

TONOPAH TOWN BOARD
SPECIAL MEETING MINUTES

MAY 03, 2011

Tonopah Town Board Chairman Jon Zane called the meeting to order at 9:02 am. Also present were Glenn Hatch, Horace Carlyle, Javier Gonzalez, and Duane Downing. There were eight other people in attendance.

James Eason left the meeting after the Pledge of Allegiance at 9:03 am.

1. Discussions regarding Convention Center Project.

Jon Zane explained that one of the big issues with this project was the increase in insurance. He noted that previously James Eason was not sure what that increase would be. He explained that Mr. Eason has spoken with Pool/Pact and the increase will be about \$3,000. Susan Dudley explained that it would be \$3,000 if it was based on \$500,000. She examined that USDA has given the Town a letter of conditions. This letter identifies that the Town has to have insurance. The Town will have to go to them and ask them what amount they would accept and if they would accept a different amount for the Belvada and the Convention Center. She explained that the increase in insurance would be \$3,000 if the amount from USDA is \$500,000. However, the amount from USDA is more than \$500,000. The insurance increase would be a variation of the amount received from USDA. It would go up incrementally.

Susan Dudley explained that this project started with just putting a roof on the Convention Center. The Town decided to take that out of the Special Ad Valorem Capital Projects Fund. On December 23, 2009, Dan McArthur described this fund:

“He directed the Board to pages 67 and 68 of the audit report – Special Ad Valorem Capital Projects Fund, which by law sets money aside that can only be used for capital assets, like building , equipment, land, etc. He noted that this money is actually collected county wide, flows into the county and then is reallocated to Tonopah, Round Mountain, Pahrump, Amargosa and Beatty as well. He pointed out that this fund has in it at the end of this year, \$258,000 cash in the bank. He stated that there is a state law that this money has to be spent within 10 years of receipt. He noted that the Town has been receiving between \$25,000 and \$31,000 a year into this fund, so assuming \$25,000 a year for ten years, the Town has 10 years worth sitting there. This was as of June 30, 2008 timeframe. There is more there now. The law suggests that if the money is not spent within that ten year period it can be taken away by the state. He didn’t feel the Town was in that position yet, but by June of 2010, the potential exists that they may take \$25,000 away from the Town. It was his suggestion that the Town spend an amount on a capital project every year.”

Susan Dudley explained that the Town informed Dan McArthur at that meeting that it had devoted that fund to whatever it was going to do with the Convention Center. This began in

Spring 2008 with just the roof project. The Town went out to bid and issues were identified, including asbestos. Susan Dudley explained that James Eason worked with the Public Works director board and they identified what the Town needed to do to deal with those issues, including having an asbestos survey completed by an outside consultant. She explained that the Brownsfield study has done that. At the time the issue was how to afford this. The Town has to identify what the hazards are and how those hazards will be mitigated. When doing the contract documents to go out to bid, this has to be included so the contractor knows that if they bid on it they have to mitigate those issues. This is one reason the bid project was put on hold and finally cancelled. In August 2009, the project was brought back to the Board to go back out to bid. The issues were still present. In every budget years, starting with FY 08/09, the Special Capital Projects fund has been devoted to whatever the Board decides to do with the Convention Center. As the project progressed it looked like the building may need more repairs besides the roof and the Board discussed whether it actually wanted to put the money into the Convention Center, because it is over fifty years old. The Town went to USDA with the what ifs: what if the Town wants to do more than just the roof and it wants to do a repair to the building; what if it is not able to be repaired or rehabilitated; what if the Town wants to build a new building; what if the Town wants to take another site somewhere and rehab it. The Town questioned what USDA would require to move forward with the project. USDA informed the Town that it first had to complete a preliminary architectural report which will identify what the Town's options are, what the pros and cons of each option are and what the preliminary cost estimates are. Additionally, USDA suggested that Tonopah's medium household income was very close to being grant eligible. They suggested the Town conduct an income survey which it did.

