

**MEETING OF THE
STATE BOARD FOR FINANCING WATER PROJECTS**

Summary Minutes

Tuesday, April 28, 2015

1:30 PM

901 S. Stewart St., 4th Floor Great Basin Conference Room

Carson City, NV 89701

Telephone Conference Call

Members Present:

Bruce Scott, Chairman
Andrew Belanger, Vice-Chairman
Steve Walker
Lori Williams (by phone)
Mike Workman (by phone)
Jennifer Carr, Ex-officio Member

Staff Attending:

Katie Armstrong, DAG
Daralyn Dobson
Michelle Stamates
Dave Gaskin
Adele Basham
Jason Cooper
Kathy Rebert

A. INTRODUCTION AND ROLL CALL (Non Action)

Chairman Scott opened the meeting and invited Board members and others present and on the phone to introduce themselves.

B. APPROVAL OF MINUTES - January 27, 2015 MEETING (For Possible Action)

Motion: Mr. Belanger moved to accept the minutes as written and the motion was seconded by Mr. Workman. The minutes were approved by majority, with Mr. Walker abstaining since he was not in attendance at the last Board meeting.

C. DRINKING WATER STATE REVOLVING FUND PROGRAM

1. Discussion and Possible Approval of the 2016 Priority List (For Possible Action)

For a copy of the Priority List, see Attachment 1.

Ms. Stamates presented the 2016 Priority List, noting that the workshop to provide public comment on the List was the previous day, April 27, and that there were some changes to the original List as a result. Board members had been provided a copy of the revised List. She discussed the regulations relating to the List, the ranking process, and the List development.

Ms. Stamates and Ms. Dobson answered a few questions or provided clarification for the Board.

Motion: Mr. Walker moved to approve the Resolution designated the “Year 2016 Project Priority List, Drinking Water State Revolving Loan Fund” to approve the priorities for determining which water systems will receive money from the account of the revolving fund as required in Nevada Revised Statutes 445A.265 (3). The motion was seconded by Ms. Williams and unanimously approved.

2. Discussion and Possible Approval of Loan Commitments

a. Virgin Valley Water District - Loan Refinancing (For Possible Action)

Mr. Jason Cooper, who researched, set up policies for refinancing and performed most of the review and analysis for this refinance presented the proposal to the Board. Mr. Cooper explained this would be a refinancing of outside debt and determination was made that it does qualify under the State Revolving Fund (SRF) Loan program.

Mr. Cooper explained this is a project that is very exciting for the SRF program; it is brand new to the program. Staff had been exploring ways to use unliquidated obligations, which the Environmental Protection Agency (EPA) had been stressing, as well as still being a benefit to the communities. Refinancing the debt would result in substantial interest savings to Virgin Valley and would also allow the SRF program to use available federal funds to get them working for us. Ultimately, this would allow the SRF program to use cash already in its bank account reloaned back out to recipients, earning a better rate of return.

A copy of the staff report for this agenda item may be found in Attachment 2.

Representing Virgin Valley on the phone were Wes Smith, Accountant, Kevin Brown, General Manager, and Marty Johnson, financial advisor with JNA Consulting. A few questions were asked for clarification.

Motion: Mr. Belanger moved to adopt Resolution designated the “04-2015 Virgin Valley Water District Refinancing Loan Commitment Resolution” to approve a loan commitment in an amount not to exceed \$13,800,000 for the purpose of refinancing existing debt. Motion was seconded by Mr. Walker and passed unanimously.

D. BOARD COMMENTS - (Non Action)

None.

E. PUBLIC COMMENTS - (Non Action)

None.

At this point in the meeting, Ms. Stamates asked that a date for the next meeting be discussed. Consensus was the next meeting would be scheduled for July 14, 2015 at 1:30 PM.

F. ADJOURNMENT

There being no other business, the Board meeting adjourned at 1:57 PM.

