

TONOPAH TOWN BOARD

MEETING MINUTES

JANUARY 26, 2011

Town Board Chairman Jon Zane called the meeting to order at 7:00 p.m. Also present were Glenn Hatch and Horace Carlyle. Duane Downing and Javier Gonzalez were absent. There were fourteen other people in attendance.

1. Review and Approval of Minutes Regular Meeting held on January 26, 2011.

Horace Carlyle made a motion to approve the minutes from regular meeting held on January 12, 2011. Glenn Hatch seconded. Motion passed 3-0-2 (Javier Gonzalez and Duane Downing were absent.)

2. Approval of 5/8ths of 1% Room Tax Grant to advertise and promote the 2011 Texas Hold 'Em Tournament – Rotary Club of Tonopah.

Cindy Kaminski, on behalf of the Rotary Club of Tonopah, explained that the funds asked for were to be used for advertising for the annual Texas Hold 'Em Tournament. She noted that the tournament was to raise funds for the Rotary Club Scholarship. Terry Rivero noted that the amount of \$519.90 asked for this year is more than the \$493.60 asked for the previous year. Cindy Kaminski mentioned the reason for the increase was that the price of the hats increased from the previous year. James Eason noted the difference between the two amounts was \$26.30. Terry Rivero mentioned that each year the amount asked for was supposed to decrease rather than increase.

Glenn Hatch made a motion to approve the 5/8ths of 1% Room Tax Grant to advertise and promote the 2011 Texas Hold 'Em Tournament – Rotary Club of Tonopah in the amount of \$519.90. Horace Carlyle seconded. Motion passed 3-0-2 (Duane Downing and Javier Gonzalez were absent).

3. Presentation of plaques to two (2) past Town Board Members honored for their years of service.

Jon Zane on behalf of the Tonopah Town Board presented a plaque to past Town Board member Terry Rivero honoring his years of service on the Board. James Eason noted that past Town Board member Carl Newberry was not present that night to accept his plaque honoring his years of service on the Board.

4. Presentation, discussion of the additional alternative in the Tonopah Convention Center Preliminary Architecture Report with decision and selection of alternative for the Convention Center Project.

Brandon Sprague and Kristen Newman from Aptus presented information regarding the new tab being inserted into the Preliminary Architecture Report binder. They were here to present information regarding what they were calling Tab E. They also noted that scheme D2, which consisted of using the Belvada and acquiring additional property to the south and using that as the new full community and convention center would not be possible because it is not feasible to acquire additional property with the limited funds available. It was requested that Aptus reinvestigate and find a way to utilize additional assets and still maintain the vision. Tab E was the result.

Tab E calls for a remodel of the current Convention Center while still pursuing the Belvada, upgrading the parking lot between the two buildings, and upgrading Union Plaza, the parking lot between Otteson's Turquoise and The Hock Shop. This would be the long term master plan. Currently, the main goal is to upgrade the current Convention Center. This space will be augmented with the Belvada. There are two goals with the Belvada. The first goal is to get closure on the building and stop the deterioration. The second is to use the bottom floor for other purposes.

Brandon Sprague explained the budget breakdown provided with the new tab. He noted that the project would cost a total of about \$3.5 million dollars. He explained that this amount of money was not available. He explained the plans for upgrading the current Convention Center. The kitchen would be expanded, the bathrooms would be fixed and upgraded to ADA standards with accessible bathrooms added up front, the lobby and office would be expanded, the main convention room would be remodeled to one level, and a stage would be added back in as well as more ceiling height. The back room would be left as it is with stairs leading up to it. For the Belvada, the original bar on the ground floor would be kept, a library business hub would be added adjacent to that, new restrooms would be added, and three meeting rooms would be added. Brandon noted that programmatically the Belvada solves a lot of problems found with other convention centers around the state.

Brandon explained that if they were to proceed with the next stage of planning, Aptus's goal would be to drill down in more detail what really needs to happen with all four sites, identify, those issues, prioritize them, and come back in front of the board and really determine what the plane would be with the existing budget.

