

TONOPAH TOWN BOARD

MEETING MINUTES

AUGUST 10, 2011

Tonopah Town Board Vice Chairman Horace Carlyle called the meeting to order at 7:00 pm. Also present were Javier Gonzalez, Glenn Hatch, and Duane Downing. Jon Zane was absent. There were six other people in attendance.

1. Review and Approval of Summary from Regular Meeting Held on July 27, 2011.

Duane Downing made a motion to approve the summary, in context, from regular meeting held on July 27, 2011. Glenn Hatch seconded. Motion passed 4-0-1 (Jon Zane was absent).

2. Review and Approval of Minutes from Regular Meeting Held on July 13, 2011.

Duane Downing made a motion to approve the minutes, in context, from regular meeting held on July 13, 2011. Glenn Hatch seconded. Motion passed 4-0-1 (Jon Zane was absent).

Review and Approval of Minutes from Regular Meeting Held on July 27, 2011.

Duane Downing made a motion to approve the minutes, in context, from regular meeting held on July 27, 2011. Javier Gonzalez seconded. Motion passed 4-0-1 (Jon Zane was absent).

3. Approval of the Principal Forgiveness Loan Award from the Nevada State Revolving Loan Fund Program in the Amount of \$1,060,780.

Susan Dudley explained that the State got these documents to the Town quickly. The day of the last meeting was the day the Board of Water Financing Approved the loan. It normally takes three to four weeks to get the documents out but the Town needs to start using the money immediately for the survey.

Susan Dudley explained the documents. The Town must commit to the resolution, the pay request form, the list of federal laws and regulations, Dave Bacon wages and the terms and conditions of the actual agreement. The estimated project cost is \$7,611,825. The maximum loan amount is \$1,060,780 and it is a principal forgiveness loan; the Town does not have to pay anything back. The Town has to get the State a construction schedule as soon as possible. There has to be a resident engineer. The Town already has a resident engineer and those costs are included in the cost of the project. The Town has to provide a list of names of all the individuals responsible for the project and update that list as names change. The Town has to inform the state if there is any substantial change in the scope of work. The State has to be allowed access to the project and the records at all times. The loan payments are to be distributed upon receipt of an invoice from the Town. The funds come back to the Town. The Town has to set up a separate construction account as the funds cannot be comingled with Nye County funds. Upon completion

of the project, the Town has to provide the State with the plans and specifications. The engineer has to certify that the project was completed per the plans and specifications. The Town has to have an operation and maintenance manual and has to agree that it will not abandon, substantially discontinue use of, or dispose of the project during its useful lifespan without prior written approval. Susan Dudley noted that the life of the project is the life of the lines and the Town has made current lines work for almost 100 years. The Town has to prove that the system is properly staffed and that the staff maintains the system per all the statutes. The Town has to maintain records for three years. She noted that the Town already has to keep records for seven years or longer. The Town has to establish a separate checking account. Once a month the project manager has to submit a monthly report along with a request for payment. The Town has to have everything handled under the Generally Accepted Accounting Principles. The project has to be audited at the end by a single audit. The State has the right to terminate the agreement if the Town does not comply with all the rules and regulations. The Town has to comply with all the federal statutes. The State engineer has to approve the plans and specs along with the Bureau of Safe Drinking Water, Bureau of Health, and USDA.

Susan Dudley explained that at the last meeting, the Board approved to have Jon Zane sign all the obligating documents for USDA. A week after the last meeting, USDA finally determined the funding for the Town. Based on available funds, the Town received a letter of conditions stating that it could have a loan for \$2,646,000 and a grant for \$869,000. USDA also noted that this exhausted their funds for this fiscal year from the State of Nevada. They planned on going to Washington to see if they could get more money for Nevada. If that failed, the Town would have to wait until the next fiscal year budget. On Thursday August 4, 2011 USDA notified the Town that Washington had transferred the money for the project. The rest of the obligating documents were signed on Friday August 5, 2011. The loan totals a little over \$3.9 million and the rest is grant, up to \$6.2 million. This is a little bit more than originally discussed but the Town is locked in at a 2.5% interest rate. She noted that when she originally discussed the loan amount with the Board, it was for a \$3.5 - \$3.6 million dollar loan at 2.75% interest rate. This gives the Town a little more than \$500,000 to \$600,000 a year in payments. With the escalating surcharge, there will be two really lean years. The first three years of the project, the Town will not have a payment and with what is collected during those years, the debt will be paid in full for the third year. She noted that for those lean years, the Town can go into the ending fund balance. After that, the Town will have caught up and it will be collecting what it needs for both debts and grant depreciation.

