



STOREY COUNTY COMMISSION MEETING

FRIDAY, SEPTEMBER 27th, 2013 9:00 A.M.

DISTRICT COURTROOM
26 SOUTH B STREET, VIRGINIA CITY, NEVADA

SPECIAL MEETING AGENDA

BILL SJOVANGEN
CHAIRMAN

BILL MADDOX
DISTRICT ATTORNEY

MARSHALL MCBRIDE
VICE-CHAIRMAN

LANCE GILMAN
COMMISSIONER

VANESSA DU FRESNE
CLERK-TREASURER

All items include discussion and possible action to approve, modify, deny, or continue unless marked otherwise.

*One or more of the Commissioners may appear via teleconference

1. CALL TO ORDER AT 9:00 A.M.
2. PLEDGE OF ALLEGIANCE
3. DISCUSSION/POSSIBLE ACTION: Approval of Agenda for September 27, 2013
4. DISCUSSION/POSSIBLE ACTION: Approval of Wells Fargo as the lender for the \$3,002,000 Interim Debenture for the purpose of building a new Wastewater Treatment Facility
5. PUBLIC COMMENT (No Action)
6. BOARD COMMENT (No Action - No Public Comment)
7. CORRESPONDENCE (No Action - No Public Comment)
8. ADJOURNMENT

NOTICE:

- Anyone interested may request personal notice of the meetings.
- Agenda items must be received in writing by 12:00 noon on the Monday of the week preceding the regular meeting. For information call (775) 847-0969.
- Items may not necessarily be heard in the order that they appear.


- Public Comment will be allowed at the end of each meeting (this comment should be limited to matters not on the agenda). Public Comment will also be allowed during each item upon which action will be taken on the agenda (this comment should be limited to the item on the agenda). Time limits on Public Comment will be at the discretion of the Chairman of the Board. Please limit your comments to three minutes.
- Storey County recognizes the needs and civil rights of all persons regardless of race, color, religion, gender, disability, family status, or nation origin.

Notice to persons with disabilities: Members of the public who are disabled and require special assistance or accommodations at the meeting are requested to notify the Commissioners' Office in writing at PO Box 176, Virginia City, Nevada 89440.

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CERTIFICATION OF POSTING

I, Vanessa DuFresne, Clerk to the Board of Commissioners, do hereby certify that I posted, or caused to be posted, a copy of this agenda at the following locations on or before September 23, 2013; Virginia City Post Office, Storey County Courthouse, Virginia City Fire Department, Virginia City Highlands Fire Department and Lockwood Fire Department.

By 
Vanessa DuFresne, Clerk-Treasurer



Storey County Board of County Commissioners Agenda Action Report

Meeting date: September 27, 2013
minutes

Estimate of time required: 30

Agenda: Consent [] Regular agenda [x] Public hearing required []

1. **Title:** To approve Wells Fargo as the lender for \$3,002,000 Interim Debenture for the purpose of building a new Wastewater Treatment Facility.

2. **Recommended motion:**
Same as above

3. **Prepared by:** Hugh Gallagher

Department: Comptroller

Telephone: 847-1006

4. **Staff summary:** The current Wastewater Treatment Plant is obsolete and not in compliance with current standards. Through the United States Department of Agriculture, the cost of a new Wastewater Treatment Plant is estimated at \$5,314,794 of which \$3,002,000 will come in the form of a USDA Rural Development Loan and \$2,312,794 will be a USDA Rural Development Grant. We are hopeful to start construction of this plant in November of this year and could take up to 18 months to complete.

5. **Supporting material:** Wastewater Treatment Plant information, History of the Comstock, Letter of Transmittal, Request for Obligation of Funds, Lending Institution Bid Sheets, and Staff information.

6. **Fiscal impact:**

Funds Available:

Fund:

24 Comptroller

7. **Legal review required:**

____ District Attorney

8. **Reviewed by:**

24 Department Head

Department Name:

____ County Manager

Other agency review: _____

9. **Board action:**

☐ Approved
☐ Denied

☐ Approved with Modifications
☐ Continued

Agenda Item No.

Storey County has needed a wastewater treatment plant replacement and improvement project for both Gold Hill and Virginia City for some time. Studies, design, and environmental clearance for the project began seriously in 2009. The existing facilities are more than 30 years old and operational expenses are rising sharply while treatment performance has been degrading. Wastewater treatment in the County is regulated by the Nevada Department of Environmental Protection (NDEP), Bureau of Water Pollution Control who has required improvements.

Through the planning process it was decided that a full replacement was recommended and a package extended aeration return activated sludge system would have the best cost benefit factors for the rate payers. The project will include a relocation of the plant headworks, replacement of the equalization pond with an aerated equalization tank, a replacement treatment plant, the addition of a circular clarifier, the addition of a solids handling building for removal of the solid wastes and preparation for landfill disposal, and a new electrical and control system. To facilitate these improvements the site will be re-graded to better shed storm water, the site fence will be expanded and the project includes minor landscaping. Also, the electrical system will include a new service from the power company, a new backup generator, a site water system, remote monitoring and alarm features to notify the off site operators of changes or faults in the system.

The design for this has been completed and submitted to the State regulators. The environmental studies have been completed and a finding of no significant impact (FONSI) has been issued by the appropriate federal agencies. The BLM is weeks away from executing the land clearance for construction to begin. The USDA has provided a loan amount of \$3,002,000.00 at an interest rate of 2.5% for a period of 40 years. In addition, USDA has granted funds in the amount of 2,312,794.00. This money will be paid to the County at the completion of the project.

The history of the Comstock has been recapitulated by many authors with interest in the development of the Comstock areas. Starting in 1849 immigrants and prospectors on their way to California gold discoveries, came upon the intersection of Gold Canyon with the Carson River where gold was formed.