Susan Dudley explained that the Town is collecting between \$35,000 and \$40,000 a year on the Special Capital Projects Fund. If the Town decided to use what is in the fund towards the project, it would be used as a pledge to repay a USDA loan if the Town decided to include a loan from USDA in the project. The Town went to USDA in June 2010 with a pre-application to see if the Town was eligible for a loan. USDA told the Town to go ahead and apply for a loan. During the spring budget hearing, the Board discussed how the Town would pay back a loan from USDA. The \$35,000 to \$40,000 a year would not be enough. The Town decided to pledge another source of guaranteed income. The Town would pledge room tax. Susan Dudley explained that in recent years there had been a hospital debt that the residents of Tonopah and other entities had been accustomed to paying. The Town decided to go back and recapture that, since the debt had been paid off, and reapply that to the Town's General Fund. This would help offset removing part of the room tax to repay the debt.

Susan Dudley explained that when the Town went out to a selection process to hire an architect, there were five or six people on the committee and those individuals evaluated all of the Requests for Qualifications from the architects and they interviewed the top two architects. During the contract negotiation process, it was identified to them that what had been discussed with the Town was that the Board wanted to look at the possibility of making a facility that would be competitive with other facilities around the state. She explained that Tonopah is centrally located and traveling from the north to the south or vice versa is costly, taking a lot of time, effort, and money. If the Town could make a facility that is competitive, maybe more

events would start coming here. The purpose of this is not to get income to pay back the loan if the Town went for the loan. The purpose is to promote the Town.

Susan Dudley presented part of what she presented to CDBG. She stated:

“The project is an ever growing project and when it started with trying to replace to roof on the Convention Center to the approval on March 9 by the Town Board of accepting the pre-design and cost estimates from the architect. Let me explain the entire project. Over the past seventy years the current Tonopah Convention Center has been used to accommodate a variety of activities from community-based events to federal, state, regional meetings, trainings, conferences, and activities. The age and state of deterioration of the current Convention Center building along with the high operations and maintenance costs were the driving factors for the Town of Tonopah to hire an architect to conduct a feasibility study on the current building and to investigate the feasibility of other sites. During that same period of time, public health and safety nuisances created by the Belvada were being discussed by the Tonopah Town Board on numerous Town Board Meetings. Examples of those included window glass falling from the five-story building onto parked vehicles below, plywood sheets blowing out of the windows at high winds endangering surrounding businesses and pedestrians walking on sidewalks around the building. Due to the Belvada’s current condition and ease of access to the building the possibility exists of the threat of unwanted visitors entering into the building causing risks for fire. The Town Board has concluded that the rehabilitation of the Belvada as part of the Convention Center project would not only eliminate the hazards it was causing, it would help prevent the spread of deterioration to adjacent properties. It would be consistent with multiple studies and public hearings regarding redevelopment of the downtown area for economic development, like the Century Plan conducted by UNR. Further, it was the Town’s desire to include a portion of the Tonopah Public Library in the same building to help conserve energy costs, combine resources to make better use of tax dollars. Tonopah is centrally located in the state and by promoting more outside entities using the additional space provided in the project, it would promote room tax, use tax, fuel tax dollars to help generate more economic development in Tonopah. Combining the rehabilitation of the Belvada with the Town’s goals of creating more Convention Center space on U.S. 95 along with saving a historic structure listed on the National Historic Register just seemed the right thing to do.”

Susan Dudley explained that as the architect is going through, he was directed to look at the Convention Center and any other sites that would help achieve the goal. He was directed at that time to try and make whatever facility the Town was looking at competitive with other facilities around the state. They looked at the Convention Center and with the nuisances of the Belvada, they also looked at that building. In July 2010, they presented a first draft of the design. It was decided that the Town should go back and do more work on the Belvada because that looks like the direction the Town may want to go in. In September 2010, they presented the final draft recommending the Belvada and a surrounding building. At the September 22, 2010 meeting, the Board approved Tab D1. At the same time, the Town was proceeding with the loan application to USDA. The Town went to USDA with Tab D1. USDA did an environmental review and there were problems. The Town had to go back to the drawing board. In December, the Board

instructed Aptus to do an additional tab, Tab E. Tab E includes the Belvada and the Convention Center. Tab E and the loan request to USDA have been consistent.

