

TONOPAH TOWN BOARD

MEETING MINUTES

JANUARY 23, 2013

Tonopah Town Board Vice Chairman Duane Downing called the meeting to order at 7:14 pm. Also present was Ron Kipp. Horace Carlyle was present via telephone. There were six other people in attendance.

1. Public Comment

No action taken by the Board.

2. Review and approval of minutes, in context, from regular meeting held on January 09 2013.

Ron Kipp made a motion to approve the minutes, in context, from regular meeting held on January 09, 2013. Horace Carlyle seconded. Motion passed 3-0-1 (Javier Gonzalez was absent).

3. Review, discussion and possible decision of 5/8ths of 1% Room Tax Grant to advertise and promote the Rotary Texas Hold 'Em Tournament.

Duane Downing noted that the Board granted this request last year. He wanted to know what the amount was from last year. James Eason noted that it was \$462.00 last year and this year they are asking for \$552.00. Duane Downing noted that this is all for advertising expenses.

Horace Carlyle made a motion to approve the 5/8th of 1% Room Tax Grant to advertise and promote the Rotary Texas Hold 'Em Tournament in the amount of \$552.00. Ron Kipp seconded. Motion passed 3-0-1 (Javier Gonzalez was absent).

The Tonopah Town Board recessed to the Tonopah Library Board of Trustees at 7:18 pm. The Tonopah Town Board returned at 7:20 pm.

4. Review, discussion and possible decision of 5/8ths of 1% Room Tax Grant to advertise and promote the TMS Booster Club Annual Basketball Tournament

James Eason explained that the Board funded this grant last year in the amount of \$1,497.00. He noted that this year they are requesting \$1,495.00. The main advertisement is for t-shirts.

Horace Carlyle made a motion to grant the 5/8ths of 1% Room Tax Grant to advertise and promote the TMS Booster Club Annual Basketball Tournament in the amount of \$1,495.00. Ron Kipp seconded. Motion passed 3-0-1 (Javier Gonzalez was absent).

5. Discussion, decision and possible approval regarding the Town of Tonopah to amend the application recently forwarded to USDA Rural Development to include the request of an additional amount of \$500,000 for Phase III of the Tonopah Public Utilities Water Transmission Line Project.

Susan Dudley was present via telephone.

Susan Dudley explained that at the December 12, 2012 meeting, the Board was presented with funding options to complete Phases II and III of the transmission line project. If the Town completes all three phases, TPU will have two new wells with energy efficient pumps, energy efficient pumps in four existing pumps, two new energy efficient pumps in Booster #2, and a new 14" transmission line from the new wells into Town. The Town will have a brand new transmission line eliminating the concern over the reliability of bringing water to town. The new system will also help the Town reduce energy costs and water loss.

The option for Phase II presented at the last meeting included funding from the State Revolving Loan Fund in the form of a principal forgiveness loan and loans and grants from USDA. Phase III included a smaller amount from State Revolving Loan Fund, a loan only from USDA and a grant from Economic Development Authority. At that time, completing Phase III was contingent on getting the EDA grant. After investigating the EDA grant further, it appeared that there would be more cons than pros to apply for that. It would probably increase costs as it was more likely that it would not be just one project but two. This would include two engineering agreements, two bidding processes, two contractors or one contractor but two MOBs and de-MOBs, as the projects would be done at different times. Susan Dudley explained that she spoke with USDA regarding the possibility of amending the application to include a request for an additional \$500,000 from them instead of going to EDA. USDA agreed that if the Board approves this tonight, the application can be amended to include that additional funding.

