

TONOPAH TOWN BOARD

MEETING MINUTES

JULY 11, 2012

Tonopah Town Board Chairman Jon Zane called the meeting to order at 7:01 pm. Also present were Horace Carlyle, Javier Gonzalez, and Duane Downing. There were ten other people in attendance.

1. Public Comment

No action taken by the Board.

2(a) Review and approval of minutes, in context, from special meeting held on June 26, 2012.

Horace Carlyle made a motion to approve the minutes, in context, from special meeting held on June 26, 2012. Javier Gonzalez seconded. Motion passed 3-0-1 (Duane Downing abstained).

(b) Review and approval of minutes, in context, from regular meeting held on June 27, 2012.

Duane Downing made a motion to approve the revised minutes, in context, from regular meeting held on June 27, 2012. Horace Carlyle seconded. Motion passed 3-0-1 (Jon Zane abstained).

3. Consideration and approval of an ordinance authorizing the issuance by the Unincorporated Town of Tonopah, Nevada, Water Revenue Interim Debenture Series 2012.

Susan Dudley explained that the Board awarded the bid for the first part of the arsenic project, the two new wells, at the last meeting. The Town is currently out to bid for the second part of it, the pipeline and well rehab. Those bids will be opened July 31, 2012 and will be awarded August 8, 2012. The major funding for the project is through USDA. A major part of that funding is a loan in the amount of \$3,907,000. USDA requires that the Town up-fronts the cost of the loan until the loan amount is completed. The Town had to seek a financier for the amount of the loan. The Town sent out a request for proposals to three banks and eventually settled on Zion's Bank. Being a public entity, there are certain restrictions on borrowing money. This is a revenue bond and the Town is securing the loan with a form of revenue. In this case, the revenue is USDA's loan. Once the ordinance is passed, USDA will send a letter to the bank stating that it commits the funds for the repayment of the loan.

Susan Dudley explained that this is an ordinance prepared by the Town's legal counsel, Swendseid & Stern. This ordinance creates the bond issue. The Town has to sell the bond and it will sell it privately to the bank. It tells the terms and conditions of creating the bond issue, the

requirements, how the line of credit is set up, etc. It is governed by the Internal Revenue Service and is called a Qualified Tax Exempt Obligation. She explained that even if the Town is ready to close on the loan, it will not do the USDA closing until January 2013.

Susan Dudley explained that if the Board approves the ordinance, Kendra Follett, the bond council, will go forward with the rest of the loan papers. The Town will close on the actual loan on August 8, 2012. Normally an ordinance needs to be proposed at a meeting, after which it goes in the paper. The Board then notices that there is a public hearing and will then pass the ordinance at the next meeting. She explained that the Board will complete both steps at once and is passing this ordinance as though an emergency exists. Once the Board closes on the loan, it has to take the first draw in the amount of \$100,000.

Susan Dudley explained that once the Board closes on the loan, it will be presenting the principal advance request to Zion's Bank. There is a paying agent already set up and they will wire transfer the money into the construction account. She explained that for the six month period of the loan, the Town will be paying around \$175,000 to \$200,000 in interest. This is considered project funds and is being paid for by USDA, as this is their requirement.

Duane Downing proposed Tonopah Town Ordinance 12-01 an ordinance authorizing the issuance by the Unincorporated Town of Tonopah, Nevada, Water Revenue Interim Debenture, Series 2012; providing the form, terms and conditions of the debenture, the security therefor, the sale thereof; providing for adoption as if an emergency exists; and providing other details in connection therewith.

Duane Downing made a motion to approve Tonopah Town Ordinance 12-01 an ordinance authorizing the issuance by the Unincorporated Town of Tonopah, Nevada, Water Revenue Interim Debenture, Series 2012; providing the form, terms and conditions of the debenture, the security therefor, the sale thereof; providing for adoption as if an emergency exists; and providing other details in connection therewith. Horace Carlyle seconded. Motion passed 4-0.

The Tonopah Town Board recessed to the Tonopah Library Board of Trustees at 7:16 pm.
The Tonopah Town Board returned at 7:24 pm.

4. Review, discussion and possible decision and approval of agreement between Hydro Resources-West, Inc. and the Town of Tonopah.

Susan Dudley explained that the Board awarded this bid at the last meeting. Once the bid is awarded, the agreement is sent along with the Notice of Award to the contractor. The contractor is asked to return the signed agreement, the payment bond, the performance bond, the certificate of insurance, and the wage comparison. She explained that the water attorney George Benesch has not had a chance to review the returned documents to make sure the documents are proper and issue a Certificate of Owner's Insurance.