Horace Carlyle noted that some hazards have been found in the basement of the Belvada and suggested that either James Eason or Aptus develop an idea of the cost to abate the existing hazards. He also mentioned the need to know whether the Belvada was structurally sound. Susan Dudley addressed the hazardous conditions in the Belvada. She noted that the Town has applied for and received funds for Phase II of this project. She noted that McKinley & Associated out of Las Vegas will be here the following week to identify exactly the extent of the hazards in the building and they will identify the cost to clean it up. She mentioned the possibility of applying

for a 30PA Grant to cover the costs of cleaning up those hazards. She noted that if the current Convention Center is chosen she has already written a grant for and alerted the Brownsfield people that it will be on its way Thursday morning. After that, a Phase I will be done on the building which will probably prompt a Phase 2. Once the Board has directed Aptus on which site is approved, Aptus will address structural and hazard issues.

James Eason noted that in addition to the hazards in the basement of the Belvada, lead paint was also found. He mentioned that asbestos and lead paint would be identified in the Convention Center.

James Eason requested Brandon and Kristen explain more about the outdoor area added to the tab. James noted that parking lot would receive an upgrade. He also noted that Brandon and Kristen have looked at the geothermal possibility. Susan Dudley noted that Aptus has already done a preliminary on all of the sites asked for and the second part of their contract includes an extensive investigation involving an historian. This investigation will provide answers to a lot of questions. She noted that USDA has already done an environmental report on the Belvada and if the Convention Center is chosen, USDA will have the ability to do an environmental on that building. She mentioned that she has already completed a Brownsfield Grant on the Belvada and will complete one on the Convention Center. She recommended that the Board move forward with Tab E.

Cindy Kaminski posed the question regarding how the remodel of the Convention Center would help with the utility costs. Brandon Sprague noted that there would be a new insulation envelope around the building to better help with the heat and cooling loss. He mentioned that the building will be brought up to current code.

James Eason asked Brandon Sprague and Kristen Newman to explain their findings regarding the different additions to the Convention Center. They explained many of the different additional and renovations to the building, including the addition of the lobby and the back meeting room.

Cindy Kaminski noted that by using the Belvada, the Town was saving an historical building and preserving the history of the Town.

Horace Carlyle made a motion to approve Tab E as the alternative for the Convention Center Project and direct Aptus to proceed per their contract. Glenn Hatch seconded. Motion passed 3-0-2. (Duane Downing and Javier Gonzalez were absent.)

5. Approval of USDA Form RD 1942-47 Loan Resolution Authorizing and Providing for the incurrence of indebtedness for the purpose of providing a portion of the cost of the Tonopah Convention Project.

Susan Dudley presented information regarding the purpose of the resolution. She noted that since the Board has chosen a site Brandon Sprague and Kristen Newman of Aptus Architecture will work on a pre-design. Construction will begin soon. She noted that the Town learned late in June that the Convention Center Project may qualify for ARA money. The pre-application filed with

USDA came back with positive confirmation on qualification. A notice was placed in the paper that a public hearing was going to be held for federal funding. The hearing was held on August 25, 2010 and on the same date the Board approved to go forward with the real application to obligate the funds. USDA explained that the Town needed to go forward with all the obligating documents before September 30, 2010 to take advantage of all the ARA money before its expiration on December 31, 2010. At a special meeting held on September 28, 2010 the Town Board Chair was authorized to sign all the USDA Rural Development Loan and Grant Obligation forms as well as the Letter of Intent to go forward. The loan resolution was not signed that night. The Board decided to wait until the site was chosen to sign. The Loan Resolution states that the Board authorizes that the Town will incur the costs and part of those costs will be paid for by a loan from USDA in the amount of \$1,453,000. It further states that the Board intends to sell a revenue bond at the end of the construction project in the amount of \$1,453,000. That revenue bond will require that the Board pledges security for the revenue that the Board will be paying the loan tax. The revenue will be room tax and the special ad valorem fund. The revenue bond will not be closed on until the end of the construction project so an exact total is known. Passing the loan resolution will allow the Town to move forward with the project.