Susan Dudley explained that because the project includes the Belvada, the Town also applied to Cultural Affairs for \$250,000 because the Belvada is an historical building. That program is suspended but the application is still sitting on the desk and may be first in line if that program comes back on line. The Town also applied to CDBG for money to help stabilize the Belvada. If the Belvada is not part of the project, the Town will have to go back to CDBG and let them know that the Town still needs money to stabilize the building.

Susan Dudley explained how USDA works. The Town has to submit a pre-application. USDA will determine if the Town is loan eligible and if certain revenues can be pledged. The Town pledged Special Capital Projects and Room Tax. USDA looked at the budgets and several years worth of audits and budget. They determined that with that pledge there was still money to operate the town. USDA then provides a letter of conditions. She noted that the Town has not really started the letter of conditions. Until USDA approves the project, the Town cannot go forward with the loan and the project. Because the money is ARRA money, the Town has until September 2015 to spend the money or the funds will be cancelled. Even though the Board signed the loan resolution on January 26, 2011, pledged Special Capital Projects Room Tax and set aside \$98,000, the Town is not committed until it has met all the requirements in the letter of conditions. When the Town learned that it received the \$250,000 from CDBG, Susan Dudley noted that she turned the title issue over to Todd Levinthall, the former Nye County DA. She explained that one of the requirements in the letter of conditions is that the Town has to have a bond council, who is certified in the State of Nevada, to help it through the bond issue. The Town also has to have legal counsel and an agreement to give to USDA. She explained that the funding included the cost of legal fees.

Jon Zane questioned how the funders would view the Town if it had to put in an arsenic treatment plant. Susan Dudley explained that this is an entirely different issue. She noted that there is a possibility of the Town being passed certain functions from the County. She explained that if the Board commits the Town to a thirty year loan payment and Nye County passes down a service that the Town cannot afford, the Board has to take this into consideration. This was not a factor as the Board moved forward from 2008 until recently. This is a new factor. She explained that all USDA was looking at for a loan for the Town is the Town revenues. They do not look at the special revenue funds. She explained that the Town has been out of compliance with arsenic since January 2006 but has managed to receive extensions from the State. While getting the extensions, the Town has been able to progress with what it is going to do with arsenic. She noted that the drilling program has found a source of water that can produce 1,500 gallons per minute and contains .003 parts per billion of arsenic. In December 2008, the Board increased rates sufficient to cover the cost of a loan in anticipation of getting a loan from USDA and other sources to pay for whatever needs to be done. She explained that this project has no impact on the Convention Center Project. Jon Zane noted that for the arsenic project, USDA will be looking specifically at the utilities fund.

Susan Dudley explained there were forty-two applications before CDBG with the potential of \$3,000,000 in funding. She noted that Congress did cut this by 16%. There were some of those applicants that got no funding and there were some applicants that got partially funded. Javier Gonzalez questioned if the Town could keep the CDBG grant but not the USDA grant. Susan Dudley explained that when the Town applied to CDBG, it looks really good if the project is leveraged. She noted that the Town explained that it had some funding from USDA to rehab the building for the purpose of use as a convention center. She noted that what the Town needed CDBG money for is to address the public health and safety issues. The Town was not eligible to go before CDBG for an income eligible grant so it went to CDBG for a public health and safety grant. She explained that if the Board decides to go forward with stabilizing the building, the Town will have to go to CDBG to see if they would still provide the money to stabilize the building. Duane Downing questioned whether the Town would still have to take over title on the building. Susan Dudley explained that she believes the Town will have to take title to the building. She is pretty sure the Town will have to take title to the building to take the money.