Susan Dudley explained that Phase II will stay just as it was presented and approved on December 12, 2012. The project cost is \$3,356,043. Of that, \$1,500,000 would be funded with funds from State Revolving Loan Fund. She noted that James Eason attended the Board for Financing Water Projects meeting in Carson City today. The Board approved the Town's application as submitted in the amount of \$1,700,000. The rest of Phase II will be funded by a loan from USDA in the amount of \$509,000 and a grant from USDA in the amount of \$1,347,043. The total project costs for Phase III is \$1,566,000. On December 12, 2012, the Board discussed going to EDA for a \$500,000 grant. Of the \$1,700,000 approved by State Revolving Loan Fund, \$200,000 will be for Phase III. The remaining funding will come from a USDA loan in the amount of \$866,000. USDA informed the Town that if it amends the application to them to include an additional \$500,000, Phase III will be funded with \$200,000 from State Revolving Loan Fund, a \$925,000 loan and a grant of \$441,000 from USDA. The difference between the option presented on December 12, 2012 for a \$500,000 grant from EDA, and the current option is the removal of the option for the EDA grant and the addition of a \$441,000 grant from USDA and an additional loan of \$59,000 from USDA.

Susan Dudley explained that the application the Board approved to USDA was based on information provided at that time. On December 12, 2012, the Board discussed the option of refinancing the existing debt, which is currently at 4.25%. The debt payment for Phase I, II, and III plus the refinancing of the old debt would be \$230,000 per year. At that time, the interest rate would most likely be 2%. However, that interest rate did not hold up for Phase II and III. The loan for Phase I, in the amount of \$3,970,000, which the Board will close on at the next meeting, did qualify for poverty level so that interest rate will close at 1.875%. The USDA National Office looked at the project and determined that Phase II and III did not meet the criteria to qualify for the poverty rate. If the Board does nothing tonight, the \$230,000 debt payment will increase because the interest rate will increase to 2.5 % instead of 2%. If the Board does nothing tonight, the debt payment for Phase II and III would be \$79,965 per year. If the Board decides to move forward with the request to amend the application to USDA to include the additional \$500,000, the annual debt payment would be \$81,589, an increase of \$2,624 from what was discussed on December 12, 2012.

Susan Dudley explained that at the time the Town went for funding for Phase I, the estimated cost was \$7,196,830. Because of the low bid, the lower interest rate with Zions Bank, the fact that the project has gotten so far along without using much of the contingency, the project cost is now at \$5,796,830. The project cost for Phase II is \$3,356,043. The current debt is \$439,000. The project cost for Phase III is \$1,564,840. The total cost for Phase II, Phase III, and the refinancing of the old debt is \$5,359,883.

Susan Dudley explained that Phase I was funded with \$1,060,780 from State Revolving Loan, an \$829,050 grant from USDA, and a \$3,907,000 from USDA. Phase II and Phase III would be funded with \$1,700,000 loan from State Revolving Loan, a \$1,786,883 grant from USDA and a \$1,434,000 loan from USDA.

Susan Dudley explained that for the loan of \$3,907,000, which the Board will close on at the next meeting, the total debt, at 1.875% will be \$153,172 per year. This includes debt and debt reserve. If the Board goes forward with the additional \$500,000 from USDA, this will produce a \$1,873,000 loan and the total payment on that is \$81,589. The total debt payment would then be \$234,761. She explained that the surcharge is an amount that comes from what is collected from the rate per thousand gallons. The surcharge is currently at \$1.00 per thousand gallons. The estimated collection for surcharge for year ending 6/30/2013 is \$156,000. The surcharge automatically goes up \$0.10 per thousand gallons every year to help cover the debt. The surcharge is not yet at an amount that would equal the debt. The budgeted amount for expenses for year ending 6/30/2012 is \$484,728. The old debt is \$28,548. Grant depreciation is \$56,000. The Town has actually collected \$62,400, which was put into the Arsenic Debt Fund. This year, \$522,155 was budgeted for expenses. The old debt is still \$28,548. Grant depreciation is still \$56,000. However, the new debt is \$38,293. The loan closing will be completed on March 6, 2013. Starting in April, the new debt payments will take effect. The following year, the full debt payment of \$192,634 will take effect, which include the full debt payment for Phase I and three months of Phase II and III, \$81,589. Phase II and Phase III will be consistent with Phase I and the Town will close on that debt revenue bond about this time next year. The following year, the full debt payment of \$234,761 for all three phases will take effect.