Prospectors worked their way up Gold Canyon from Dayton into Gold Hill and eventually Virginia City. Once the workings of the prospectors showed the abundance of Gold and Silver, word spread to California prompting a rush to the area known as the Comstock. By the fall of 1859 Virginia City was established. At the time the population was about 200-300 people that lived in tents, shacks and holes in the wall of the hillsides. The first International Hotel was built in the winter and spring of 1860. Initially water was supplied from wells, springs and tunnels west of town, collected in large wooden tanks and distributed about the towns by means of wooden flumes and pipes. The Virginia City and Gold Hill Water Companies were established in 1862. As the cities grew the peril of water drought increased. The sources began to dry up, only to fill up again after the winter snow and rains, and then, dry up again.

As a result of the growing population and increase in mining activity coupled with water shortages the decision was made to go to the Sierra Nevada Mountain range above the eastern part of Lake Tahoe basin to bring water to the Comstock. By 1873, the Marlette Water System siphon was completed and water from the Sierras was being distributed throughout Virginia City and Gold Hill.

There exists written histories of the water supply for the Comstock but little or no mention of how water was disposed of was recorded in those days. The methods however included owner built out-houses or privies and gray water was likely thrown into the streets or used in gardens. Back then it was probably an issue of little concern to anyone at the time.

By 1875 the populations in Virginia City and Gold Hill had swelled to nearly 30,000 people. Again sewage was disposed of via privies and community toilets that homeowners and business had built themselves. By the 1890's the populations of the Comstock began to diminish and by 1940 to 1945 the populations had fallen to new lows where less than 1000 people lived in the communities of Gold Hill

and Virginia City. In 1940 "C" Street was paved with asphalt. Following World War II there was little or no mining activity on the Comstock so focus turned to promoting the area as a tourist destination. However sewage disposal was not of a major concern until the 1930's.

As technology and awareness allowed indoor plumbing, such as toilets and sinks, some pipelines to transport sewage away from the town sites were installed in the 1930's. These pipes were made up mostly of a conglomerate of wood, vitrified clay, (terracotta) concrete or metal pipes. Piped sewage was disposed of in open trenches downhill from the business and residential areas of the towns of Gold Hill and Virginia City.

Eventually little by little over time, sewer lines and some manholes were installed to collect the sewer from homes and businesses which are still in use today. Over the past 30 – 40 years the county has replaced some sewer lines where problems developed. Materials used were either bell-jointed gasket concrete or PVC pipe. In 1985 the sewer main on "C" street was replaced and manholes were installed as part of an NDOT street reconstruction project. The 1985 project also included the installation of a storm drain system along portions of "C" street, from Taylor to Mill streets.

By modern standards, these sewer lines and manholes as they exist today are archaic. Initially, the outfall of the collector pipe system was near the lower part of the town site, near Six Mile Canyon, just east of Virginia City. From there the sewage was directed to flow untreated easterly into the six Mile Canyon natural drainage channel. The Gold Hill sewage ran down alongside the highway until the early 1980's when the county constructed a sewer line through Gold Hill that terminates to a septic and leach line system about a quarter mile south of the Cabin in The Sky building. This small system is limited to the 30 or so connections. This system is substandard because there are no manholes and pipe sizing is insufficient. Due to percolation issues in the leach filed the septic holding tanks are pumped out quarterly. Any additional development in Gold Hill is served by individual septic systems and parcels that do not meet the requirements for septic system to be installed are currently unbuildable.

Treatment of Virginia City wastewater began in 1972 when the Nevada Environmental Protection (NDEP) required Storey County to construct treatment ponds, the same year I graduated high school. In 1982, a small aeration single basin type treatment plant was constructed. The treatment plant was constructed so that the upper west pond serves as an equalization/aeration basin and the lower east pond on the east side of Six Mile Canyon serves as the sludge wasting and drying area. Except for an auger screen installed in 2008, the wastewater treatment plant has not been updated since its construction in 1982. The plant process includes manual removal of solid waste, and the treatment technology of the liquid waste is outdated. In addition drying beds are undersized to provide adequate drying time. Additionally, during rare high storm water runoff events, flows have comprised the upper west pond and causing it to become overwhelmed.

In 2006 the Storey County Public Works department focused its attention on addressing replacement of both the treatment plant and collection systems of Virginia City and Gold Hill. Storey County was awarded a \$66,000 CDBG in 2006 for the purpose of exploring the finance and inspection of the sewage transport network. This CDBG project included a video inspection of the piping system to determine its condition. In June Of 2007 the county entered into a contract with Underground Video Technology to visually inspect, hydro flush and video the sewer pipe network serving Virginia City, to get an understanding of sewer pipes situation.

Video inspections were conducted in late June of 2007 and immediately revealed that the aging pipe has become deteriorated to such an extent that the current condition of the pipe does not allow for optimal transport of the sewage to the treatment plant. The videos revealed that metal pipes are deteriorating and collapsing, the concrete pipes are cracked and weathered away by the hydrogen sulfide gases prevalent in sewage and pipe joints are eaten away, especially along the bottom sections. These conditions are widespread throughout much of Virginia City. As of recent within the past month a blockage occurred along a section of "E" street, just north of the St. Mary's in the Mountains Catholic Church. Upon exposing this section it was discovered that the bottom section of

this pipe was in fact eaten away. County crews removed the deteriorated section, and with the assistance of Lyon County Public Works hydro flushed the entire main and replaced a 100' section of jointed concrete pipe with PVC sewer pipe.

Examination and discoveries revealed the facts that the entire wastewater system for Virginia City and Gold Hill is in need of upgrade and replacement. The daunting question, "How to we make this happen"? The system is user based; 386 residential and 167 commercial connections, thus considered a small system by definition. A project of this magnitude would be a significant project to undertake without the assistance of grant and/or loan funding.

A new wastewater treatment plant is needed to update the treatment process and technology, which will result in more efficient automatic processing of solids and improve the quality of the effluent being discharged into the Six Mile Canyon creek. The new plant will be upsized to double the existing capacity and adequately handle population increase into the foreseeable future.

Replacement of the sewer collection system in Virginia City is necessary due to the severe deterioration of the existing system. After looking at various alternatives for Gold Hill, the option with the least cost for construction and operational demands is to pump the Gold Hill sewage to the Virginia City treatment plant for processing. This will eliminate the undersized community septic and leach fields and allow for further development of parcels in Gold Hill.