ATTACHMENTS

ATTACHMENT 1: 2016 Priority List

ATTACHMENT 2: Virgin Valley Water District - Loan Refinancing

ATTACHMENT 1

2016 DWSRF Priority List

Year 2016 Priority List

Board for Financing Water Projects Summary Drinking Water State Revolving Fund April 2015

GENERAL

The Nevada Division of Environmental Protection (Division) administers the Drinking Water State Revolving Loan Fund (DWSRF) under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive. The development of the Priority List of projects is an integral part of the DWSRF program and is required by both federal and state regulation. Only those projects on the Priority List will be considered for possible funding. NRS 445A.265 (3), requires the Board for Financing Water Projects approve the Priority List.

RANKING PROCESS

Nevada uses a ranking system to prioritize the order in which eligible projects will be financed [Nevada Administrative Code (NAC) 445A.67566 to 445A.67574, inclusive]. In general, priority is given to projects that facilitate compliance with national primary drinking water regulations applicable to the public water system under Section 1412 of the Safe Drinking Water Act. The priority ranking system is described in detail in NAC 445A.67569. Projects are ranked into the following four classes, listed in order of priority:

1. Class I: Significant (acute) health risks;
2. Class II: Violation of primary and/or secondary drinking water standards (chronic health risks);
3. Class III: Infrastructure rehabilitation/replacement; and
4. Class IV: Refinance of existing debt

As specified in NAC 445A.67569, points assigned to address different problems within a class are additive. The initial ranking number is multiplied by the ratio of the state median household income to the public water system median household income. If two or more water projects within the same class have the same final rank number, the water project that is associated with the service area with the highest population is ranked higher. Within each of the above categories, the projects are ranked by type of public water system in the following order:

1. Community public water systems;
2. Non-transient, non-community water systems (Non-profit only); and
3. Transient, non-community water systems (Non-profit only)

The NAC allows the Division to consider any other factor as provided in the Intended Use Plan established for the year in which the priority list is developed. Eligible projects on the priority list may be bypassed if the applicant withdraws a project, requests that action be deferred, fails to meet submittal deadlines, or is not ready to proceed as determined by the Division. The projects that are bypassed are provided notice by the Division and have an opportunity for objection.

2016 PRIORITY LIST DEVELOPMENT

In late December 2014, the Division sent a solicitation to all eligible water systems for proposed new water projects. The following fourteen (14) new projects submitted pre-applications to be added to the 2016 Priority List.

<u>Rank</u>	<u>Applicant</u>	<u>Project</u>
15	Blue Diamond Water District	PER, ER & full system repair/rehabilitation
17	Elko Co for Montello	New spring source
18	Topaz Ranch Estates GID	Rehabilitation/replacement: well, storage tank, transmission & distribution lines
23	Las Vega Valley Water District	System rehabilitation: source, storage, distribution & backflow
27	Gerlach GID	Replace redwood storage tank
28	Sage Valley MHP	System rehabilitation: new well pump, pressure tank & flow meter
45	Baker GID	Storage Tank Repair
46	Baker GID	Storage Tank Replacement
48	Silver Peak	PER, ER & distribution lines
57	Kyle Canyon	Well Replacement
76	Douglas County Public Works	Telemetry & SCADA improvements
81	Virgin Valley Water District	Loan refinancing
82	Topaz Ranch Estates GID	Loan refinancing
83	City of Fernley	Loan refinancing

Nine (9) projects that were funded and completed or no longer wish to be on the Priority List were removed.

Public Participation

Federal and state regulations require that the priority list go through a public review process. A public workshop was held in Carson City on April 27, 2015. Prior to the workshop, the proposed, revised list and notice of the workshop were sent to all systems with projects on the list. A public notice of the workshop was published in newspapers in Reno, Las Vegas, Carson City, and Elko and was posted in state buildings and on state websites as required by NRS 241.020 (3).

Recommendation

It is recommended that the Board for Financing Water Projects approve the Year 2016 Priority List. A resolution to that effect is attached.

RESOLUTION

A RESOLUTION DESIGNATED THE “YEAR 2016 PROJECT PRIORITY LIST, DRINKING WATER STATE REVOLVING FUND” TO APPROVE THE PRIORITIES FOR DETERMINING WHICH WATER SYSTEMS WILL RECEIVE MONEY FROM THE ACCOUNT OF THE REVOLVING FUND AS REQUIRED IN NEVADA REVISED STATUTES 445A.265 (3).

