



STOREY COUNTY COMMISSION MEETING

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

DISTRICT COURTROOM

26 SOUTH B STREET, VIRGINIA CITY, NEVADA

MINUTES

BILL SJOVANGEN
CHAIRMAN

BILL MADDOX
DISTRICT ATTORNEY

MARSHALL MCBRIDE
VICE-CHAIRMAN

LANCE GILMAN
COMMISSIONER

VANESSA DU FRESNE
CLERK-TREASURER

Roll Call: Chairman Sjovangen, Vice-Chairman McBride, Commissioner Gilman, Clerk & Treasurer Vanessa DuFresne, County Manager Pat Whitten, and Comptroller Hugh Gallagher

1. **CALL TO ORDER AT 9:00 A.M.**

The meeting was called to order by the Chair at 9:00 am

2. **PLEDGE OF ALLEGIANCE**

The Chair led those present in the Pledge of Allegiance

3. **DISCUSSION/POSSIBLE ACTION:** Approval of Agenda for September 27, 2013

No comment.

Motion: Approve the agenda for September 27, 2013 **Action:** Approve **Moved by** Vice-Chairman McBride **Seconded by** Commissioner Gilman

Vote: Motion carried by unanimous vote (**summary:** Yes=3)

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

Comptroller Hugh Gallagher thanked the Board for calling the special meeting. In addition he thanked Mike Nevin for the timeline he provided the passion he has for the project. The current state of the wastewater treatment facility is critical. Mr. Gallagher provided a timeline of events to follow the approval of the Interim Debenture. Construction date is tentative for January 28th at this time; the USDA has indicated we may start the bid cycle earlier than anticipated, prior to BLM approval. He doesn't want to wait any longer, he would like to settle in with a lender and

begin working on rates. Mr. Gallagher discussed scenarios that involve draws and complicate the loan, he would like to avoid that, he prefers fixed rates. An RFP was sent out, responses were received from Zion Bank and Wells Fargo and Wells Fargo was far and above the best lender to return a proposal. Mr. Gallagher stated he had a conversation with Mr. Greg Titus of Bank of America, he informed Mr. Gallagher that his bank would not be submitting a proposal due to "having bigger fish to fry." Mr. Whitten added that having worked in banking for years, that is something you never say, a simple "we couldn't prepare a packet" would have been sufficient. It appears that Bank of America doesn't want to do business in Storey County.

Mark Joseph Phillips stated that his understanding is that up until now Storey County has been paying fines on the current wastewater treatment plant, which is a rumor he heard. Mr. Phillips added that it will be the rate payers that pay for the loan, he asked of the contractors planning development will be asked to help pay. Mr. Phillips asked what the fixed rate is. Mr. Gallagher responded 1.56%.

Mr. Whitten stated that we have not been deferring to the point of a fine but we are at a critical point, he would be aware if a fine had been levied. The plant is failing, it is fixing to die. A technical point is that the water/sewer subscribers will not be repaying the loan; it is only the sewer subscribers. Mr. Whitten explained that not all water subscribers also have sewer services. He explained that we get \$2.3 million from the USDA in a grant, it is a gift. The project is going to cost \$5.3 million just for the plant. They will also loan us at low rate of 2.5% for 40 years on a takeout loan of the \$3 million, but they can't finance the interim construction. The USDA will pay of this interim financing in 18 months or less and then the sewer subscribers will begin paying back the loan. Included in the public packet is an analysis done by the USDA, Farr West Engineering and Mr. Gallagher showing that rates would have to go up to cover this. There are 553 connections the sewer service today, in order to pay back the \$3 million at the rates and terms 3 scenarios were identified. The first being raising everyone's rates equally with the debt divided, this would result in a rate increase of \$11.78 per month beginning next July or later. If you skewed it a little under the assumption that commercial generally uses more sewer, which may not be true across all commercial, the commercial rate would go up to \$14.24 per month and \$10.71 per month for residential. The last scenario is at one and half times. We will be doing a detailed analysis at which commercial business really use more sewer. Mr. Whitten stated that the connection rates are looked at closely and compared to surrounding entities, we will continue to use Farr West for that analysis.

Motion: Approve Wells Fargo as the lender for the \$3,002,000 Interim Debenture for the purpose of building a new Wastewater Treatment Facility, **Action:** Approve **Moved by** Vice-Chairman McBride **Seconded by** Commissioner Gilman

Vote: Motion carried by unanimous vote (**summary:** Yes=3)

5. **PUBLIC COMMENT (No Action)**

None

6. **BOARD COMMENT (No Action - No Public Comment)**

None

7. **CORRESPONDENCE (No Action - No Public Comment)**

None

8. **ADJOURNMENT**

The meeting was adjourned by the call of the Chair at 9:17am

Respectfully submitted,

By _____
Vanessa DuFresne, Clerk-Treasurer