In 2008 with the assistance and guidance of our able bodied engineering firm of record, Farr West Engineering and specifically Brent Farr we held a round table discussion to discuss the many water and wastewater needs of both the Storey County Water and Sewer Systems. As a result of this meeting USDA recommended we contact the US Army Corp of Engineers to inquire about funding to assist with environmental study, engineering and design.

Farr West took the lead and in 2009, Storey County was awarded funds through the Water Resources Development Act of 1999, which authorized the US Army Corps of Engineers to participate in environmental infrastructure projects in rural Nevada and Montana. This was a grant match allocation with 75% coming from

WRDA funding and 25% cash match from the Sewer system enterprise fund. To date we have received WRDA funding in the amount of \$1.75M and have allocated \$440K from the enterprise fund for the funding of the Environmental Assessment study, Sensitivity Analysis study and engineering and design plans for the entire project.

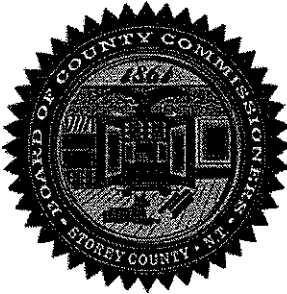
Due to the scope of the entire project with overall costs in the neighborhood of \$16 - \$17M, the determination was made to phase the project into phases as follows:

1. Upgrade the existing wastewater treatment plant in Virginia City – 200,000 GPD
2. Sewer collection system in Virginia City Phase 1, Washington St. to northern town boundary
3. Sewer collection system in Virginia City Phase 2, Washington St. to the southern town boundary
4. Construct sewer lift stations in Gold Hill and install a force main to deliver gold hill sewage to the new plant in Virginia City

With the down turn of the economy funding options for construction of this important project dwindled as well. We were informed that WRDA funds for construction are currently not available and in order to keep this project moving along other funding sources would have to be explored, or simply shelf the entire project. Virginia City is the largest federally designated National Historic Landmark in the United States and attracts over 2 million visitors each year. Our local economy relies heavily upon tourism but this needed impact also strains our wastewater treatment plant.

Shelving the project was unacceptable considering the impacts to public health and risking violations for ground and surface water contamination due to poorly treated wastewater. With perseverance and determination we have forged forward. We are very grateful that our friends at USDA remain committed to the future of rural communities and are providing the necessary funding via grant and low interest loan for the construction of the new wastewater treatment plant.

This has certainly been a collaborate effort with the interaction of local, state and federal participation. I want to personally thank all of the players and in particular all the members of "Team Storey", past and present, for believing in the project and continuing to see it through to final completion.



STOREY COUNTY

Cherie Nevin

Grants & Emergency Management Coordinator

141 N. C Street, PO Box 7

Virginia City, NV 89440

Phone (775) 847-0986 * Fax (775) 847-1105

LETTER OF TRANSMITTAL

To: Storey County Commissioners	From: Cherie Nevin- Grants Coordinator
Date: March 13, 2013	Re: USDA Grant and Loan Fund presentation at the March 19, 2013 Commission Meeting

Dear Honorable Board of County Commissioners:

At the March 19, 2013 Storey County Board of Commissioners Meeting you have before you the following agenda item

DISCUSSION/POSSIBLE ACTION: Cheryl Couch representing the United States Department of Agriculture- Rural Development Office regarding acceptance of the USDA Rural Development Letter of Conditions to provide for funding of the Virginia City Wastewater Treatment Plant in the amount of \$5.3 million dollars in construction loan and grant funds and authorizing the Chairman or designated official to sign all related obligating documents at the present time or no later than March 25, 2013 consisting of the "Letter of Intent to Meet Conditions" and Form RD 1940-1 "Request for Obligation of Funds".

In an effort to bring each of you up to speed on the item, please allow me to begin with explaining this project from the beginning until the point that we are currently at today. The information in this document is a combined effort between all of the various agencies in this project to involve the USDA Rural Development Office, The United States Army Corp of Engineers, Bureau of Land Management and our engineer of record Farr West Engineering. We hope that this document will provide you with the proper information to be well informed of the issue at hand

Storey County contacted Farr West Engineering (Farr West) in 2009 regarding the need to perform major capital improvements to the Virginia City and Gold Hill sanitary sewer treatment plant and collection system. The majority of the treatment plant equipment was installed more than 30 years ago and since that time, the plant has exceeded its treatment capacity, leading to discharges of poorly treated sewage into Six Mile Canyon Creek. The collection system was inspected and found to be in failure, resulting in the discharge of raw wastewater into the ground. Both the treatment plant and the collection system are regulated by the Nevada Department of Environmental Protection (NDEP), Bureau of Water Pollution Control who also regulates the surface and ground water in Nevada. The system has had periodic violations from this agency and the violations are increasing in frequency.

Farr West began searching for funding in 2009 to investigate treatment technology options, prepare a design, and begin the environmental approval process for system improvements. Due to the historic significance of Virginia City's community and the Bureau of Land Management's (BLM) involvement in the area, the environmental approval process was extensive.

The US Army Corps of Engineers (USACE) has a funding arm for rural Nevada infrastructure projects and agreed to fund the design portion of this project. The funding agreement provided 75% grant funds for the design and approval phases. The approval phase is nearly complete with final designs and environmental conclusions scheduled for completion this year. The environmental work to date has resulted in a signed programmatic agreement between the USACE, BLM, and State Historic Preservation Office (SHPO). The USACE has issued a "finding of no significant impact" (FONSI), which declared the project would have no significant impact to environmental and cultural resources as long as specific mitigations are followed. Final negotiations on the extent of those mitigations are ongoing.