Horace Carlyle made a motion to approve USDA Form RD1942-47 Loan Resolution authorizing and providing for the incurrence of indebtedness for the purpose of providing a portion of the cost of the Tonopah Convention Project. Glenn Hatch seconded. Motion passed 3-0-2. (Duane Downing and Javier Gonzalez were absent.)

6. Consideration and possible approval of a resolution concerning the financing of Tonopah Convention Center Building Project.

Susan Dudley noted that in the past the Town has issued requests for proposals from banks in order to borrow enough money to pay contractors until the revenue bond is closed upon. This costs money because a bond council has to prepare an Interim to Venture bond, which has to be closed on, and then pay interest to a bank to borrow the money. She noted that since the whole project is funded with USDA Loan the Town would have to borrow the money and wait until the end. She noted that she has been negotiating with five different banks. There is a different process in place whereby the money cannot be paid back sooner but must be paid back all at once and more money needs to be drawn at one time rather than just the amounts needed. This resolution provides the Town with the option to loan the money from the ending fund balance. It is unknown how much money needs to be loaned until the budgeting process begins but it will be a line item on the budget. She notes that it may not be enough to get through to the end of the project but it would reduce the interest being paid to the bank. Dan McArthur felt an inter fund loan would be great in this instance because it would save about \$70,000.

Horace Carlyle made a motion to approve Resolution 2011-02, a Resolution concerning the financing of Tonopah Convention Center Building Project and providing for the reimbursement of expenditures from the proceeds of the issuance of Town of Tonopah Bonds and providing certain details in connection therewith. Glenn Hatch seconded. Motion passed 3-0-2 (Duane Downing and Javier Gonzalez were absent).

7. Discussion and adoption of resolution of the Town Board of Tonopah Nevada establishing a Tonopah Public Utilities Arsenic Debt Service Fund.

Susan Dudley explained that in December 2008 the Board raised rates for both water and sewer, in particular water, in anticipation of an arsenic mitigation issue. The rates rose from \$3.00 for residential and \$3.50 for commercial, of which \$0.50 was a surcharge. On October 27, 2008 a resolution was adopted to increase the surcharge from \$0.50 to \$0.80. The surcharge is \$0.80 per \$1000. The \$0.80 goes to paying back the original debt for the water, the requirement to grant depreciation, and \$0.30 per \$1000 is in anticipation of a loan from USDA to complete the scope of work for that project. The resolution allowed for the rate increase. The water debt has been funded and the debt for the capital replacement is very near being funded. She noted that in the next month or two the Town will be ready to deposit money into a fund for the new debt. A fund needs to be created to put the money approved into. This resolution creates a new debt fund.

Horace Carlyle made a motion to approve Resolution 2011-01, Resolution of the Town of Tonopah Town Board Nevada establishing a Tonopah Public Utilities Arsenic Debt Service Fund. Glenn Hatch seconded. Motion passed 3-0-2 (Duane Downing and Javier Gonzalez were absent).

8. Presentation and Acceptance of Annual Audit for fiscal year 2009-2010 – Daniel McArthur & Associates.

Dan McArthur presented the Annual Audit for the fiscal year 2009-2010. He explained various aspects of the audit. He expressed the opinion that the audit for the Town was clean and the financial statements presented clearly. He felt that there were no instances of noncompliance. He did not find any violations of the law. He then directed the Board to page 47. He noted that in 2010 property taxes had increased from 2009. He explained that in the last budget year there was a change in tax rates in the Town and the tax rate increased 81%. Because of this increase, there was a change in the revenue coming to the town. He next explained the consolidated taxes. He explained that the drop from 2009 to 2010 had to do with the drop in the economy.