WHEREAS, the Nevada Division of Environmental Protection is authorized pursuant to NRS 445A.200 to 445A.295, inclusive, to establish procedures for the administration of the Drinking Water State Revolving Fund; and

WHEREAS, the Drinking Water State Revolving Fund Program Guidelines promulgated by the United States Environmental Protection Agency require that the State establish a priority list of public water system projects eligible for funding from the Drinking Water State Revolving Fund and seek public review and comment on the priority list; and

WHEREAS, NRS 445A.265 (3) requires that the Division of Environmental Protection shall not establish the priorities for determining which public water systems will receive money from the account for the revolving fund without obtaining the prior approval of the Board for Financing Water Projects; and

WHEREAS, the Nevada Division of Environmental Protection may at any time after receiving approval from the Board for Financing Water Projects revise the ranking of a water project in accordance with NAC 445A.67567; and

WHEREAS, the Nevada Division of Environmental Protection provided notice and held a workshop for public comments on its proposed priority system on April 27, 2015 in Carson City; and

WHEREAS, all substantive comments, suggestions or recommendations were addressed;

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD FOR FINANCING WATER PROJECTS OF THE STATE OF NEVADA:

Section 1. This Resolution shall be known as and may be cited by the short title of the “Year 2016 Priority List Resolution.”

Section 2. Based on its review of the information and recommendation submitted to the Board concerning the Year 2016 Priority List, the Board hereby makes the following findings of fact in support of its determination to approve the revised priority list:

(a) The Nevada Division of Environmental Protection has provided public notice of the Year 2016 Priority List;

(b) The Nevada Division of Environmental Protection held a workshop for public review and comment of the priority list; and

(c) The Nevada Division of Environmental Protection addressed all substantive comments from the public.

Section 3. In connection with its findings of fact set forth in Section 2 of this Resolution, the Board has determined, and does hereby declare, that it approves the Year 2016 Priority List of public water system projects eligible for funding by the Drinking Water State Revolving Fund.

Section 4. The Year 2016 Priority List included as Attachment A to this resolution and by reference incorporated herein is a true and correct copy filed with the Board for Financing Water Projects by the Nevada Division of Environmental Protection.

Section 5. This resolution shall be effective on its passage and approval.

PASSED, ADOPTED AND SIGNED APRIL 28, 2015.

Chairman
Board for Financing Water Projects

Attest:

Advisor
Board for Financing Water Projects

Attachment A

2016 Priority List

DRAFT-Final Year 2016 Priority List - Drinking Water State Revolving Fund

<u>Rank</u>	<u>Water System</u>	<u>Total Points</u>	<u>State MHI/ PWS MHI</u>	<u>Revised Points</u>	<u>Ownership of System</u>	<u>County</u>	<u>ID#</u>	<u>Pop. Served</u>	<u>Number of Svc. Conn.</u>	<u>Project Description</u>	<u>Amount</u>
Class I--Acute Health Risks											
Community Public Water Systems											
1	Kingsbury GID	5	0.71	3.57	Public	DO	NV0000004	3,839	2,450	Surface water treatment plant relocation	\$12,000,000
Total Class I											\$12,000,000

