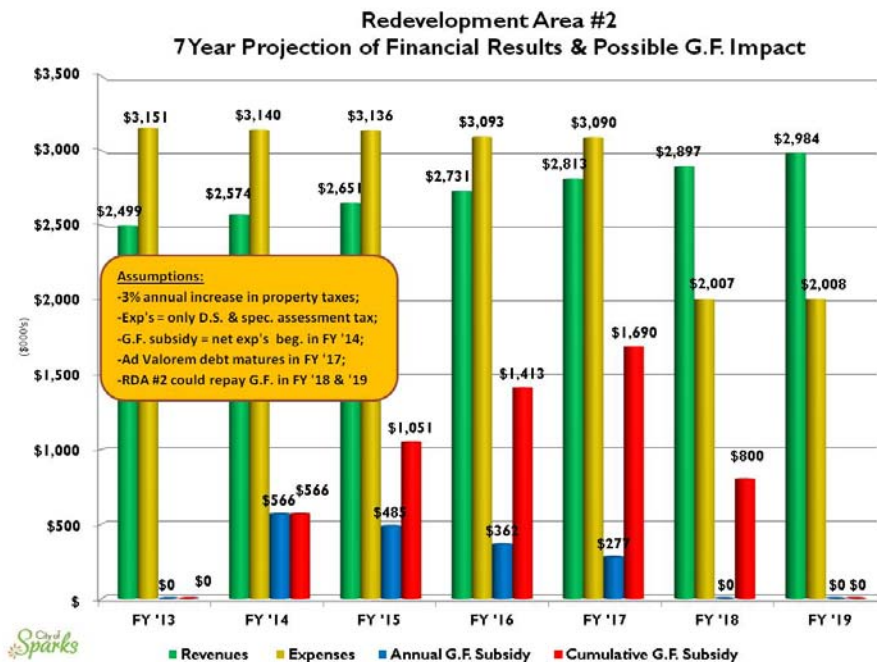
- FY '13 Property Tax Revenues are expected to increase by 3.1%
- Expenditures expected to decrease 8.3% from FY '12 & include:
 - Debt Service payments of \$3.0M;
 - Special Assessment charges of \$93K from property owned
 - The primary reason for the 8.3% decrease in exp's is removal of Common Service Charges which totaled \$232K in FY '12
- Unrestricted ending fund balance should be ~ \$0
 - Additional fund balance of ~\$2.3M is restricted for tax increment bond reserves
- Exp's are expected to be greater than Rev's by about \$652K
- With a razor-thin fund balance projected, the General Fund can be expected to subsidize RDA #2 debt service costs by at least FY '14, but possibly FY '13 pending property tax collections
- A \$550K General Fund subsidy is being projected to begin in FY '14
 - A subsidy of varying amounts should exist through FY '17, which is when the 2007 Series of Ad Valorem Refunding bonds are scheduled to mature
 - Assuming property taxes grow 3% annually, the cumulative subsidy is projected to be about \$1.7M through FY '17

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- A financial summary of FY '13 expectations and recommended budget as well as detailed debt information for Redevelopment Area #2 is presented on the next slide

Sparks RDA #2 Financial Overview		FY '13 Est.	Comments
Revenues		\$2,498,926	3.1% Increase in Property Tax Revenue Expected
Expenses:			
Debt Service	\$3,045,924		Total revenue provides less than 1x debt service coverage (0.8x)
Common Service Charges	\$0		Common Service Charges of \$178k removed from FY '13 (G.F. Impact)
Special Assessment Charges	\$92,924		
Other Operating Exp's	\$11,826	\$3,150,674	
Net Revenues/(Expenses)		(\$651,748)	
Est. FY '13 Unrestricted Beginning Fund Balance		\$652,049	(Assuming an additional \$2.3M for Tax Increment Bond reserve)
Est. FY '13 Unrestricted Ending Fund Balance		\$301	(In FY '14, the General Fund will need to begin subsidizing debt service)

	Redevelopment Area #2 Debt		City Issued Debt Paid by RDA #2		Total RDA Debt Service
	2008 Tax Increment Bonds	2009 Tax Increment Bonds	2007A Ad Valorem Refunding Bonds	2007B Ad Valorem Refunding Bonds	
Original Issue Amount	\$12,700,000	\$7,230,000	\$7,090,000	\$1,315,000	
Issue Date	7/30/2008	11/24/2009	3/29/2007	3/29/2007	
Maturity Date	6/1/2028	6/1/2029	3/1/2017	3/1/2017	
Interest Rate	6.4% - 6.70%	5.0% - 7.75%	3.78%	5.65%	
FY '12 Principal Payment	\$420,000	\$285,000	\$690,000	\$150,000	
FY '12 Interest Payment	\$809,780	\$511,438	\$172,746	\$58,708	
Total FY '12 Debt Service	\$1,229,780	\$796,438	\$862,746	\$208,708	\$3,097,672
6/30/12 Debt Outstanding	\$11,885,000	\$6,775,000	\$3,880,000	\$890,000	
FY '13 Principal Payment	\$445,000	\$245,000	\$720,000	\$160,000	
FY '13 Interest Payment	\$782,900	\$496,119	\$146,664	\$50,241	
Total FY '13 Debt Service	\$1,227,900	\$741,119	\$866,664	\$210,241	\$3,045,924
6/30/13 Debt Outstanding	\$11,440,000	\$6,530,000	\$3,160,000	\$730,000	
FY '13 D.S. from RDA-Issued Debt =	\$1,969,019				
FY '13 D.S. from City-Issued Debt =			\$1,076,905		\$3,045,924



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A motion was made by Agency Member Ratti, seconded by Agency Member Martini, to approve the Chief Administrative Officer's recommendations for the City of Sparks Redevelopment Agency final budget for fiscal year 2012-2013 for Areas 1 & 2. Agency Members Ratti, Lawson, Smith, Martini, Carrigan, YES. Council Member Schmitt, ABSENT. Motion carried.

6. Comments (Time: 6:00 p.m.)

6.1 Comments from Agency and Chief Administrative Officer

None

6.2 Comments from the Public (Time: 6:00 p.m.)

None

6. Adjournment (Time: 6:00 p.m.)

There being no further business, the meeting was adjourned at 6:00 p.m.

Chairman

Agency Secretary

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