Farr West's research and design for this project resulted in findings that nearly all of the sewer collection mains need to be replaced throughout Virginia City and Gold Hill. Additionally, the wastewater treatment plant must be replaced. Farr West researched options for repair and possible expansions of the facility. Unfortunately, the equipment is far beyond its service life and given the constraints of the site, a replacement project was selected as the best long-term value for the County. Due to the large scope of the project, Farr West broke the construction into five phases. The first phase is the treatment plant, due to current discharge violations and additional flows resulting from the replacement of the collection system (nearly doubling the flows). The final design includes a return activated sludge/extended aeration treatment plant which will be the lowest cost alternative that will deliver treated effluent at the levels required by NDEP and be able to handle the increased flows expected in the future.

Storey County's staff have been involved in every major decision making step in this project and we are ready to start construction this year. The USACE does not currently have the funding to pursue the construction of the project. Therefore, other funding programs were pursued, including State Revolving Funds (SRF), US Department of Agriculture (USDA), Private, and other Congressional funding sources. We found that the USDA offers the largest grant percentage with the best loan term.

The purpose of the USDA Water and Waste Disposal Direct Loans and Grants is to develop water and waste disposal systems in rural areas and towns with a population not in excess of 10,000. The funds are available to public bodies, non-profit corporations and Indian tribes. To qualify, applicants must be unable to obtain the financing from other sources at rates and terms they can afford and/or their own resources. Funds can be used for construction, land acquisition, legal fees, engineering fees, capitalized interest, equipment, initial operation and maintenance costs, project contingencies, and any other cost that is determined by the Rural Development to be necessary for the completion of the project. Projects must be primarily for the benefit of rural customers.

We are looking at a USDA loan amount of \$3,002,000.00 at an interest rate of 2.5% for a period of 40 years. In addition, USDA Grant funds in the amount of \$2,312,794.00.

USDA Rural Development is presenting the Letter of Conditions (LOC) and the obligating documents (Letter of Intent and Request for Obligation of Funds) to the board in order to reserve funds for the project and to lock in the interest rate. By signing the obligating documents, it allows Rural Development to obligate the loan and grant funds for the project but does not obligate the County to proceed with the project. If circumstances or events occur that

prevent the County from moving forward, or the County chooses not to move forward with the project, they do not have to use the Rural Development funding.

If funds are obligated by the end of March 2013, it ensures the county receives the 2.50% interest rate currently in effect and know that the interest rate will never go above 2.50%. April 1, 2013, Rural Development interest rates are anticipated to increase to 2.75%. Over the life of the loan that would result in an additional \$203,500 in interest. If Storey County was to seek conventional funding for this project we would be looking at much higher interest rates and less money to fund the project. With USDA loan funds we will be eligible for about 50% more funding.

The LOC outlines all of the conditions that must be met prior to USDA Rural Development authorizing the County to go out to bid and proceed with construction. Rural Development will work very closely with County Staff and the consulting engineer to explain the requirements and assist them in meeting the conditions.

The LOC contains a requirement that the Virginia Divide Enterprise Fund establish a short-lived asset replacement account. This will not be a restricted account, but Rural Development will require the Enterprise Fund to set aside funds monthly in order to have cash available in the event that a pump, motor or vehicle, for example, needs to be repaired or replaced.

Rural Development does not set or determine the user rate that will be charged. Storey County, with assistance from the consulting engineer, will evaluate all of the system costs (operations & maintenance, debt service and debt service reserve, and the short-lived asset reserve) and will establish a user rate sufficient to cover these costs.

On page 4, you will see several tables. The first is the history of rate increases since 1998. You will notice that Storey County has remained fairly conservative in the increases that have been required to operate and maintain the current system over the years. These increases were needed to align the revenues with the operational expenditures. As a point of comparison, users in the Canyon General Improvement District (Lockwood and Rainbow Bend) pay a monthly rate of \$40.20. They indicated that they barely breakeven at that point and will need to consider an increase in the future. Our neighbors in Lyon County (Dayton and Mound House) pay a monthly rate of \$52.00 per month. Also on page 4 and continued on page 5, you will see several proposed scenarios for rate increases for our users.

We hope that the information contained in this document will provide you with the proper information about this project. If you would like to discuss this item further, please feel free to contact:

- Mike Nevin- Public Works Director Phone: 745-4354 Email: mnevin@storeycounty.org
 - Greg Lyman- Farr West Phone: 853.7259 Email: Greg@farrwestengineering.com
- Both of these folks are available to meet one of one with each of you if you so desire.

History of Rate Increases							
Year	Type of Connection	Base Rate	Surcharge	Total Base Rate	Base Water Usage	Commodity Rate	Yearly Increase
1998	Residential* =	\$ 12.00	\$ 4.00	\$ 16.00	2,244 gallons	\$ 2.14 per each 1,000 gallons	n/a
	Commercial** =	\$ 16.50	\$ 4.00	\$ 20.50	2,244 gallons		
2011	Residential =	\$ 19.71	\$ 4.00	\$ 23.71	included	none	\$ 4.02
	Commercial =	\$ 23.59	\$ 4.00	\$ 27.59	2,000 gallons	\$ 2.14 per each 1,000 gallons	\$ 7.09
2012	Residential =	\$ 23.71	\$ 4.00	\$ 27.71	included	none	\$ 4.00
	Commercial =	\$ 30.68	\$ 4.00	\$ 34.68	2,000 gallons	\$ 2.14 per each 1,000 gallons	\$ 7.09
2013	Residential =	\$ 27.73	\$ 4.00	\$ 31.73	included	none	\$ 4.02
	Commercial =	\$ 37.77	\$ 4.00	\$ 41.77	2,000 gallons	\$ 2.14 per each 1,000 gallons	\$ 7.09
* Average Residential Monthly Fee = \$ 19.69							
** Average Commercial Monthly Fee = \$34.52							

Residential Connections =	386
Commercial Connections =	167
Total Connections =	553
Total EDU's =	634 *
*Assumes 1 EDU per Residential & 1.5 EDU per Commercial Connection	

Monthly Operating Income = Residential Connections x Base Rate + Commercial Connections x Base Rate	
Monthly Operating Income = 386 x \$ 31.73 + 167 x \$ 41.77	
Monthly Operating Income = \$	19,223.37
Annual Operating Income = \$	230,680.44
USDA Required Operating Income = \$	308,809.00
Difference = \$	78,128.56
Additional annual revenue that needs to be collected.	