Class II--Chronic Health Risks											
Community Water Systems											
2	Roark Estates HOA	10	1.99	19.94	Private	CL	NV0000319	62	27	Arsenic compliance	\$300,000
3	McDermitt GID	10	1.47	14.69	Public	HU	NV0000162	200	100	Arsenic compliance	\$500,000
4	Wildes Manor MHP	10	1.34	13.45	Private	CH	NV0000058	70	20	Arsenic compliance	\$375,000
5	Truckee Meadows Water Authority	11	1.13	12.42	Public	WA	NV0000190	325,000	91,000	Groundwater treatment (arsenic, iron, manganese removal) for reliable source during drought	\$27,065,038
6	Carson City Utilities	10	1.02	10.16	Public	CC	NV0000015	56,000	16,447	Arsenic & Uranium compliance (pipeline to Douglas Co and transmission within Carson City)	\$8,000,000
7	Silver Knolls Mutual Water Co	10	1.00	9.95	Private	WA	NV0004021	120	63	Arsenic compliance	\$516,000
8	Douglas Co (Sierra Country Estates)	10	0.69	6.92	Public	DO	NV0000931	39	17	Lead Compliance - Consolidation & Treatment	\$1,300,000
9	Rosemount Water Company	10	0.69	6.87	Private	WA	NV0000767	55	23	Uranium compliance, storage tank refurbishment	\$63,000
10	Mt Rose Bowl HOA	10	0.69	6.87	Private	WA	NV0000732	40	15	PER, Lead Compliance, new storage tank	\$214,144
11	Douglas County (Fairgrounds/Sunrise Estates)	10	0.65	6.45	Public	DO	NV0002540	150	46	Arsenic compliance	\$2,619,000
12	Shoshone Estates HOA	10	0.62	6.25	Private	NY	NV0005028	240	76	Arsenic compliance & other system projects	\$1,660,000
Total Class II											\$42,612,182

Class III--Rehabilitation											
Community Public Water Systems											
13	Lovelock Meadows Water District	43	1.49	63.98	Public	PE	NV0000161	5,278	1,409	New well, transmission line, storage, treatment	\$4,000,000
14	City of Caliente	29	2.13	61.69	Public	LI	NV0000013	1,123	465	Well upgrades, transmission line & distribution line repair/replace	\$1,905,000
15	Blue Diamond Water Coop	59	1.02	60.42	Private	CL	NV0000092	85	23	PER, ER, & full system repair/rehab	\$1,194,400
16	Spirit Mountain Utility	21	2.71	57.00	Public	CL	NV0000221	244	120	New well, transmission, & distribution lines	\$1,287,500
17	Elko Co (Montello)	15	3.44	51.61	Public	EL	NV0000169	180	75	New spring source	\$503,940
18	Topaz Ranch Estates GID	39	1.19	46.57	Public	DO	NV0000239	1,501	730	Rehabilitation/replacement: well, storage tank, transmission & distribution lines	\$13,773,956
19	Elko Co (Montello)	13	3.44	44.73	Public	EL	NV0000169	150	73	Storage tank, hauled water metering station	\$375,375
20	Lyon County Utilities (Dayton)	39	1.06	41.33	Public	LY	NV0000838	1,578	895	New well storage, upgrade transmission & distribution	\$1,720,000
21	Goldfield Town Water	33	1.22	40.14	Public	ES	NV0000072	375	276	Well rehabilitation, transmission line replacement, booster pump replacement, tank refurbishment	\$6,090,910
22	Beatty Water & Sanitation District	21	1.76	36.89	Public	NY	NV0000009	1,010	446	Pipeline replacement, storage tanks, controls, & other system projects	\$2,582,830
23	Las Vegas Valley Water District	35	1.03	36.13	Public	CL	NV0000090	1,306,410	354,123	System rehab: source, storage, distribution & backflow	\$15,000,000
24	Orovada GID	19	1.86	35.32	Public	HU	NV0003022	200	50	Storage, distribution, meters	\$1,800,000
25	Elko Co (Mountain City)	23	1.52	34.86	Public	EL	NV0000170	134	40	Spring rehabilitation & transmission line replacement	\$60,000
26	City of West Wendover	24	1.40	33.58	Public	EL	NV0000246	4,990	1,103	Transmission line, distribution, storage	\$1,872,870
27	Gerlach GID	10	2.71	27.15	Public	WA	NV0000071	200	140	Replace redwood storage tank	\$400,000
28	Sage Valley MHP	25	1.06	26.45	Private	CH	NV0002023	188	50	System rehab: new well pump, pressure tank & flow meter	\$60,500
29	Gold Country Water Co	25	1.05	26.34	Private	HU	NV0003079	360	122	Acquisition/consolidation of Star City POA water system	\$675,000
30	Silver Springs Mutual Water Co	15	1.68	25.25	Private	LY	NV0000223	2,500	1,015	Replacement well	\$730,000
31	Gerlach GID	9	2.71	24.43	Public	WA	NV0000071	200	140	Distribution line looping, replacement of service saddles	\$510,000