Susan Dudley noted that the USDA Letter of Conditions states that the Town must establish a separate construction fund. The Town has to close on a revenue bond and an interim to venture bond. The loan repayment will be around \$12,000 per month and the debt reserve is 10% of that. The Town has to establish a new reserve account for the debt. This has already occurred and the Town has started putting money in. The Town has to continue the current reserves it is already funding. If the customer base diminishes, then the Town has to raise rates because it has to maintain this rate. She noted that USDA was not satisfied with the Town's current collection policy so it has to establish a more effective collection policy. Every year the Town has to provide USDA with the operating budget, a copy of the insurance certificate, and an agreement showing that the Town has a certified accountant. The Town has to have legal services, which it

does through the Nye County District Attorney's Office. The DA has to certify that the Town's water rates are in place. Susan Dudley noted that the majority of the land the Town will be going on is BLM land. The Town is proceeding with that right-of-way. Per the EJCDC document, the Town has to have an engineer's services. The Town already has this and all that has to happen is to un-strike the words on the documents. There has to be a resident inspector. The Town cannot lobby Congress for any money for this project. The Town has to make sure that the Central Contractor Registration is in place and has to complete an environmental assessment. The Town has to provide USDA its vulnerability assessment and emergency response plans. She explained that the Town will have RCAC come down and train the Board. She noted that there will be a lot of permits. Once the Town has gone through the right-of-way process, Paul Winkleman from Shaw Engineering will go ahead and start designing the project. Once that design is completed, it has to be approved by everyone. Once that has been approved, the Town will then put the contract documents together for approval. Once those have been approved and everything else has been completed, then the Town can go to bid. With federal funding, the Town has to bid for thirty days and has to follow all the state and regulatory statutes. At a properly called meeting, the Board will have to properly execute two more forms: one stating that it will not lobby Congress and the loan resolution. The Town has to follow all civil rights. There can be no cost overruns unless everyone approves them first. If there are any remaining funds, USDA may let the Town use them if it has good justification for doing so. Susan Dudley noted that the Town has six months to satisfy the letter of conditions and it has already started. She reiterated that the USDA Intent to Meet the Letter of Conditions and the request to obligate the funds was signed last week and were sent off.

Susan Dudley explained that the total project cost per the amendment to the USDA Letter of Conditions is \$7,196,827. Of this, the State Revolving Loan Fund is for \$1,060,780, the first USDA Letter of Conditions loan is \$2,646,000 and the second is \$1,261,000. The first Letter of Conditions grant is \$869,145 and the second is \$1,359,902. She noted that the difference between the \$7.2 million stated in the USDA Letter of Conditions and the \$7.6 million stated in the State Revolving Loan Fund documents is what the Town has already paid for the PER and the drilling program. The State included that as the Town's match.

Duane Downing made a motion to approve the principal forgiveness loan award from the Nevada State Revolving Loan Fund Program – Arsenic Mitigation Project – in the amount of \$1,060,780. Javier Gonzalez seconded. Motion passed 4-0-1 (Jon Zane was absent).

The Town Board recessed to the Tonopah Library Board at 7:24 pm.

The Town Board returned at 7:35 pm.

4. Review, Discussion and Possible Approval of Entering into an Agreement with Aptus Architecture for the Design and Construction Phase of the Convention Center Project.