He directed the Board to page 49. He noted that the total expenditures for the year was a positive variance of \$476,000. The actual expenditures are down from the previous year. He directed the Board to page 51. He noted that in December of 2008 the Town made the decision to change the rate structure. He noted that the water revenues for 2010 increased 19-20% from the previous year. He noted the category entitled Depreciation. He explained that this category is not necessarily cash flowing out but is a requirement to make sure there is enough money in the fee structure to cover the costs of assets depreciating. The idea is that when those assets need to be replaced, the cash is in place to pay for them.

He directed the Board to page 69, the Special Ad Valorem Capital Projects Fund. He noted that the County assesses a tax rate and all the towns in the County get a portion of the property taxes collected. Intergovernmental Revenue is the property taxes collected. The taxes are apportioned using a formula from 1981 based on sales tax distribution ratios present in 1981 but not today. He noted that the statute for this fund states that the money needs to be spent within ten years.

Dan McArthur directed the Board to page 44. He explained that all accountants are governed by accounting principles put together by an accounting standards board. They passed a recent rule called GASB (Government Accounting Standards Board). This statement requires local governments to put unfunded liabilities on their books. It deals with post-employment healthcare benefits. He noted that every month the Town pays into the Nevada Public Employees Retirement System. Over the last several years towns have started paying for retirees healthcare as well. This new requirement shows the potential liability for the Town. The liability is calculated by estimating how long retirees and current employees are going to live and what the monthly insurance payment would be for each individual. It represents the liability that has not had money put aside yet. He directed the Board to pages 14 and 15. He explained that these pages take all the Town funds and consolidates them into two pages.

He directed the Board to page 10. He noted that in the column titled Total Primary Government the Total revenues had increased from 2009. He explained this is because of the utility rate increase. He noted that Total expenses for Total Primary Government had increased but not by much.

Dan McArthur mentioned that normally there are auditor comments and recommendations at the end of an audit and he has no comments or recommendations for the Town. He feels the books are very clean and well maintained.

Jon Zane asked for the recommendation on where to get the money and how to put the unfunded liability on the books. Dan McArthur posed the idea of setting up a fund and setting money aside every month for that unfunded liability. He suggested that the money may be moved from the utility fund and the general fund.

Susan Dudley questioned where the money from OPEB obligation payable actually went. Dan McArthur noted that there are two different financial statements in the book. He explained that the statements on pages 14 and 15 are consolidated statements and they show liabilities and expenses which do not appear in the other financials farther back in the book. Those are mainly cash-flow statements.

James Eason questioned what would happen if the Board decided not to fund the unfunded liability. Dan McArthur explained that if the Board decided not to fund any retiree, then it would evaporate of the statement for the next year.

Dan McArthur explained how the figure shown for the unfunded liability was calculated. The rate currently being paid by Nye County was used. It started out at 8% per year for seven years then that dropped to it down to 5% and it was projected out to the date of death based on each individuals' birthday.

Horace Carlyle made a motion to accept the annual audit for fiscal year 2009/2010 by Daniel McArthur & Associate. Glenn Hatch seconded. Motion passed 3-0-2. (Duane Downing and Javier Gonzalez were absent.)

9. Tonopah Development Corporation Report

No report presented.

No action taken by the board.

10. Public Comment

Diane Perchetti offered information regarding the redesign of the current Convention Center. She felt that the design presented by Aptus for the redesign of the Convention Center does not allow for the gain of more people, especially if the two side rooms are lost. She felt that it may be better to remodel the building with the current set up. She noted that many visitors like the upper level for the visibility it provides of the dance floor. She felt the dance floor is sufficient. She does not feel the large kitchen is necessary but additional storage would be better.

No action taken by the Board.

11. Town Board Member's/Department Manager's/Nye County Commissioner's Comments

James Eason noted that Diane Perchetti's comments regarding the design on the Convention Center will be provided to Aptus once they begin the process of designing the layout.