Susan Dudley explained that beginning June 30, 2014, the estimated revenue, if all of the O & M was spent, TPU would be \$23,341 in the red. The total until surcharge equals the debt is \$129,000 in the red over five years. After that, the surcharge should start equaling the debt. The Town started collecting for the arsenic debt in 2010. Currently, \$134,877 is sitting in the debt account. There is also debt reserve of \$25,731. The total debt collected as of December 2012 is \$160,608, which exceeds what the Town would be short. Instead of collecting \$192,634 by June 30, 2014, the Town could collect that amount less what would be in the red. She explained that the audit for June 30, 2011 showed cash reserves of \$470,000. This will be added to for year ending June 30, 2012 and again this year. If the Board transferred \$225,000 into the Arsenic Debt account, there would be a whole year's debt payment sitting there in case the actual revenue collections are less than the projections.

Horace Carlyle thanked Susan Dudley for all her hard work on these projects. Duane Downing agreed with Mr. Carlyle.

Ron Kipp wanted to know the interest rate for Phase II and Phase III. Susan Dudley noted that it is 2.5%. She noted that on December 12, 2012 the Board discussed a possible interest rate of 2% but the Town did not meet that requirement. The 2.5% will be for Phase II, Phase III, and the refinance of the old debt. Phase I did qualify for the poverty rate. The loan of \$3,907,000 will close on the poverty interest rate of 1.875%.

Horace Carlyle made a motion to approve the Town of Tonopah to amend the application recently forwarded to USDA Rural Development; be amended to include the request of an additional amount of \$500,000 for Phase III of the completion of the Tonopah Public Utilities Water Transmission Line Project – bringing the total request for funding to USDA in the amount of \$3,659,883 and authorizing the Chairman or Vice Chairman of the Board to sign all application and obligating documents. Ron Kipp seconded. James Eason explained that Susan Dudley is a silent hero on this project. The financing package she has put together, and the work she has done with USDA and with State Revolving Loan Fund is phenomenal. The Board thanked Susan Dudley for her work. Susan Dudley reiterated that at the February 13, 2013 meeting the Board will be closing on the revenue bond and the item needs all four votes. If the Board closes on the bond on February 13, 2013, it needs to be published in the paper twice, the Town has to order the money from the U.S. Treasury, and actually close on the bond by March 6, 2013. The Town is trying to beat the deadline of the 1.875% interest rate. Motion passed 3-0-1 (Javier Gonzalez was absent). Duane Downing thanked Susan Dudley for her work.

6. Review, discussion and possible decision to approve Amendment #6 to the Engineering Agreement with Saw Engineering to complete design, construction management, and resident inspection for the Project of pipe replacement from Booster #2 to Ararat and pipe from Booster #1 to current main replacement project.

Susan Dudley explained that in anticipation of the previous item, she asked Paul Winkelman from Shaw Engineering to put this amendment together for the Engineering Agreement. At a previous meeting, the Board already approved an amendment for Phase II in the amount of \$475,000. She explained that the Engineering Agreement does not just cover the engineering.

Shaw hires other entities to complete some of the services, including geotechnical work, the cultural and biological survey, and the material testing. The original amendment also included Shaw's services, which includes the preliminary and final designs, construction and post-construction management, bidding, etc. She noted that she spoke with USDA and State Revolving Loan Fund regarding this amendment. The amendment will delete Amendment #5 and will now include Phase II and Phase III together, which will be more cost effective. The proposal is to delete Amendment #5 and combine all of the services in Amendment #6. This amendment is for \$788,000 but includes the \$475,000 from the previous amendment and an additional \$313,000 for Phase III. The amendment also includes a time schedule. She noted that the Town is hoping to be done with construction by February to be out of the bird season.