Horace Carlyle noted that at the April 27, 2011 Tonopah Town Board meeting James Eason stated that the Town only had certainty of possibility of funding the project for three to five years. He explained that he would love to do the project but he cannot support the project based on factors appearing daily. He noted that he read that the Treasury is going to stop supporting any infrastructure bonding based on the fact that the national debt has not been extended. He noted that the County has disclosed to the Town the declining property taxes and increased portions going to the state, declining state and county revenues resulting in cutting services and personnel. He explained that he knows that County has disclosed publically at least a \$5 million shortfall and they have disclosed that they expect \$1 million to \$1.5 million to be pushed down from the State to the County in mandatory unfunded mandates. He noted that because of outstanding budgetary restraint and budgeting for the last five to six years, the Town has a few dollars but they can be gone in the blink of an eye. He referred to the email Ken Meirs sent to the Board. He advocated that the Board should go back to pay-as-we go. He advocates due caution to the Board. He felt the Board should return to a pay-as-you go system and terminate the USDA loan to help maintain the credibility of the Town.

Robin Rivero suggested several things for the Board to consider. On the tax dollar amount there was a reduction on a great deal of the included assessed values that were removed while she was in the Assessor's Office. The Town never got those tax dollars in the first place. Susan Dudley explained that there are multiple ways to look at the property tax. She clarified that what the Town collected per audited numbers as of June 30, 2010 was \$179,093. What the Department of Taxation said the Town could budget is \$132,000. This is a potential \$40,000 turnaround. Robin Rivero explained that the Assessor's Office dropped the Airport Estates off the roll because they were County property to begin with but they never got the title straightened out. Those assessed values were on the roll and were giving the Town a false amount of potential tax dollars that were never coming in. Susan Dudley explained that all that was being considered was the potential turnaround.

Robin Rivero explained that if the Town has to take over some functions of animal control it will impact the budget but there are other things to consider. The Town will be providing animal

control not only to Tonopah but possibly to Lower Smokey Valley. Additionally, the Town provides fire and rescue services to Lower Smokey Valley, which includes the mine and Solar Reserve. Tonopah has the ability to expand its taxing district to include those areas. Because the Town is providing services out there, those individuals are also impacting the Town's system. Jon Zane mentioned the 60% abatement issue for renewable energy. Robin Rivero explained that there are still tax dollars that will be coming from Solar Reserve. She explained that the Town can go to Solar Reserve and negotiate certain contributions in kind to the Town because they will be impacting the Town. If the Town expands the taxing district to include Solar Reserve, it will still get a portion of the abated taxes. She explained that if the Town was to expand the district to include the mine and Lower Smokey Valley, the Town could look at a \$14,200 increase in taxes. She explained that when an annexation is done to include other areas in a taxing district, the first year the taxes are not abated. She explained the Town can expand the district to include Solar Reserve so when they do come on board, the Town can also get the taxes on that even though they are abated. She noted that the abatement does go away after a while. She explained that if the Town annexes Lower Smokey Valley into the taxing district their taxes are going to increase because the abatement does not kick in for the first year. She explained that the Town will get a certain portion of the taxes from Solar Reserve even though they are abated. She explained that until the Town expands the tax boundaries, it still has the right to go to Solar Reserve and negotiate in kind payments because of the impact to the community.

Robin Rivero explained that the Town is expected to provide a certain amount of services to the community, including the Convention Center and the parks. She explained that the Town is never going to make a profit on them because they are to improve the quality of life. She explained that if the potential for the Belvada is there to expand the conventions, the Town will bring in more revenue. She noted that when Town goes to refurbish the Convention Center, it will have to close the building for a while. She questioned what would happen to the conventions in the mean time. If the Town loses those conventions it loses that source of revenue. She explained that if the Town lost those conventions it may not get them back. She noted that one of the problems with revamping the Convention Center is the complaints about the different floor levels.