Scenario 1 - Flat Rate per Connection	
$\frac{\$78,128.56}{553} = \$141.28 / yr \cdot connection = \$11.78 / mo \cdot connection$	

Scenario 2 - Commercial Increase = 1.33 x Residential Increase		
Annual Operating Income Shortfall = \$	78,128.56	Note: Historically Storey County has followed a 1.33 ratio between commercial and residential base rates.
Monthly Operating Income Shortfall = \$	6,510.71	
Residential Rate Increase = \$	10.71	
Commercial Rate Increase = \$	14.24	

Scenario 3 - Commercial Increase = 1.5 x Residential Increase (EDU Based)		
Annual Operating Income Shortfall = \$	78,128.56	
Monthly Operating Income Shortfall = \$	6,510.71	
Monthly Operating Income Shortfall = \$	10.27 per EDU	
Residential Connection =	1 EDU	
Commercial Connection =	1.5 EDU	
Residential Rate Increase = \$	10.27	
Commercial Rate Increase = \$	15.25	

Scenario Summary					
	Type	Base Rate	Surcharge	Rate Increase	Total
Scenario 1	Residential	\$ 27.73	\$ 4.00	\$ 11.78	\$ 43.51
	Commercial	\$ 37.77	\$ 4.00	\$ 11.78	\$ 53.55
	Projected Annual Operating Income =				\$ 308,852.52
Scenario 2	Residential	\$ 27.73	\$ 4.00	\$ 10.71	\$ 42.44
	Commercial	\$ 37.77	\$ 4.00	\$ 14.24	\$ 56.01
	Projected Annual Operating Income =				\$ 308,826.12
Scenario 3	Residential	\$ 27.73	\$ 4.00	\$ 10.27	\$ 42.00
	Commercial	\$ 37.77	\$ 4.00	\$ 15.25	\$ 57.02
	Projected Annual Operating Income =				\$ 308,812.08

REQUEST FOR OBLIGATION OF FUNDS

INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED () Complete Items 1 through 29 and applicable Items 30 through 34. See FMI.			
1. CASE NUMBER ST CO BORROWER ID 33-015-*****0134		LOAN NUMBER	FISCAL YEAR 2013
2. BORROWER NAME Storey County		3. NUMBER NAME FIELDS (1, 2, or 3 from Item 2)	
		4. STATE NAME Nevada	
		5. COUNTY NAME Storey	
GENERAL BORROWER/LOAN INFORMATION			
6. RACE/ETHNIC CLASSIFICATION 1 - WHITE 2 - BLACK 3 - AIAN 4 - HISPANIC 5 - API	7. TYPE OF APPLICANT 1 - INDIVIDUAL 2 - PARTNERSHIP 3 - CORPORATION 4 - PUBLIC BODY 5 - ASSOC. OF FARMERS 6 - ORG. OF FARMERS 7 - NONPROFIT-SECULAR 8 - NONPROFIT-FAITH BASED 9 - INDIAN TRIBE 10 - PUBLIC COLLEGE/UNIVERSITY 11 - OTHER	8. COLLATERAL CODE 1 - REAL ESTATE SECURED 2 - REAL ESTATE AND CHATTEL 3 - NOTE ONLY OR CHATTEL ONLY 4 - MACHINERY ONLY 5 - LIVESTOCK ONLY 6 - CROPS ONLY 7 - SECURED BY BONDS 8 - RLF ACCT	9. EMPLOYEE RELATIONSHIP CODE 1 - EMPLOYEE 2 - MEMBER OF FAMILY 3 - CLOSE RELATIVE 4 - ASSOC.
10. SEX CODE 1 - MALE 2 - FEMALE 3 - FAMILY UNIT 4 - ORGAN MALE OWNED 5 - ORGAN FEMALE OWNED 6 - PUBLIC BODY	11. MARITAL STATUS 1 - MARRIED 2 - SEPARATED 3 - UNMARRIED (INCLUDES WIDOWED/DIVORCED)	12. VETERAN CODE 1 - YES 2 - NO	13. CREDIT REPORT 1 - YES 2 - NO
14. DIRECT PAYMENT 2 (See FMI)	15. TYPE OF PAYMENT 1 - MONTHLY 2 - ANNUALLY 3 - SEMI-ANNUALLY 4 - QUARTERLY	16. FEE INSPECTION 1 - YES 2 - NO	
17. COMMUNITY SIZE 1 - 10 000 OR LESS (FOR SFH AND HPG ONLY) 2 - OVER 10,000		18. USE OF FUNDS CODE (See FMI)	
COMPLETE FOR OBLIGATION OF FUNDS			
19. TYPE OF ASSISTANCE 068 (See FMI)	20. PURPOSE CODE 4	21. SOURCE OF FUNDS	22. TYPE OF ACTION 1 - OBLIGATION ONLY 2 - OBLIGATION/CHECK REQUEST 3 - CORRECTION OF OBLIGATION
23. TYPE OF SUBMISSION 1 - INITIAL 2 - SUBSEQUENT	24. AMOUNT OF LOAN \$3,002,000.00	25. AMOUNT OF GRANT \$2,312,794.00	
26. AMOUNT OF IMMEDIATE ADVANCE	27. DATE OF APPROVAL MO DAY YR	28. INTEREST RATE 2.5000 %	29. REPAYMENT TERMS 40
COMPLETE FOR COMMUNITY PROGRAM AND CERTAIN MULTIPLE-FAMILY HOUSING LOANS			
30. PROFIT TYPE 1 - FULL PROFIT 2 - LIMITED PROFIT 3 - NONPROFIT			
COMPLETE FOR EM LOANS ONLY		COMPLETE FOR CREDIT SALE-ASSUMPTION	
31. DISASTER DESIGNATION NUMBER (See FMI)		32. TYPE OF SALE 1 - CREDIT SALE ONLY 2 - ASSUMPTION ONLY 3 - CREDIT SALE WITH SUBSEQUENT LOAN 4 - ASSUMPTION WITH SUBSEQUENT LOAN	
FINANCE OFFICE USE ONLY		COMPLETE FOR FP LOANS ONLY	
33. OBLIGATION DATE MO DA YR		34. BEGINNING FARMER/RANCHER (See FMI)	

If the decision contained above in this form results in denial, reduction or cancellation of USDA assistance, you may appeal this decision and have a hearing or you may request a review in lieu of a hearing. Please use the form we have included for this purpose.