Susan Dudley reiterated that this amendment includes Phase II and Phase III. The Town currently has funding from State Revolving Loan Fund in the amount of \$1,700,000. That contract will be before the Board at the next meeting for approval and signing. Once that is signed, the Town can start drawing on the money and pay the engineer to start the design process.

Horace Carlyle made a motion to approve the Amendment #6 to the Engineering Agreement with Shaw Engineering to complete design, construction management, and resident inspection for the project of pipe replacement from Booster #2 to Ararat and pipe from Booster #1 to current main replacement project with funding to come from USDA grant funds and State Revolving Loan Funds. He explained that this will delete in its entirety Amendment #5 and approve Amendment #6 in the amount of \$788,000. Ron Kipp seconded. Motion passed 3-0-1 (Javier Gonzalez was absent).

7. Review, discussion and possible decision on how to proceed regarding the previous grant award received from Nye County/CDBG in connection with the State Bank and Trust Co. (Belvada) renovations project.

James Eason explained that the Town of Tonopah, through Nye County, received \$250,000 from CDBG for the State Bank and Trust Building (Belvada). The Town went out to bid for this project this summer, which also included the Tonopah Convention Center. The bids were \$1,000,000 over budget. During that time, the Town exhausted many different avenues while working with USDA, going to the State Historic Preservation Office, working with the architect, and looking at all other possibilities for funding. He noted that in December, the Town made the decision to return the loan and grant funds awarded by USDA. Staff recommends doing the same thing with the fund from CDBG.

James Eason noted that at the last meeting, he mentioned NRS 279 which was on the Nye County Board of Commissioners Meeting Agenda for yesterday. That item was pulled for some language changes that need to be completed. It will be on the next Commissioner's agenda. Under NRS 279, the Town is looking to move forward to utilize that NRS for the reuse of that building. This gives the Town options including leasing the building, selling the building, or working with another company. Staff recommendation is to thank the Nye County Board of

Commissioners and CDBG for awarding the Town this grant and notify them that at this time, the Town cannot utilize it.

Horace Carlyle made a motion to notify CDBG and Nye County that we do not plan to use the \$250,000 and because of the cost overrun projected on trying to do the project we were unable to secure the funding to do this project and therefore we would like to return the money to the appropriate authorities. Ron Kipp seconded. James Eason explained that if the action is approved, the Town will immediately notify Nye County tomorrow. These minutes will be included as backup for Nye County to take official action and inform CDBG. Horace Carlyle amended the motion to add to thank the Nye County Board of Commissioners for their support and thank CDBG for their consideration and support on this long, tiring process to try to do this building. James Eason reiterated that they Town will notify the County immediately and send them a copy of the minutes. Motion passed 3-0-1 (Javier Gonzalez was absent).

8. Review, discussion and possible decision to move forward with sending a letter of interest to the GSA for disposal of buildings 102 and 103 on their property list.

Ron Kipp noted that these buildings are up by the school district. James Eason explained that this is the cantonment area in Tonopah. The Town received a letter from GSA requesting any interest in these buildings. Staff is asking the Board if they would be interested in sending a letter of interest to acquire these buildings. The Town can utilize them for storage and possible future economic development. The buildings are as is and it is not known what is in those buildings. At this time they would be utilized for storage for Town records and Mining Park related items. Ron Kipp asked if these would be deeded to the Town. James Eason explained that once the Town fulfills the qualifications there could be a possible purchase or grant to the Town. He noted that the Town has 30 calendar days to respond and the letter went out on January 7, 2013. Ron Kipp wanted to know if the buildings were sound. James Eason explained that they were constructed in 1963 and they are metal buildings with metal roofs.