Horace Carlyle explained that the Belvada will not be a convention center because it does not have the facilities to host the major conventions and it will not have the capacity for many years. He feels that it is adjunct as a convention center. He feels that the existing Convention Center is the one that has to be maintained for the next ten years at least. Susan Dudley explained that this goes from D1 to Tab E. When it was D1 it was the Belvada and a surrounding building, which would be sufficient to be a stand-alone convention center. That went away when Tab E came into place to do a combination of the two buildings with smaller events at the Belvada and larger events at the Convention Center. Jon Zane questioned how many people the rooms at the Belvada would accommodate. He asked if it would consist of two rooms which could be converted into one room and Susan Dudley answered yes.

Duane Downing questioned what would happened with the upper floors of the Belvada. He clarified that the Town was only rehabbing the basement and the first floor. Horace Carlyle noted that the Town was doing the hazmat in the basement and questioned what else the Town was

going to do in the basement besides the hazmat. He noted that the Town was doing nothing else in the basement besides the hazmat. Chris Mulkerns explained that Tab E includes the basement and floor one. Horace Carlyle questioned what structural changes were going to be made in the basement. Chris Mulkerns explained that the basement will not be for convention space. She noted that the Town needs to fix the problems in the basement. Horace Carlyle questioned what problems needed to be fixed. Chris Mulkerns explained that the hazmat issues need to be fixed. Horace Carlyle felt that the Town did not want to open that can of worms. Chris Mulkerns explained that this is all part of Tab E when it was approved. Horace Carlyle explained that if the Town wanted to go to the basement it needed to show the Board Calder Richard's engineering study. Chris Mulkerns noted that the Board received that study. Susan Dudley explained that Tab E includes the structural in the basement and the clean up. She explained that the basement was not for conventions. She explained that the vision for the remaining floors is to do them in stages. She noted that the project with Tab E is just for usable space of the first floor with fire protection going up to the other floors.

Horace Carlyle explained that he is at the same position as the last meeting. He would ask the chair to make a motion. He explained that one of the things the Board has to do for the community is to be fiscally responsible because if it does the wrong thing it could shut the town down.

Duane Downing explained that he was leaning toward going forward with the project on an amended basis. He explained that the existing Convention Center is not suitable. It needs repairs. He feels that it is a good idea at this point to go forward with the Convention Center alone but not go forward with the Belvada with the exception of the Town getting the CDBG grant for \$250,000 to rehab the exterior of the building. He suggested going forward with the building on that side of it, including taking title to the building and fixing the outside of it, so the Town has that for the future if ever wants to do something with it. Susan Dudley explained for just the Convention Center, the USDA loan is \$983,362. She noted that there could be a 4% to a 4.5% interest rate. She explained that she used a 4.25% interest rate and for the first ten years the Town has to do debt and debt reserve of \$58,044 for debt payment and \$5,804 for debt reserve for a total of \$63,848 for ten years. After ten years, the Town just has to do debt payment so the payment goes down to \$58,044. Duane Downing explained that if the \$250,000 is not available, the Town will not go forward with the building. Jon Zane explained that under Tab E the amount of money required for the Belvada is less than the money required for the Convention Center. Susan Dudley explained that \$846,016 is the cost for the Belvada and \$983,362 is the cost for the Convention Center. Jon Zane explained that if the Town went forward with the project as suggested by Mr. Downing, the Town could turn the tables and do the Belvada and use the Convention Center until the Belvada is usable. He explained that if the Convention Center is set aside for use while the Belvada is being fixed, then the Town could close the Convention Center once the Belvada is finished to start rehabbing it. He explained that while the Convention Center is being renovated, any conventions that are larger than what the Belvada can accommodate, the Town could utilize the Ramada or the Mizpah for larger conventions.