Susan Dudley explained that there will be a pre-construction meeting with the Town/TPU, the funders, the contractor, the engineer, and the hydrogeologist on Tuesday. The first part of the

meeting will cover who does what. The second part of the meeting will be out in the field. She explained that the agreement before the Board is consistent with the bid that was awarded. It will be included with the payment bond, performance bond, and certificate of insurance. This will be bound and given to USDA. It is not an official document until USDA has concurred with it. After USDA concurs, the Notice to Proceed will be given to the contractor and they have 45 days to complete the project. The project will be monitored on a daily basis by Interflow Hydrology. She explained that the agreement was in the contract documents and it is a USDA agreement. It is between the Town and Hydro Resources West, Inc. to construct two municipal wells 310 feet deep.

Horace Carlyle made a motion to approve the agreement between Hydro Resources-West, Inc. and the Town of Tonopah in the amount of four hundred forty-eight thousand three hundred and fifty-eight dollars for construction of municipal Tonopah Water Wells 9 and 10 contingent upon legal review by George Benesch. Duane Downing seconded. Motion passed 4-0.

5. Review, discussion and possible approval to accept the proposed amendments to the Tonopah Public Utilities Collection Policy.

Chris Mulkerns explained that when someone comes in to use a hydrant meter, TPU requires an \$800.00 deposit in the event of damage to the meter. In most cases the utility only holds that check for a short period of time. When the meter is returned in good condition, the customer gets the deposit back. She explained that there is an accounting issue involved in depositing the check and refunding the deposit. Joe Westerlund explained that meters are checked daily to monthly. James Eason explained that those customers do receive a bill every month. Horace Carlyle explained that he would like to see a cut off for how long the check is held. James Eason explained that normally this is three months. Chris Mulkerns explained that the utility may be able to set up a system to ask for a new check after 60 days.

Horace Carlyle asked about the new credit card system. Chris Mulkerns explained that there have been between 5 to 8 transactions at the counter. Customers have to go to the Town website to do the e-checks. Horace Carlyle wanted to know how often payments are deposited. James Eason explained that they are deposited daily. When payments are received into the box, those payments are logged in as soon as staff comes into the office and they are all recorded. He explained that no payments are being held.

Javier Gonzalez wanted to know how many hydrant meters there are. Joe Westerlund explained that there are five meters and only one is not working properly; it counts fast. That meter is only used for legitimate companies that count loads. He noted that TPU is in the process of trying to get all Sensus meters to get rid of the one that is not working properly.

Jon Zane explained that he had an issue with pulling the meter to prevent a customer from turning their water back on. He wanted to know if it was possible to put a lock on the meter. Joe Westerlund explained that recently, there has been a real issue with customers turning their meters back on. TPU has about 24 extra locks and plans to invest in about 20 more. They will attempt to lock everyone out who is on the turn-off list. This past month, they ran into two

meters that could not be locked out. Javier Gonzales wanted to know the man hours involved in removing the meters. Joe Westerlund explained that it takes about 20 minutes to remove a meter. Jon Zane explained that he is concerned about the open line. James Eason explained that they are not removing the entire pipe, just the meter. Joe Westerlund explained that it is still hard-piped. There is no backflow capability because once the meter has been pulled, there is an air-gap. This will only apply to those meters that do not have the ability to be locked. He explained that they will attempt to lock everyone out. It costs a lot of man hours not locking them out. Customers get shut off and staff have to keep checking to make sure they are still off.

Horace Carlyle wanted to know if there will be a process before removing meters. Joe Westerlund explained that on shut-off day, the meters will be locked. Horace Carlyle wanted to know what the catalyst would be for removing the meter. Joe Westerlund explained that removal of the lock by the customer will result in the meter being removed. James Eason explained that it will result from not being able to lock the meter and water being turned on and off at dormant properties. Joe Westerlund explained that those meters that cannot be locked will be shut off first. If there is usage after they have been shut off the meter will be removed.

James Eason explained that there are between 1,700 and 1,800 meters in the ground and there are almost 1,200 active meters.

Javier Gonzalez made a motion to approve the proposed amendments to the Tonopah Public Utilities Collection Policy dated January 11, 2012. Horace Carlyle seconded. Motion passed 4-0.

6. Review, discussion and possible decision to appear in the television show *Today in America*.

James Eason explained that this item was tabled at the last meeting and additional meetings were set up with the executive producer and Board members.

Duane Downing wanted to know where the funding is coming from for this. James Eason explained that the funding will be split between the advertising budgets for the Convention Center and the Mining Park and Room Tax. The Town will basically be carrying forward the balance of \$87,564 to next year. The Town usually budgets around \$24,000. If the Board chooses to do this, it will go over the 5/8ths but there will be an adjustment at the end of the year. He noted that at the budget workshop the Board projected to spend the entire balance in room tax. There is a grant cycle coming up so there is the possibility of applying for an NCOT grant to help fund a portion of this project.

Duane Downing made a motion to approve the decision to appear in the television show *Today in America* as presented in the participation agreement. Horace Carlyle seconded. Motion passed 4-0.

7. Review, discussion and possible decision to advertise in *Civil Air Patrol Magazine*.

James Eason explained that this will be the third year the Town has advertised in this publication. It does support the Civil Air Patrol and they have thanked the Board for their support.