<u>Rank</u>	<u>Water System</u>	<u>Total Points</u>	<u>State MHI/ PWS MHI</u>	<u>Revised Points</u>	<u>Ownership of System</u>	<u>County</u>	<u>ID#</u>	<u>Pop. Served</u>	<u>Number of Svc. Conn.</u>	<u>Project Description</u>	<u>Amount</u>
Class III--Rehabilitation Community Public Water Systems											
32	Douglas Co (Lake Tahoe Systems)	34	0.69	23.49	Public	DO	NV0000258 & NV0000259	2,800	1,085	Replacement/upgrade: Storage tank, booster stations, water line, & SCADA; addition of redundant treatment microfiltration system	\$14,225,000
33	Elko Co (Jackpot)	18	1.28	23.06	Public	EL	NV0000088	308	88	Removal of old concrete storage tank & installation of new steel 1M-gal storage tank	\$1,416,235
34	Lamoille Water Users, Inc	39	0.59	22.84	Private	EL	NV0000273	200	71	Storage, transmission, distribution	\$500,000
35	Virgin Valley Water District	18	1.19	21.36	Public	CL	NV0000167	18,000	8,071	Transmission main & storage tank - Pulte	\$5,265,000
36	Walker Lake GID	11	1.84	20.20	Public	MI	NV0000268	400	160	Distribution rehabilitation	\$2,000,000
37	Roark Estates HOA	10	1.99	19.94	Private	CL	NV0000319	62	27	New storage tank	\$92,500
38	Elko Co (Jackpot)	15	1.28	19.21	Public	EL	NV0000088	1,195	98	PER - Well 3 replacement	\$50,000
39	Storey County (Virginia City)	24	0.76	18.31	Public	ST	NV0000240	2,517	694	Tank, transmission	\$7,000,000
40	City of Yerington	14	1.30	18.14	Public	LY	NV0000255	2,695	1,573	Distribution line replacement - Phase 1	\$5,431,250
41	Panaca Farmstead	15	1.20	18.05	Public	LI	NV0000185	963	425	Back-up well	\$500,000
42	Virgin Valley Water District	15	1.19	17.80	Public	CL	NV0000167	18,000	8,071	New source(s)	\$4,050,000
43	McGill - Ruth GID	18	0.94	17.00	Public	WP	NV0000164	700	320	New water source for Ruth	\$1,624,000
44	Truckee Meadows Water Authority	15	1.13	16.93	Public	WA	NV0000190	325,000	91,000	TMWA Production Well Additions - 2015	\$4,000,000
45	Baker GID	10	1.69	16.90	Public	WP	NV0000863	100	81	Repair bolted storage tank	\$8,000
46	Baker GID	10	1.69	16.90	Public	WP	NV0000863	100	81	New welded steel storage tank	\$299,000
47	Tonopah Public Utilities	10	1.51	15.09	Public	NY	NV0000237	2,600	1,500	Airport storage tank replacement & booster pump re-conditioning	\$291,220
48	Silver Peak	6	2.49	14.95	Public	ES	NV0000363	111	75	PER, ER, & distribution lines	\$707,700
49	Lyon County Utilities (Silver City)	14	0.96	13.50	Public	LY	NV0000240	244	116	Transmission & distribution line replacement	\$1,900,000
50	Nye County (Gabbs)	6	2.08	12.46	Public	NY	NV0000063	411	160	Distribution line replacement	\$785,000
51	Kingston Town Water Utilities	10	1.22	12.17	Public	LA	NV0000265	300	144	New storage tank	\$570,000
