

MEETING OF THE
STATE BOARD FOR FINANCING WATER PROJECTS

Summary Minutes

Tuesday, October 20, 2009
9:30 AM

The Bryan Building
901 S. Stewart Street - 2nd Floor, Tahoe Room
Carson City, Nevada 89701

Members Present:

Bruce Scott, Chairman
Brad Goetsch, Vice-Chairman
Steve Walker
Lori Williams
Andrew Belanger
Jennifer Carr, Ex-officio Member

Staff Attending:

Nhu Nguyen, DAG
Dave Emme
Adele Basham
Daralyn Dobson
Kathy Rebert

Members Absent: None

A. INTRODUCTION AND ROLL CALL (Non Action)

Chairman Scott opened the meeting and asked everyone to introduce themselves.

B. APPROVAL OF MINUTES - SEPTEMBER 10, 2009 MEETING (Action)

Motion: Mr. Goetsch moved the minutes be adopted as written. Ms. Williams seconded and the motion passed.

C. FUNDING STATUS

1. DWSRF ARRA Loan Funds & Capital Improvement Grants Funds (Non Action)

Ms. Dobson gave a summary from the DW ARRA Grant Balance sheet in the Board packet. See **ATTACHMENT 1** for a copy of that document.

Mr. Walker expressed his pride in the SRF program and the use of the stimulus money in providing funding to rural Nevada projects.

D. DRINKING WATER STATE REVOLVING FUND PROGRAM

Chairman Scott moved agenda item D1 to allow one of the public associated with the project time to arrive and went to agenda item D2.

2a. Walker Lake GID (Action)

Ms. Basham presented background information and details of this proposed project. See **ATTACHMENT 2** for the full loan commitment document and resolution. The Walker Lake GID (WLGID) system consists of two wells, one of which is no longer functional. The proposed project is to first conduct groundwater exploration including the evaluation of both bedrock and alluvial water resources. It is estimated the project construction will create approximately 8 jobs.

The Division recommends that the Board approve a loan commitment from the loan fund of the DWSRF ARRA funds in the amount of \$530,671 to Walker Lake GID. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan for ARRA, 100% of the principal will be forgiven. The Division and the Walker Lake GID will negotiate the terms and conditions of a loan agreement.

Mr. Walker asked about the decrease in water quality. Mr. Kirk Swanson, Farr West Engineering, responded that as the Walker Lake level has dropped, the existing wells have shown increased arsenic and higher Total Dissolved Solids (TDS).

Chairman Scott asked Mr. Mark Nixon, Walker Lake GID, if he had anything to add to the background. Mr. Nixon said they (WLGID) have been trying for years to locate a new water source. The difference with this project is there will be some exploratory and scientific work performed before any holes are drilled. There was some discussion about exploration and potential well location areas.

Mr. Goetsch asked if WLGID would have to come back to the Board to request funds for development and pipeline. Mr. Swanson explained that the intent is for the project to be finished with the funds being requested however until exploration is finished, that could not be guaranteed.

Ms. Williams asked what would happen if WLGID can't find a good location for a well; would the money then go toward a treatment plant or would the Board have to approve use of the money for a treatment plant. Ms. Basham answered that if the money wasn't used, it would go back into the ARRA fund to be used for other projects that are ready to construct in order to meet stimulus funds deadlines. WLGID would then have to request other source funding from the Board.

Motion: Ms. Williams moved to adopt resolution designated the "American Recovery and Reinvestment Act 10-2009 Walker Lake General Improvement District Project Loan Commitment Resolution" to approve a loan commitment for the purpose of financing certain water projects in the amount of \$530,671. This would be a 100% principal forgiveness loan. The motion was seconded by Mr. Goetsch and passed unanimously.

1a. Sage Valley Mobile Home Park (Action)

Mr. Goetsch recused himself due to his position with Churchill County (in which the MHP is located). Mr. Goetsch moved to the audience.

Ms. Basham presented background information and details of this proposed project. See **ATTACHMENT 3** for the full loan commitment document and resolution. The current water system consists of one well and the water exceeds the drinking water standard for manganese which is causing the water to turn black. The proposed project is to install a manganese removal treatment system. The project includes the addition of a pressure tank to allow the water system to operate at a constant pressure. The treatment system and new pressure tank will be housed in a new building. It is estimated the project will create approximately 5 jobs. Sage Valley MHP far exceeds the requirements for additional subsidies, making a principal forgiveness loan appropriate. The Sage Valley MHP will contribute \$3,500 toward the total project cost of \$98,300.

The Division recommends that the Board approve a loan commitment from the loan fund of the DWSRF ARRA funds in the amount of \$94,800 to Sage Valley Mobile Home Park. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan for ARRA, 100% of the principal will be forgiven. The Division and the Sage Valley Mobile Home Park will negotiate the terms and conditions of a loan agreement.

Mr. Marty Ulgade of Day Engineering and Mr. Paul Strasdin, Certified Operator for Sage Valley MHP answered a few questions from Board members about the existing system and regarding the type of technology that will be used to remove the manganese.