Position 2

ORIGINAL - Borrower's Case Folder COPY 1 - Finance Office COPY 2 - Applicant/Lender COPY 3 - State Office

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0570-0062. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

CERTIFICATION APPROVAL

For All Farmers Programs

EM, OL, FO, and SW Loans

This loan is approved subject to the availability of funds. If this loan does not close for any reason within 90 days from the date of approval on this document, the approval official will request updated eligibility information. The undersigned loan applicant agrees that the approval official will have 14 working days to review any updated information prior to submitting this document for obligation of funds. If there have been significant changes that may affect eligibility, a decision as to eligibility and feasibility will be made within 30 days from the time the applicant provides the necessary information.

If this is a loan approval for which a lien and/or title search is necessary, the undersigned applicant agrees that the 15-working-day loan closing requirement may be exceeded for the purposes of the applicant's legal representative completing title work and completing loan closing.

35. COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL

Subject to meeting the conditions of the Letter of Conditions dated 03-19-2013. Funds will be used for eligible purposes.

36. I HEREBY CERTIFY that I am unable to obtain sufficient credit elsewhere to finance my actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near my community for loans for similar purposes and periods of time. I agree to use the sum specified herein, subject to and in accordance with regulations applicable to the type of assistance indicated above, and request payment of such sum. I agree to report to USDA any material adverse changes, financial or otherwise, that occur prior to loan closing. I certify that no part of the sum specified herein has been received. I have reviewed the loan approval requirements and comments associated with this loan request and agree to comply with these provisions.

(For FP loans at eligible terms only) If this loan is approved, I elect the interest rate to be charged on my loan to be the lower of the interest rate in effect at the time of loan approval or loan closing. If I check "NO", the interest rate charged on my loan will be the rate specified in Item 28 of this form. _____ YES _____ NO

WARNING: Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

Date _____, 20 ____

William Sjovangen, Chairman

(Signature of Applicant)

Date _____, 20 ____

(Signature of Co-Applicant)

37. I HEREBY CERTIFY that all of the committee and administrative determinations and certifications required by regulations prerequisite to providing assistance of the type indicated above have been made and that evidence thereof is in the docket, and that all requirements of pertinent regulations have been complied with. I hereby approve the above-described assistance in the amount set forth above, and by this document, subject to the availability of funds, the Government agrees to advance such amount to the applicant for the purpose of and subject to the availability prescribed by regulations applicable to this type of assistance.

(Signature of Approving Official)

Typed or Printed Name: Shane S. Hastings

Date Approved: _____

Title: Community Programs Director

38. TO THE APPLICANT: As of this date _____, this is notice that your application for financial assistance from the USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the USDA. If you have any questions contact the appropriate USDA Servicing Office.



5500 South Quebec Street
Greenwood Village, CO 80111
800-542-8072
www.cobank.com

August 20, 2013

TO: Hugh Gallagher, Storey County Comptroller

Subject: CoBank Proposal for Storey County

We are pleased to have this opportunity to provide you with a finance proposal for your Project. We believe CoBank can be a valuable financial partner with you in continuing the excellent water service you provide to your customers.

We would be happy to provide a face-to-face discussion to review the proposal as follows:

Loan Type	Multiple Advance Term Loan
Loan Purpose	Interim finance USDA RD Loan
Loan Amount (est.)	\$3,002,000
Interest Rate*	Variable: Weekly LIBOR plus 2.00%, currently at 2.20%
Loan Term	Up to 18 months
Prepayment penalty	None at the variable rate
Legal Fee	Amount necessary for Counsel to issue debt instrument
Fees to CoBank	\$1,000 stock purchase (if legally possible) ¼ of 1% Unused Commitment Fee on Available amount
CoBank Patronage payment (subject to CoBank Board approval)	Yes, if stock can be purchased; 1% of average outstanding loan balance annually (.75% cash on March 15, .25% into additional capital)
Payment Frequency	Monthly payments of interest on amount advanced and Unused Commitment Fee
Security	RD Commitment to Lend and Net Revenues as available to pledge
Depository requirement at Cobank	None

*Interest Rates quoted are subject to interest rate changes that may occur based upon market conditions.

A final commitment to lend will be based upon the results of CoBank's due diligence and credit underwriting.

Proud Member of the
Farm Credit System



ZIONS BANK®

September 13, 2013

Storey County
Office of the Comptroller
Post Office Box 432
Virginia City, Nevada 89440

RE: \$3,002,000 Storey County, Nevada USDA Interim Debenture, Series 2013.

On behalf of Zions First National Bank I am pleased to submit the following proposal based on the information provided in the Request for Proposal.

Zions Bank enjoys an excellent reputation in the financing industry and is one of the premier lending institutions in the United States. Our sound financial base and organizational experience provides us the capacity and expertise to service your financing needs.