52	City of Henderson	14	0.82	11.46	Public	CL	NV0000076	277,000	92,526	Townsite cast iron transmission and distribution replacement (U0026)	\$2,300,000
53	City of Henderson	14	0.82	11.46	Public	CL	NV0000076	277,000	92,526	North Green Valley Parkway transmission and distribution improvements (U0027)	\$1,200,000
54	City of Henderson	14	0.82	11.46	Public	CL	NV0000076	277,000	92,526	Pittman/Boulder Highway waterline replacement (U0033)	\$4,700,000
55	City of Henderson	14	0.82	11.46	Public	CL	NV0000076	277,000	92,526	Victory Road cast iron main replacement - Townsite Phase 1 (U0034)	\$2,900,000
56	City of Henderson	14	0.82	11.46	Public	CL	NV0000076	277,000	92,526	Townsite cast iron transmission and distribution replacement - Townsite Phase 2 (U0072)	\$4,200,000
57	Kyle Canyon	15	0.75	11.31	Public	CL	NV0000142	1,040	353	New source	\$930,000
58	Stagecoach GID	8	1.27	10.17	Public	LY	NV0000224	1,411	580	Intertie Stagecoach GID with Lyon County Utilities	\$1,280,000
59	Virgin Valley Water District	8	1.19	9.49	Public	CL	NV0000167	18,000	8,071	Transmission main - Mesquite to Bunkerville	\$3,375,000
60	Virgin Valley Water District	8	1.19	9.49	Public	CL	NV0000167	18,000	8,071	Transmission main - Mesquite Heights to Pulte	\$1,080,000
61	McGill - Ruth GID	10	0.94	9.44	Public	WP	NV0000164	700	320	New storage tank for Ruth	\$975,000
62	Truckee Meadows Water Authority	8	1.13	9.03	Public	WA	NV0000190	325,000	91,000	North Valleys Groundwater Integration Project	\$15,000,000
63	City of West Wendover	6	1.40	8.39	Public	EL	NV0000246	4,990	1,103	Sycamore Way Waterline Improvement Project	\$675,400
64	Steamboat Springs Water Works	10	0.84	8.39	Private	WA	NV0000282	750	297	Telemetry, isolation valves	\$60,000
65	Elko Co (Tuscarora)	6	1.22	7.33	Public	EL	NV0000189	40	21	Distribution system looping	\$229,704
66	Sun Valley GID	6	1.21	7.26	Public	WA	NV0000211	19,461	5,963	Distribution to eliminate dead ends, PRV	\$230,900
67	City of Ely	6	1.16	6.95	Public	WP	NV0000038	5,500	2,200	Distribution system improvements	\$6,420,000
68	City of Ely	6	1.16	6.95	Public	WP	NV0000038	5,500	2,200	Upgrade distribution line from Golf Course Well	\$1,122,500
69	Old River Water Company	6	1.06	6.35	Private	CH	NV0000303	300	112	Distribution lines	\$1,451,835
70	Douglas Co (West Valley Water System)	15	0.41	6.15	Public	DO	NV0002564 & NV0002054	1,090	421	New source	\$1,000,000
71	Tonopah Public Utilities	3	1.51	4.53	Public	NY	NV0000237	2,600	1,500	Metering system upgrade to radio read	\$576,000
72	McDermitt GID	3	1.47	4.41	Public	HU	NV0000162	200	100	Meters	\$80,000
73	City of West Wendover	3	1.40	4.20	Public	EL	NV0000246	4,990	1,103	Water meter & meter yolk replacement	\$1,411,600
74	Panaca Farmstead	3	1.20	3.61	Public	LI	NV0000185	963	425	Metering system upgrade to radio read	\$400,000