Horace Carlyle questioned how the Town will fund the project. Jon Zane explained that the Town already has the funding in place. He noted that the biggest thing that he sees that has

changed is the tax. Susan Dudley explained that there was also the potential of services being dumped on the Town. Javier Gonzalez questioned what would happen to the credibility of the Town if it went to USDA to inform them that it wanted to pull out of the USDA loan but still go forward with CDBG. Susan Dudley explained that she feels it is important to bring forward what has happened since March 25, 2011 because the Town would be derelict if it did not. She explained that for years the Town has dealt with USDA on the project. She feels that USDA can understand that there has been a change in what is going on. She noted that the Town would present it that way. James Eason explained that it is impossible to know what the reaction could be. The only thing the Town can do is be upfront and honest with them. He noted that the motion presented last week allows the Town to continue. He explained that if the Board goes ahead with Tab E, it leaves it open. He explained that the Board has approved Tab E and what order it decides to fund Tab E or try to pursue Tab E is up to them.

Javier Gonzalez explained that he wants to see the project continue but he is also very leery, especially regarding what the County may push to the Town. Duane Downing explained that the County cannot push anything down to the Town that it is mandated by NRS to provide. He explained that anything that is pushed off on the Town, the Town has to look at what it would be mandated by NRS to provide and if it is not mandated, the Town does not have to provide it. Susan Dudley read the list provided by Robin Rivero of services the Town may provide: cemetery, dump station, fire protection, flood control, fire protection, police, parks, recreation, sewage collection, streets, streetlights, swimming pool, television translator, water distribution, acquisition, maintenance, and improvement of Town properties. Javier Gonzalez noted that currently the County maintains the cemetery. James Eason noted that the County also covers law enforcement and the roads. He noted that Veteran Services, Animal Control and Senior Nutrition are not on the list.

Susan Dudley summarized what Robin Rivero explained previously about expanding the taxing district. James Eason explained that the County is not receiving anything for Solar Reserve. The school district and the State of Nevada are the only ones made whole. Robin Rivero explained that there are certain portions of Solar Reserve that will be taxable. She noted that personal property is only abated a certain amount. James Eason explained that there is currently a bill in the Legislature to eliminate the abatement on personal property. He explained that Solar Reserve will still benefit from the abatement. Robin Rivero explained that there will also be increased centrally assessed taxes on the electrical transmission if they are within this taxing district. James Eason explained that this issue is up for interpretation because there is another bill to allow the centrally assessed taxes to be abated on power lines carrying green energy.

Horace Carlyle wanted to clarify that the \$58,000 mentioned is for the Belvada individually. He explained that if the project included the USDA loan, the lowest it would be after ten years is \$83,000. This is assuming the Town gets an interest rate of 4.25%. Susan Dudley explained that the \$58,000 is just for doing the Convention Center on its own. She explained that it would be based on the cost of the building over thirty years. She clarified that the cost of the Convention Center is \$983,362. With 4.25% for thirty years, the debt payment is \$58,044 and the debt reserve is \$5,804. The total is \$63,843 for ten years. She explained that for the debt reserve, 10% of the annual payment needs to be put aside for a period of ten years. After ten years, there will

be enough money in there to make one year's debt payment. After ten years, the debt reserve stops and the annual payment for the Convention Center is \$58,044.

Javier Gonzalez noted that the Board has already approved to retain Tab E to maintain the value of the Aptus Architecture studies and the recommendation to seek grants and monies developed in the individual parts. He noted that if the Board did the other part, the Town would still be able to look to see if it could keep the CDBG grant and move forward with that aspect of it and turn it into a pay-as-you go. Susan Dudley explained that the Board could suspend the project and it still has until 2015 to use the USDA money. James Eason explained that the real question is whether the Board wants the Town in debt with this project. If it does, it means that the Town proceed and follow Tab E. If the Board does not want the debt, the Town will use what is in the existing budget. The Board will have to approve Tab E but use the existing funds for it but still allow the Town to continue writing grants. Javier Gonzalez noted that he would love to see the Belvada become what the Town wants it to. James Eason clarified that the concern is the debt obligation and if the Town has enough money to continue the loan for the next thirty years. Javier Gonzalez explained that he feels there has been too much work put into the project and he feels it is a value to the community and he does not want to see it go away.