Susan Dudley noted that this item has been on the agenda numerous times since the June 22, 2011 meeting. The Board approved to move forward and the first step is to hire the architect to do the design. With USDA, the design has to be completed and approved before the Town can

move forward. She noted that the Board made that contingent upon receiving the opinion from the DA.

Duane Downing asked if there had been any contact with the DA regarding this opinion. Horace Carlyle noted that James Eason has spoken with Brian Kunzi on several occasions. Mr. Carlyle explained that his basic concern is a change in the compliance standards. He does not want them to come back and redefine what the Town has to do with an historical building.

Susan Dudley noted that a small portion of the building is in the flood plain but the Town has been exempt from those requirements by both Nye County and SHPO. The award from CDBG was dated July 2, 2011 and the Town has to take the first draw in nine months. The Town has to hire the architect to complete the design, then everyone has to approve the design. The contract documents have to be prepared and approved by everyone. Once the agreement with Aptus has been approved, it has to be approved by USDA before the Town can give a Notice to Proceed.

This item was tabled.

5. Tonopah Department Budget Reports

Chris Mulkerns explained that there are two budget reports, one for FY 10/11 and one for FY 11/12. The budget report for FY 10/11 shows revenues collected in July but are credited to FY 10/11. She noted that the Town has picked up over \$100,000 in revenue in July. Of that, \$45,000 was collected in room tax and \$47,648 was collected in consolidated tax. She explained that there is one line item that is over again but that will be fixed with a budget transfer.

6. Tonopah Development Corporation Report

No action taken by the Board.

7. Public Comment

No action taken by the Board.

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

Horace Carlyle noted that there is a situation with the new firehouse. He feels it is important for the Board to balance the needs of the fire department with public use. There is an issue with parking. He explained that Joni Eastley has put in a grant for approximately \$200,000 to develop the Pocket Park for community events and to get a signal for the new firehouse.

Duane Downing noted that the Town and the Sheriff's Office have both looked at this problem. He explained a possible solution. Of the fifteen spaces between the firehouse and pocket part, three are going to be reserved for emergency services. The other nine will be open to the public. On the south side of the building, six of those spot will be reserved for emergency responders

and the remaining four spots and one handicap spots will remain. The three spots on the back side of the building will be left open to the public.

Javier Gonzalez requested information on what occurred with the ad to *Nevada Magazine*. Mariah Rivero explained that she called Carrie Roussel from *Nevada Magazine*, who offered the Town an even better deal than originally planned. The Town was able to get a ½ page ad and a ¼ page ad for \$2,750. Mike Farris asked which issues the ads will be in. Mariah Rivero noted that the ads will be in the September/October issue.

9. 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.

10. 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.

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

This item was tabled.

12. 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.

13. 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.

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

This item was tabled.

15. Correspondence

To Gary Hollis regarding CDBG Grant in the Amount of \$250,000 – 07/01/2011

NWTRB to Discuss DOE Plans for Research and Development – 07/28/2011

Nye County Board of Commissioners Meeting Agenda – 08/02/2011

Recent Tour Brings Community Members and the NNSS Groundwater Program Together –
08/08/2011

Duane Downing feels that this article is very interesting. They are starting to look into the same things they were looking into in the '80s. He feels it would be interesting to have some attend the two day meeting. He feels it is something that could affect the Town and Nye County. The meetings are September 13-14, 2011 in Salt Lake City.

Pahrump Town Board Meeting Agenda – 08/09/2011

Beatty Town Advisory Board Meeting Agenda – 08/10/2011

Nye County Redistricting Advisory Committee Meeting Agenda – 08/15/2011

16. Approval of Vouchers for Payment

The vouchers were reviewed and all were signed by Board members. Javier Gonzalez made a motion to approve the vouchers as presented for payment. Duane Downing seconded. Motion passed 4-0-1 (Jon Zane was absent).

17. Adjourn

Meeting was adjourned at 8:12 pm.

Minutes transcribed by:

Approved:

Mariah Rivero

Jon Zane, Chairman

Horace Carlyle, Vice Chairman

Javier Gonzalez, Clerk

Glenn Hatch, Member

Duane Downing, Member