Javier Gonzalez made a motion to approve to advertise in the *Civil Air Patrol Magazine* for the amount of \$195.00 for Fiscal Year 2012/2013. Duane Downing seconded. Motion passed 4-0.

8. Possible approval of 5/8th of 1% Room Tax Grant to advertise and promote the 2012 Tonopah Farmer's Market.

Mary Farris explained that they have spoken with KIBS. In addition to purchasing air time from them, the station will be donating in-kind ads. The season will begin in August and the Farmer's Market is gaining interest from vendors in California.

Horace Carlyle wanted to know amount was awarded last year. Mariah Rivero explained that it was \$688.00 last year.

Duane Downing made a motion to approve the 5/8th of 1% Room Tax Grant to advertise and promote the 2012 Tonopah Farmer's Market in the amount of \$600.00. Javier Gonzalez seconded. Horace Carlyle disclosed a possible conflict of interest. He has been a volunteer with the Farmer's Market for several years and his wife is on the Board and a vendor. Motion passed 3-0-1 (Horace Carlyle abstained).

9. Tonopah Department Budget Reports

Horace Carlyle questioned the revenues for miscellaneous. Chris Mulkerns explained that this is a result of the BEST program with Nye Communities Coalition and the summer help. It is a pass through account. Those employees are paid from the Town payroll funds and the Town is reimbursed at the end of the program. The reimbursement goes through miscellaneous.

Horace Carlyle questioned the unemployment claims in the Mining Park. James Eason explained that this is the reason the Town started using the employment agency. The State of Nevada and the Federal Government extended unemployment benefits.

James Eason explained that some of the fluctuations in expenditures is the result of adjusting where employees are paid from. There will be an increase in Maintenance salaries. The individual who just finished with the BEST program will be staying with the Town through the summer.

No action taken by the Board.

10. Tonopah Development Corporation Report

No action taken by the Board.

11. Public Comment

Joe Westerlund explained that he picked up the new dump truck from Carson City today. TPU has also received the new valve exerciser. Once it has been put together, TPU staff will be trained. He noted that TPU is working on getting the overhead lights for the trucks. It will be a work in progress. The vacuum trailer and valve exerciser both have flashing lights.

Mary Farris explained that she is the Horticultural Program Coordinator for the UNCE office. On Sunday August 12, 2012, from 1-5pm, there will be a vegetable garden tour throughout the community. She has started a new group for 3rd through 8th graders called Junior Master Gardeners. It is an international gardening group. They have a cooperative agreement with the hospital. The kids will put in and maintain a garden. They will harvest what they grow and take it to the Farmer's Market to sell.

No action taken by the Board.

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

James Eason explained that the Belvada cleanup is finished and the building is sealed. The pre-construction meeting for the wells is next Tuesday at 10:00 AM at the Convention Center. The notices have been put out for the water project. So far there are six contractors who have purchased the drawings. Solar Reserve is moving along and they are anticipating a buildup toward the end of July, beginning of August. The grass at the parks where the hydroseeding was done is coming in. The Town is looking at doing the hydromulching in September. He noted that the Town will need someone to be the lead for *Today in America*. On Friday, the Town will be calling Todd Simon from THS Visuals to discuss putting together short clip videos to walk people through processes at the Town, including businesses licenses and new water/sewer accounts.

Javier Gonzalez wanted to know if the Town is still looking at sending TPU staff up to train to become backflow testers. Joe Westerlund explained that he received a study book for the class. Nevada Rural Water does offer a scholarship for the class. He noted that it will be in this fiscal year. There has been money set aside for that. James Eason explained that TPU staff has to pay for the tests up front themselves and they get reimbursed if they pass.

13. 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.

14. 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.

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

This item was tabled.

16. 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.

17. 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.

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

This item was tabled.

19. Correspondence

Letter from Division of Water Resources – 06/18/2012

Letter from Division of Water Resources – 06/20/2012

Round Mountain Town Board Regular Meeting Minutes – 06/26/2012

Nye County Parks and Recreation Commission Teleconference Meeting Agenda – 07/09/2012

Nye County Board of Commissioners Teleconference Meeting Agenda – 07/09/2012

Nye County Airports: June 2012 Status Report – 07/09/2012

Round Mountain Town Board Regular Meeting Agenda – 07/10/2012

Beatty Town Advisory Board Meeting Agenda – 07/11/2012

Tourism Board Newspaper Article

20. Approval of Vouchers for Payment

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

Tonopah Town Board Meeting

July 11, 2012

Page 8

21. Adjourn

Meeting was adjourned at 8:38 pm.

Minutes transcribed by:

Approved:

Mariah Rivero

Jon Zane, Chairman

Horace Carlyle, Vice Chairman

Javier Gonzalez, Clerk

Duane Downing, Member

Ron Kipp, Member