Javier Gonzalez questioned what affect trying to get the CDBG funding. Susan Dudley explained that the question with CDBG is whether or not the Town, without the leveraged funds from USDA, would be able to continue with receiving the \$250,000 for stabilization of the Belvada for the national objective of eliminating the public health and safety concerns. She noted that USDA and CDBG are separate entities. James Eason explained that if the Board terminated, it means the Town is not going to accept the loan from USDA. Jon Zane explained that the Board does not want to terminate. James Eason explained that if the Board suspended the loan, the Town still has the option of using those fund up to 2015. James Eason explained that if the Board walks away from the project then all the work is for nothing. Javier Gonzalez noted that the Board retained Tab E from the previous meeting. Susan Dudley explained that it is just how to proceed that is on the table for discussion. She explained that if the Board suspended the project for a period of time to see what happens, there are two issues. The Belvada will continue to deteriorate so the Town will deal with CDBG to see if those funds can be used separate from the loan. She noted that there is an amount in Special Capital Projects that is currently dedicated to pay Aptus if the Board decides to go forward with the project. If the Board does not go forward, the Board has to decide what it wants to do.

Javier Gonzalez questioned whether suspending the loan and grant from USDA would mean the Town could not put a new roof on the Convention Center. James Eason explained that it means the Town would spend what money it would have paid Aptus to do the entire project. Susan Dudley explained that \$240,000 was budgeted for next year and \$35,000 was budgeted for this year so a total of \$270,000. She explained that every year an additional \$35,000 to \$40,000 is added to that fund so the Board could build the fund back up for a few years to pay Aptus. She felt that there were two issues one of which is the roof on the Convention Center. James Eason explained that the roof is an immediate concern that the Board will address.

Robin Rivero questioned if the rehabilitation of the Convention Center would make it more energy efficient. Susan Dudley explained that it would. James Eason explained that it would be phased in. Susan Dudley explained that Aptus estimated between \$10,000 and \$15,000 in savings per year. James Eason explained that this would be a scenario as the revenues came in.

Susan Dudley explained that at the last meeting the Board approved Tab E, which includes all of the aspects of the Belvada, all the aspects of the Convention Center, the Union Plaza amphitheater, for which the Town has applied for an NDOT grant, and the improvements to the parking lot between the two. She explained that the NDOT grant is separate from the other grants. She noted that the loan and grant contributes to the aspects of both buildings and CDBG is just for the Belvada. She explained that the only national aspect the Town was able to use to apply to CDBG for HUD funds is public health and safety issues. James Eason explained that with the overall project still approved, the Town is still moving forward on it. The Town still has grants out to CCA that is still in the que for the Belvada.

Horace Carlyle noted some of the costs for some of the work for the Convention Center. He feels that the total should come in under \$250,000. He feels that the Town is looking at about \$280,000 for at least improving the heating and cooling functions and reducing the costs and stabilizing and preserving the building.

Jon Zane questioned what the best way to proceed would be without accepting the debt at this time. Susan Dudley clarified that the Town had to spend all the funds by 2015 but to accomplish everything, the Town had to back that date off by about two years. Jon Zane explained that this would give the Town a year to two years to see what will happen but still allow the Town to pay-as-you go.

Duane Downing questioned what would happened with the \$750,000 already set aside for the project. Susan Dudley explained that it is still set aside unless the Board decides to change that before the final budget is due and move it to the ending fund balance. She recommended not doing that so if something happens it is still recognized as a transfer. James Eason recommended leaving it as it is now. Susan Dudley explained that it is identified in the budget as a transfer from the General Fund to the Special Capital Projects Fund. She explained that the Town has the ability to loan money from the Town Special Capital Projects Fund to help pay for the arsenic project. She explained that if the Town loans the money, it has to be paid back within twelve months. If a medium term bond is done, the Town can pay itself back in ten years with or without interest. She noted that it would not be enough for the arsenic project but it would pay the engineer. She suggested leaving the budget alone.