<u>Rank</u>	<u>Water System</u>	<u>Total Points</u>	<u>State MHI/ PWS MHI</u>	<u>Revised Points</u>	<u>Ownership of System</u>	<u>County</u>	<u>ID#</u>	<u>Pop. Served</u>	<u>Number of Svc. Conn.</u>	<u>Project Description</u>	<u>Amount</u>
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**Class III--Rehabilitation
Community Public Water Systems**

75	Lyon County Utilities (Dayton)	3	1.06	3.18	Public	LY	NV0000032	11,000	5,200	Meters, isolation valves	\$1,150,000
76	Douglas County Public Works	3	0.88	2.64	Public	DO	Multiple	9,450	3,610	Telemetry & SCADA improvements	\$700,000

**Class III--Rehabilitation
Non-Community Public Water Systems**

77	Trout Canyon Land & Water Users Assoc	59	1.23	72.79	Private	CL	NV0004060	140	70	Repair/rehab spring or replace with well; replace transmission & distribution lines; chlorination; additional storage	\$2,996,000
78	Nye County Complex	44	1.29	56.61	Public	NY	NV0002152	100	13	Storage tank replacement, treatment, transmission line replacement, SCADA, & back-up generator	\$405,405
79	Humboldt River Ranch Assoc	15	1.01	15.20	Private	PE	NV0001125	150	10	PER, back-up well & other system requirements	\$150,000
80	City of Reno	10	1.13	11.29	Public	WA	NV0000760	50	1	New storage tank for Sky Tavern	\$750,000

Total Class III	\$163,006,530
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Class IV--Refinance

81	Virgin Valley Water District	0	1.19	0	Public	CL	NV0000167	18,000	7,796	Loan Refinancing	\$13,500,000
82	City of Fernley	0	1.00	0	Public	LY	NV0000062	18,000	7,300	Loan Refinancing	\$47,000,000
83	Topaz Ranch Estates GID	0	1.19	0	Public	DO	NV0000239	2,100	748	Loan Refinancing	\$985,000

Total Class IV	\$61,485,000
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TOTAL FOR ALL PROJECTS	\$279,103,712
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ATTACHMENT 2

Virgin Valley Water District

Virgin Valley Water District
Loan Commitment from Drinking Water State Revolving Fund

Board for Financing Water Projects Summary
Drinking Water State Revolving Fund
April 2015

Applicant: Virgin Valley Water District
Project: Refinancing debt originally issued by Virgin Valley Water District
SRF Loan Amount: Not to exceed \$13,800,000

GENERAL

The 1996 Amendments to the Safe Drinking Water Act (SDWA) authorized the Drinking Water State Revolving Fund (DWSRF). The DWSRF is a national program to assist public water systems in financing or refinancing the cost of drinking water infrastructure projects needed to achieve or maintain compliance with the SDWA requirements and to further the public health objectives of the Act. The SDWA authorizes the US Environmental Protection Agency (EPA) to award capitalization grants to States that have established DWSRF programs. The Nevada Legislature passed legislation which authorizes the Nevada Division of Environmental Protection (Division) to administer the DWSRF under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive. In addition to the authorizing statute, Nevada has adopted Nevada Administrative Code (NAC) 445A.6751 to 445A.67644, inclusive, which describes the program requirements. Federal regulations for implementation of the DWSRF are found in 40 CFR Part 35. In addition to state and federal regulations, the conditions of the grant award, Operating Agreement with EPA and an assortment of policy directives and guidance from EPA govern the DWSRF program.

NAC 445a.67564 specifically authorizes the DWSRF Program to refinance debt that was issued to design, build, or construct a project that would have been approved under the SDWA.

One of the requirements of the NRS pertaining to the DWSRF is that the Division shall not “commit any money in the account for the revolving fund for expenditure...without obtaining the prior approval of the board for financing water projects” (NRS 445A.265, subsection 3).

Background

Virgin Valley Water District (VVWD) is seeking funds from the Drinking Water SRF program to refinance their 2008 General Obligation (Limited Tax) Water Bond (Additionally Secured by Pledged Revenues).

The original bond was sold to fund construction of five (5) arsenic treatment plants, the relocation of a water line under the Virgin River and the application of No. 2 AWG to protect a pipeline from corrosion. The cash flow worksheet provided by the District showed all proceeds were spent on these projects. Additionally, the Projects satisfied the necessary federal cross-cutters in force at the time of the project, including an Environmental Review. These projects could have been funded directly by the DWSRF Program and are therefore, eligible to receive funds under a refinancing agreement using DWSRF funds.

The 2016 Priority List placed Virgin Valley Water District at number 77 under Class IV Refinance. On March 25, 2015, a bypass notice was issued to all eligible projects that were ranked higher. Virgin Valley would like to close this advanced refunding on May 28, 2015, and

therefore be ready to proceed before other projects on the list. No objections to this bypass notice were received.