James Eason noted that the February 15, 2011 turnover date for the new firehouse is still on schedule. He explained that there was a question about whether there was sufficient water flow to the hydrants. They were tested and found to have sufficient water flow. He noted a testing program in place for the hydrants. The program would be in the Spring and Fall because of the water flow. In the Summer, it would be too close to the peak daily demand and in the Winter there is the risk of ice. He noted that by the end of February, the Tonopah Volunteer Fire Department would be receiving new pagers from Nye County Emergency Services.

James Eason noted that by the end of March and beginning of April, the Town will be preparing the pool for the summer. Heather Ingalls will most likely be sent to training to receive her lifeguard training certification. The Town is looking to institute swim lessons this summer. He noted that on February 15, 2011, the Nye County Water Board will be in front of the Board of County Commissioners requesting funding for their next budget.

James Eason noted that the Tonopah Public Library is in a situation where they may or may not have board members. He explained that the Town has met with the Department of Taxation to talk tentatively about the Town Board taking it over.

James Eason noted that Mariah Rivero compiled a list of available housing for Solar Reserve. He explained that their EPC (Engineering, Planning, and Construction) contractor has doubled the worker estimate from 400 to 800 at peak construction. They are still on track for a June/July arrival date. He explained the processes underway for possibly activating the lots at the airport.

James Eason noted that Mariah Rivero compiled a list of available housing for Solar Reserve. He explained that their EPC (Engineering, Planning, and Construction) contractor has doubled the worker estimate from 400 to 800 at peak construction. They are still on track for a June/July arrival date. He explained the processes underway for possibly activating the lots at the airport.

James Eason explained the new business coming into town. There are plans to build a Family Dollar Store. The store is looking to employ around 20 to 30 people. He also explained there may be plans to bring some of the mines on line.

Glenn Hatch complemented Susan Dudley for her work on loaning the money. He questioned what would happen with the antique buildings around town. James Eason noted that the Town has been attempting to contact the owners of those properties to help them clean it up.

Jon Zane brought up the issue of the pigeons. James Eason mentioned that he was open to suggestion regarding how to take care of the pigeons.

Jon Zane noted that the power company was going to put in three new streetlights. James Eason noted that whenever they get the contract out the lights should be fixed.

12. Closure of Meeting, Pursuant to NRS 288.220 for purposes of conferring with Town's Management Representative regarding labor negotiation issues, and other personnel issues.

This item was tabled.

13. Closed meeting, pursuant to NRS 288.220 for purposes of conferring with Town's Management Representative regarding labor negotiation issues, and other personnel issues

This item was tabled.

14. Discussion deliberation, and possible decision on labor negotiations, issues and other personnel matters presented in the closed meeting

This item was tabled.

15. Closure of meeting pursuant to NRS 241.015(2)(b)(2) for purposes of conferring with legal counsel regarding potential or current litigation

This item was tabled.

16. Closed meeting, pursuant to NRS 241.015(2)(b)(2) for purposes of conferring with legal counsel regarding potential or current litigation

This item was tabled.

17. Discussion, deliberation and possible decision on conference with legal counsel regarding potential or current litigation presented in the closed meeting

This item was tabled.

18. Correspondence

United States Nuclear Waste Technical Review Board – 01/26/2011
BEC Environmental, Inc. – 01/13/2011
Nye County Population Estimates – 01/19/2011
Notice of Possible Quorum – 01/20/2011
Pahrump Town Board Meeting Agenda – 01/25/2011
Round Mountain Town Board Meeting Agenda – 01/25/2011
Beatty Town Advisory Board Meeting – 01/26/2011
Nye County Solid Waste Minimization & Household Hazardous Waste – 02/23/2011

19. Approval of Vouchers for Payment

Jon Zane noted that the voucher made out to Horace Carlyle and signed by Horace Carlyle was for reimbursement.

The vouchers were reviewed and all were signed by Board members. Horace Carlyle made a motion to approve the vouchers as presented for payment. Glenn Hatch seconded. Motion passed 3-0-2 (Duane Downing and Javier Gonzalez were absent).

20. Adjourn

Meeting was adjourned at 9:12.