Horace Carlyle reiterated that his priority is the water project. He noted that the Board is going to have a workshop on June 15, 2011 and a final decision on June 22, 2011. He feels that any available funds should be held in reserve for any kind of work on the water project. Robin Rivero asked for clarification regarding where the water project has to be paid from. Susan Dudley clarified that the water debt has to be paid from its own fund. James Eason clarified that the Town can make loans to its enterprise funds. Susan Dudley explained that it has to be paid back. James Eason directed the Board back to the Convention Center Project.

Jon Zane noted that the Board seems to agree that it does not want to commit to the debt at this time. Javier Gonzalez noted that the Board still needs to instruct on what to do after suspending the loan. Susan Dudley explained that the Board could instruct the Town to proceed with whatever avenue it could accomplish with CDBG. The Board could also direct the Town to inform USDA that it is not moving forward with the project at this point as originally identified due to economic reasons that have come to the attention of the Town on March 25, 2011. Javier Gonzalez asked whether the Board needed to make a decision at this meeting regarding the Convention Center roof. James Eason explained that the Board could direct the Town to come back with a priority list on the Convention Center from the architect.

Susan Dudley explained that she does not feel the Town should take title to the Belvada unless it has funding. Javier Gonzalez clarified that if the Town receives the CDBG grant then it will take title to the building. James Eason explained that the Board should not limit it to CDBG.

Horace Carlyle explained that on July 1, 2011, the Belvada is going to the County for back taxes. He feels that the Town does not have unlimited time. Susan Dudley noted that the County holds the building for a year before it can be sold. Robin Rivero clarified that it usually takes a year. The County does not take title to the building but holds it in trust. The company has the right to come forward and pay as they so desire. She explained that the County does not have to put it up for public auction. The Commissioners are the ones who say to put the building up for public auction but if they know the Town is looking at it they can withhold it from public auction until the Town knows what it wants.

James Eason explained that if SHPO goes away, the SHPO requirements for the environmental assessment from U.S. Fish and Wildlife are going to be worse because it will all have to go to Washington, D.C. and there will be no one local to deal with.

Susan Dudley clarified that the Board wants to move forward on the Brownsfield. She informed the Board that they are coming up to conduct the Phase 1 on the Convention Center and the Phase 2 on the Belvada. She explained that the Brownsfield grant is tied to the whole project. The Town only got the grant based on the funding out there.

2. Discussion and Decision on direction on how to proceed with the Convention Center Project, Tab E as previously approved, as well as direction on how to proceed with awarding of additional scope of work to Aptus Architecture.

Javier Gonzalez made a motion that the Town inform USDA that we are not moving forward at this time due to information that was received to us on our last meeting, that we also request from the CDBG to move forward on the grant for the public and safety issue, that we get a priority list from Aptus on the current Convention Center and that we do not accept title unless we get funding for the Belvada. Glenn Hatch seconded. Motion passed 4-1 (Horace Carlyle – No).

3. Public Comment

No action taken by the Board.

Robin Rivero thanked the Board for providing an opportunity for the community to grow and expand and not having a biased opinion as to the state of the building. She feels they did a fine job.

Diane Perchetti stated that she is glad the option is still open for everything and when the Town goes into the phases of work on the Convention Center, she feels the projects that do not require closing down the building should be done first so the conventions can continue.

James Eason explained that he spoke to Brian Kunzi regarding item 20(a) on the BOCC agenda. He explained that Mr. Kunzi assured him that the intent of the item is if there are codes that are not applicable inside the Town, the county code will apply. If the Town has a more stringent code, that code applies in their jurisdiction.

4. Adjourn

Meeting was adjourned at 11:03 am.

Minutes transcribed by:

Approved:

Mariah Rivero

Jon Zane, Chairman

Horace Carlyle, Vice Chairman

Javier Gonzalez, Clerk

Glenn Hatch, Member

Duane Downing, Member