Lender Information:

Name of Institution:	Zions First National Bank
Address:	One South Main Street, 17 th floor Salt Lake City, Utah 84133
Contact:	Gary Smith Gary.smith@zionsbank.com
Telephone:	(801) 844-7522 (800) 500-3263
Fax:	(866) 279-4134

Local Contact Information:

Name of Institution:	Nevada State Bank (affiliate of Zions First National Bank)
Address:	1656 Highway 395 Minden, NV 89423
Contact:	Daniel P. Dykes Daniel.dykes@nsbank.com
Telephone:	(775) 783-6347
Mobile:	(702) 219-7121

Proposal Structure:

Purpose:	Proceeds of the Bonds will be used to pay project costs during the construction period in the building of a new Wastewater Treatment Plant.
Structure:	Bank Qualified, Tax-Exempt direct purchase interim debenture
Amount:	Up to \$3,002,000
Maturity:	Twenty four months
Call Provision:	Callable anytime at par without penalty with 20 days notice
Documentation Closing Fee:	\$15,000.00
Paying Agent:	Paying agent services will be required (fees paid by the County). Proposal assumes Zions Corporate Trust as Paying Agent. Zions Corporate Trust fees are \$500 annually (with a onetime setup fee of \$500). Rates listed include a 5 basis point reduction for using Zions Bank as paying agent, the use of a different paying agent will require a 5 basis point increase in the rates.
Payments:	Semi-annual interest payments (first interest payment 6 months after initial draw), principal will be payable at maturity unless redeemed earlier.
Rate:	2.15%
Rate Reset:	Rate fixed to maturity.
Assignment:	The Bonds will be freely transferable at the discretion of the Bank subject to State and Federal law.
Security:	The Financing will be secured by proceeds of a bond to be sold to the United States Department of Agriculture Rural Development and the State of Nevada, Nevada Division of Environmental Protection principal forgiveness loan. The interim financing will also be secured by a lien in and a pledge of the County's enterprise fund net revenues.
Draw Feature:	The entire principal amount is not required to be funded at closing. Principal draws can be made as funds are needed during project construction. The minimum draw amount is \$100,000, with amounts greater than \$100,000 in increments of \$1,000. Draws shall be approved by the USDA to ensure compliance with loan and grant requirements. County to send documentation of compliance with each draw.
<u>Legal Requirements:</u>	Documentation satisfactory to Zions Bank including legal Opinions.
<u>Review:</u>	The transaction is subject to final credit and documentation review including but not limited to receipt and review of the construction bids received and the USDA commitment.

Proposal Expiration:

This quote is valid for 45 days if accepted within 15 days of the quote date. Rate will reset to reflect the then current market rates if transaction is not closed with the first draw.

This proposal in its present form is contingent upon final credit underwriting and approval. The proposal as described herein will expire as indicated above, after which the rates and terms will be adjusted to reflect the current market conditions.

If you should have any questions or would like to discuss this in greater detail, please call.

Thank you for the opportunity.



Gary Smith
Public Financial Services
Zions First National Bank

CC: Jon Dunfield
Dan Dykes



August 29, 2013

Hugh J. Gallagher
Comptroller
Storey County
PO Box 492
Virginia City, Nevada 89440

Dear Mr. Gallagher:

We are pleased to express our interest in considering the credit accommodation described below. This letter is not intended to constitute a commitment or offer to lend on the part of Wells Fargo Bank, National Association ("Wells Fargo" or "Bank"), but only to summarize, for discussion purposes, the credit accommodation we are interested in considering at this time.

BORROWER:	Storey County (the "Borrower")
PURCHASER:	Wells Fargo Bank, National Association ("Wells Fargo" or the "Bank"), or a wholly-owned subsidiary of the Bank.
FACILITY AMOUNT:	Up to \$3,000,200 in principal.
STRUCTURE:	<p>The Bank will purchase fixed rate bonds, (the "Bonds").</p> <p>Disbursement and use of funds shall be administered in accordance with conditions set forth by the USDA in a Letter of Conditions dated March, 19 2013.</p>
PURPOSE:	The Bonds will be used to finance, on an interim basis, the design, engineering and construction of a new Wastewater Treatment Plant.
SECURITY:	System revenues and receipt of the USDA Loan funds. Financing is subject to a final, permanent loan commitment from the USDA - Rural Development Utilities Program.
REPAYMENT TERMS:	Interest paid semi-annually. Principal due at maturity.
INTEREST RATE:	<p>The Bonds will contain a Fixed Rate of 1.56% for 18 months from the date of closing. Interest to be calculated based upon a 30/360 year.</p> <p>The Fixed Rate is subject to change if the Bond is not closed by September 30, 2013.</p>
PREPAYMENT:	The Bond will be prepayable at any time upon 10 days written notice without penalty.
CLOSING FEE:	\$10,000 payable at closing. This fee includes the Bank's internal legal review.
OTHER FEES:	Usual and customary for this type of financing.

TAXABLE RATE:

In case of a determination of taxability, the Borrower will prepay the bonds within 60 days with a premium so that the total amount of premium plus interest paid from the date of taxability through the date of prepayment would be calculated at the Tax Free Rate multiplied by a Tax-Exempt factor currently estimated at 1.55 plus any other expenses incurred by the Bondholder as a result of the determination of taxability.

PRINCIPAL FINANCIAL COVENANTS:

Usual and customary for transactions of this nature, including but not limited to:

- No additional indebtedness prior to pay off of the Interim Debenture.

DEFAULT RATE:

Wells Fargo Prime Rate plus 4.00%

**CONDITIONS
PRECEDENT TO
CONSIDERING CREDIT
ACCOMMODATION:**

The Facility will be governed by a Continuing Covenant Agreement for the benefit of the Bank, which agreement will contain conditions and covenants and other provisions that would be usual and customary for this type of financing, including but not limited to:

- 1) Approval of Bank's senior credit management
- 2) No material adverse change in the assets, operations, condition (financial or otherwise) or prospects of the Borrower, nor in the facts and information regarding such entities as represented to date prior to Closing.
- 3) It is assumed that the transaction will be "bank-qualified" under the \$10 million small issuer exemption as defined in the Tax Reform Act of 1986.
- 4) The Borrower shall designate the Bond as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Code.
- 5) Bond Counsel opinion, paid for by the Borrower.
- 6) Execution of satisfactory bond documentation and all other legal documents usual and customary for a transaction of this type. Payment of all fees, including but not limited to, legal fees and closing fees.
- 7) Copies of interim project inspection reports, minutes of each project meeting and USDA disbursement approvals during the course of construction.
- 8) Board Resolution
- 9) Compliance with all applicable directives as stated in USDA Letter of Conditions dated March 19, 2013.
- 10) Other conditions deemed appropriate.