Financial Evaluation

The bond was originally issued in a competitive bid in April 2008 to mature in March 2033 at a true interest cost of 4.9118%. A recent analysis by The District’s Financial Advisor, Marty Johnson from JNA Consulting, showed a net present value savings of 11.404% if the current SRF interest rate was 2.5%. To put this into cash terms, the District will be able to save on average \$110,716 each debt service and \$1,992,890.83 over the life of the loan by refinancing. This would ultimately strengthen their financial position. Refinancing will allow the District to set-aside funds for capital improvements and reduce the need for future rate increases.

Based upon the financial information provided, VVWD is capable of meeting its short-term and long-term financial needs. The District maintains its accounting records in accordance with generally accepted accounting principals’ for local government and conducts its financial activities in a manner that demonstrates sustainability in their program.

Recommendation

The Division recommends that the Board for Financing Water Projects (Board) approve a resolution committing funds in the amount not to exceed \$13,800,000 for the purposes of refinancing VVWD’s 2008 General Obligation (Limited Tax) Water Bond (Additionally Secured by Pledged Revenues). The Division and VVWD will negotiate the terms and conditions of a loan agreement.

RESOLUTION

A RESOLUTION DESIGNATED THE "04-2015 THE VIRGIN VALLEY WATER DISTRICT REFINANCING LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF REFINANCING EXISTING DEBT.

WHEREAS, the Board for Financing Water Projects (the "Board") of the State of Nevada (the "State") is authorized by Nevada Revised Statutes ("NRS") Chapter 445A.265 to approve for the Division of Environmental Protection ("Division") prioritized lists of water projects and to approve the commitment of funds from the account for the revolving fund for loans to community water systems and non-transient water systems for costs of capital improvements and refinancing debt required and made necessary pursuant to NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*) and by the regulations adopted pursuant thereto; and

WHEREAS, the Division has the responsibility of administering the Drinking Water State Revolving Fund program; and

WHEREAS, on April 28, 2015, the Board, pursuant to NRS 445A.265, approved the Year 2016 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

WHEREAS, the Virgin Valley Water District owns and operates a public water system located in and around Mesquite, Nevada; and

WHEREAS, the Division ranked the Project as #81 on the Year 2016 Priority List of water projects, which was approved by the Board on April 28, 2015; and

WHEREAS, the Virgin Valley Water District Loan is one of those loans which funded a project that qualifies under the Safe Drinking Water Act and to which a loan could have been offered when the Project was originally performed; and

WHEREAS, the Division has determined that the Virgin Valley Water District has the technical, managerial and financial capability to manage and repay a loan for the refinanced Bond; and

WHEREAS, the Division has taken all necessary and proper actions with respect to the Application as required pursuant to the regulations adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive) pertaining to loan applications; and

WHEREAS, the Board must give prior approval before the Division may commit any money in the account for the revolving fund for expenditure for the purposes set forth in NRS 445A.275;

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD FOR FINANCING WATER PROJECTS OF THE STATE OF NEVADA:

Section 1. This Resolution shall be known as the “04-2015 The Virgin Valley Water District Refinancing Loan Commitment Resolution.”

Section 2. The terms and conditions for providing loans to the Applicant shall be negotiated by the Virgin Valley Water District with the Division.

Section 3. Based on the review of the Application by the Division and based on the recommendation submitted by the Division to the Board concerning the Refinancing, and subject to the provisions of Section 2 of this Resolution, the Board hereby approves a commitment of funds in the amount not to exceed \$13,800,000 from the account for the revolving fund in accordance with NRS 445A.265.

Section 4. Based on the review of the Application by the Division and based on the recommendation submitted by the Division to the Board concerning the Refinancing, and subject to the provisions of Section 2 of this Resolution, the Board hereby approves a commitment of funds in the amount not to exceed \$13,800,000 from the account for the revolving fund for a new loan to refinance existing debt of Virgin Valley Water District in accordance with NRS 445A.265.

Section 5. The Board further recommends that the Division take all other necessary and appropriate actions to effectuate the provisions of this Resolution in accordance with NRS 445A.200 to 445A.295, inclusive, and the Regulations adopted pursuant thereto.

Section 6. This resolution shall be effective on its passage and approval.

PASSED, ADOPTED AND SIGNED APRIL 28, 2015

Chairman
Board for Financing Water Projects

Attest:

Advisor
Board for Financing Water Projects