Horace Carlyle made a motion to move forward with a letter to the GSA for the disposal of buildings 102 and 103 on the property list. Ron Kipp seconded. James Eason noted that this is not a guarantee. Motion passed 3-0-1 (Javier Gonzalez was absent).

9. Tonopah Development Corporation Report

James Eason explained that the last time there was a presentation by TDC there were questions regarding trying to receive feedback from businesses in the community to see if there is an interest in moving forward with the Chamber of Commerce or TDC. The results will be in the next Board packet. Out of 258 businesses, 36 responded as interested, 68 responded as not interested, and 154 did not respond at all.

No action taken by the Board.

10. Public Comment

No action taken by the Board.

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

James Eason explained that next week there will be a meeting with BEC Environmental and vendors from around the state who are interested in providing food services in the area for all of the workers. BEC Environmental's report will be in the next Board packet. The Town has exhausted the funding and they have been working around the clock. There will probably be a request to the Board for a revision to the contract if they want to continue to move forward with what has been generated by BEC.

James Eason explained that a Notice of Possible Quorum has been posted for 6:00 Saturday. Congressman Hosford is coming to Town and has asked to meet the Town Board and to understand the area. He is doing a tour of the district. Mr. Eason explained that he has contacted the County Manager, the Assistant County Manager, the District Attorney, and anyone who supports the Town. It is open to the public.

James Eason explained that the color of the Convention Center roof matches the original color. It also matches the Library. The heaters are working. James Eason explained that the monthly meetings for both projects will be tomorrow. The Reuse Project meeting will be at 9:00 and the Water Project meeting will be at 11:00. James Eason explained that the Town is moving forward with work at the firehouse after the last agreement. Staff will be meeting with the appraiser Friday to help get the comps needed to appropriately charge for the rent.

Duane Downing wanted to know when the budget meetings will be. Chris Mulkerns explained that the Town will receive the numbers from the Department of Taxation on the 15th of February. Workshops will probably be within a few weeks after that. James Eason feels there should be two meeting set up with the second meeting discretionary. There may be a lot of changes coming out of this session. Chris Mulkerns noted that it will be on the next agenda to set the dates, times, and locations for those meetings. James Eason explained that the budget for TPU is basically set for the next 5-7 years. There may be some changes revenue wise but expense wise the budget is set. He noted that with the resolutions passed for employee benefits and the OPEB fund, those numbers are now set.

Ron Kipp wanted to know how Town property and everything fared with the cold weather. James Eason explained that for Town property, the only place a line froze was in the back bar of the Convention Center. The heat tape was unplugged. There was a flood in that area but it has been fixed. He noted that there have been a lot of customer meters that have frozen and TPU staff has been working diligently to fix them. He noted that there is only one meter that has to be replaced, a corp stop at one of the apartment complexes needs to be replaced, and a line was replaced up to Boni's.

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. Correspondence

Round Mountain Town Board Regular Meeting Minutes – 12/11/2012

Round Mountain Town Board Regular Meeting Minutes – 01/09/2013

Round Mountain Town Board Regular Meeting Agenda – 01/22/2013

Nye County Board of Commissioners Regular Meeting Agenda – 01/22/2013

Pahrump Town Board Regular Meeting Agenda – 01/22/2013

Nye County Animal Advisory Committee Regular Meeting Agenda – 01/24/2013

Nye County Water District Governing Board Regular Meeting Agenda – 01/28/2013

16. Approval of Vouchers for Payment

The vouchers were reviewed and all were signed by Board members. Horace Carlyle made a motion to approve the vouchers as presented for payment. Ron Kipp seconded. Motion passed 3-0-1 (Javier Gonzalez was absent).

17. Adjourn

Meeting was adjourned at 8:21 pm.

Minutes transcribed by:

Mariah Rivero

Approved:

Horace Carlyle, Chairman

Duane Downing, Vice Chairman

Ron Kipp, Clerk

Javier Gonzalez, Member

Vacant, Member