**EMMA AND RATING
AGENCY DISCLOSURE:**

To maintain transparency with its existing bondholders and the rating agencies, Wells Fargo requests that the Obligor a) post the Resolution and Ordinance on the MSRB's EMMA site following the closing of the transaction, provided that pricing and certain other information contained therein, as directed by the Bank, shall be redacted prior to such posting and b) deliver relevant financing documents to the rating agencies.

**REPORTING
REQUIREMENTS:**

Usual and customary for transactions of this nature.

**FUTURE
MODIFICATIONS:**

The terms, conditions and interest rates herein reference the financing and the par amount indicated herein and are subject to revision in the discretion of the Bank, including, without limitation, in the event that (i) the par amount changes, (ii) the transaction deviates materially from what was initially described in conjunction therewith, (iii) the proposed financing does not close (other than as a result of action/inaction by the Bank) or (iv) events occur resulting in a material disruption of the market.

**NO ADVISORY OR
FIDUCIARY ROLE:**

The Borrower acknowledges and agrees that: (i) the transaction contemplated by this term sheet is an arm's length, commercial transaction between the Borrower and Wells Fargo Bank, N.A., in which Wells Fargo Bank, N.A. is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Borrower; (ii) Wells Fargo Bank, N.A. has not assumed any advisory or fiduciary responsibility to the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether Wells Fargo Bank, N.A. or its affiliates have provided other services to the Borrower on other matters); (iii) the only obligations Wells Fargo Bank, N.A. has to the Borrower with respect to the transaction contemplated hereby expressly are set forth in this term sheet; and (iv) the Borrower has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

**REPS AND
WARRANTIES:**

Usual and customary for this type of financing.

**TRANSFER
PROVISIONS:**

While the Bank is purchasing the Bonds for its own account without a current intention to transfer them, the Bank reserves the right in its sole discretion to assign, sell, pledge or participate interests in the Bonds without the consent of the Borrower.

EVENTS OF DEFAULT:

Usual and customary for transactions of this type, to include without limitation: (i) nonpayment of principal, interest, fees or other amounts when due under any of the loan documents; (ii) non-compliance with any representation or warranty; (iii) violation of any covenant continuing beyond any agreed cure period; (iv) default under any other indebtedness; (v) bankruptcy or insolvency event; (vi) unpaid judgment; (vii) material adverse change; (viii) invalidity of any of the Bond documents.

CONFIDENTIALITY:

This Term Sheet is confidential and proprietary, and terms herein may not be disclosed without our prior written consent, except to your professional advisors in connection with this Financing who agree to be bound by such confidentiality requirements, or as may be required by law.

Notwithstanding anything herein to the contrary, any party hereto may disclose to any and all persons, without limitation of any kind the tax treatment or tax structure of this transaction. Furthermore, the parties to this transaction may disclose, as required by federal or state laws, any information as required to comply with such federal or state laws.

This expression of interest is not intended to be, and should not be construed as, a commitment to enter into a direct purchase of bonds, nor should it be construed as an attempt to establish all of the terms and conditions relating to such an accommodation. It is intended only to be indicative of certain terms and conditions around which credit approval may be sought, and if approved, how the operative documents might be structured, and not to preclude negotiations within the general scope of these terms and conditions. The execution versions of agreements containing final terms and conditions, if any, would be subject to approval by Borrower and Bank.

Best Regards,


Pat Foley
Vice President
Wells Fargo Bank, N.A.

Acknowledged and accepted as of _____:

By: _____

Name: _____

Title: _____

As these materials include information related to a bank-purchased bond transaction ("Direct Purchase"), please be advised that Direct Purchase is a product offering of Wells Fargo Bank, N.A. or a subsidiary thereof ("Purchaser") as purchaser / investor. Wells Fargo Securities will not participate in any manner in any Direct Purchase transaction between you and Purchaser, and Wells Fargo employees involved with a Direct Purchase transaction are not acting on behalf of or as representatives of Wells Fargo Securities. Information contained in this document regarding Direct Purchase is for discussion purposes only in anticipation of engaging in arm's length commercial transactions with you in which Purchaser would be acting solely as a principal to purchase securities from you or a conduit issuer, and not as a municipal advisor, financial advisor or fiduciary to you or any other person or entity regardless of whether Purchaser or an affiliate has or is currently acting as such on a separate transaction. Additionally, Purchaser, as purchaser / investor, has financial and other interests that differ from your interests. In its capacity as purchaser / investor, Purchaser's sole role would be to purchase securities from you (or the issuer in the case of a conduit transaction). Purchaser will not have any duty or liability to any person or entity in connection with the information provided herein. The information provided is not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934.

STOREY COUNTY
USDA LOAN BIDS

	CO BANK	WELLS FARGO	ZIONS BANK
Loan Amount	\$3,002,000	\$3,002,000	\$3,002,000
Interest Rate	variable: weekly LIBOR plus 2%	fixed rate of 1.56%. Based on 30/360 year.	fixed rate 2.15%
Loan Term	18 months	18 months	24 months
Fees to Bank	\$1,000 stock purchase		
	1/4 of 1% unused commitment fee on available amount		\$1,000 fees
Repayment Terms	monthly payments of interest on amount advanced and unused commitment fee	interest paid semi-annually. Principal due at maturity	minimum draw \$100,000.
CoBank Patronage payment	yes, if stock is purchased. 1% of average outstanding loan balance annually(.75% cash on march 15 025% into additional capital		
Closing Fees	amont necessary for council to issue deby instrumeent	10,000 payable at closing. This fee includes the bank's internal legal review.	\$15,000 due at closing
Other Fees		usual and customary for this type of financing.	
h/jg			

STOREY COUNTY
INTEREST CALCULATIONS
USDA WASTEWATER PLANT

CO BANK

Interest

\$3,200,000 at current Libor rate plus 2% for 18 months

\$99,066

WELLS FARGO

\$3,200,000 at current Fixed rate 1.56 % for 18 months

\$70,247

Interest savings

\$28,819