Motion: Mr. Walker moved under the American Recovery and Reinvestment Act the Sage Valley Mobile Home Park Project Loan Commitment be approved for a loan in the amount of \$94,800 and that it be a principal forgiveness loan. Ms. Williams seconded. The motion passed with Mr. Goetsch abstaining.

3a. Carvers Smokey Valley RV/MHP (Action)

Ms. Basham presented background information and details of this proposed project. See **ATTACHMENT 4** for the full loan commitment document and resolution.

The majority of the residents of Carvers MHP are employees of Round Mountain Mine north of Tonopah. The MHP water system is not in compliance with the MCL for arsenic requirements of the Safe Drinking Water Act. The proposed project is to construct an arsenic removal treatment system which consists of 3 treatment ion exchange resin units. Iron oxide treatment technology was evaluated and determined to have a higher cost than the ion exchange. Consolidation with Shoshone Estates was also evaluated; consolidation would present administrative challenges that unlikely couldn't be resolved within the timeframes required by ARRA. In addition the cost would be much higher than the proposed project. It is estimated project construction will create approximately 3 jobs.

Environmental review of water projects is conducted by NDEP and NDEP has determined that Carvers MHP project is eligible for a categorical exclusion, exempting it from further environmental review.

This is a loan, not a principal forgiveness. It has been determined the MHP owner is committed to maintain a fiscally sound operating policy. The Division recommends that the Board approve a loan commitment from the loan fund of the DWSRF ARRA funds in the amount of \$65,000 to Carvers Mobile Home Park. The loan will be for a term of not to

exceed 20 years and at an annual interest rate of 0% since the source of funds for the loan is from ARRA. The Division and the Carvers Mobile Home Park will negotiate the terms and conditions of the loan agreement.

Board members asked a few questions of Mr. Don Meighan, owner of Carvers MHP, and Mr. Gardner Davis of Garner's Water Service who treats the water. Mr. Walker asked what happens to the arsenic once removed from the system. Mr. Davis explained the treatment process which essentially dilutes and regenerates. Ms. Carr discussed with Mr. Meighan where the water was disposed and whether Water Pollution Control had been consulted.

Motion: Mr. Belanger moved the Board adopt the resolution designated the "American Recovery and Reinvestment Act 10-2009 Carvers Mobile Home Park Project Loan Commitment Resolution" to approve a loan commitment for the purpose of financing certain water projects in the amount of \$65,000 and the loan be repaid over 20 years at an annual interest rate of 0%. The motion was seconded by Mr. Walker and passed unanimously.

Note: There were no agenda items E or F.

G. Board Comments (Non Action)

Mr. Goetsch informed the Board that Churchill County has purchased land west of Fallon where there is better water that requires little or no treatment. Currently there are not enough funds to build the wells and pipelines however eventually there will be the ability to provide better quality water to people.

Chairman Scott encouraged Board members to attend the upcoming training for Boards and Commissions given by the AGs Office. Ms. Nguyen said even if one has attended this training before, she recommends going again because there may be changes and it is a good refresher.

Mr. Scott announced he has been reappointed to the Board by the Governor. A discussion took place about Mr. Walker's expired term.

H. Public Comments (Non Action)

None

Motion: Mr. Goetsch moved to adjourn, Mr. Walker seconded.

Minutes prepared by Kathy Rebert, NDEP, Recording Secretary.

ATTACHMENTS

ATTACHMENT 1: ARRA Grant Balance sheet as of 10/08/09

ATTACHMENT 2: Walker Lake GID Loan Commitment and Resolution

ATTACHMENT 3: Sage Valley Mobile Home Park Loan Commitment and Resolution

ATTACHMENT 4: Carvers Mobile Home Park Loan Commitment and Resolution

ATTACHMENT 1

ARRA Grant Balance sheet as of 10/8/09

**DW ARRA Grant Balance
as of 10/08/09**

Subsidy Projects		
Approval/Board Submittal Date	Water System	Amount
6/18/2009	Schurz Elementary School	327,000
6/18/2009	Hawthorne Utilities	470,000
6/18/2009	Silver Springs Mutual Water Co.	2,871,350
6/18/2009	McDermitt	492,000
6/18/2009	Beatty Water and Sanitation Dist.	2,910,000
7/24/2009	Alamo Sewer and Water GID	302,000
7/24/2009	Silver Springs Mutual Water Co.	791,000
7/24/2009	Tolas Water Works	720,000
7/24/2009	Jackpot	737,000
9/10/2009	Devil's Gate	565,000
Total Previously Approved		10,185,350
October Board Submittals		
	Walker Lake	530,671
	Sage Valley MHP	94,800
Total Submitted for Board Approval		625,471
Total		10,810,821
ARRA Requirements		9,750,000
Remaining		(1,060,821)

Green Projects		
Approval/Board Submittal Date	Water System	Amount
7/24/2009	TMWA	2,000,000.00
7/24/2009	SNWA	2,000,000.00
Total Previously Approved		4,000,000.00
October Board Submittals		
Total Submitted for Board Approval		0.00
Total		4,000,000.00
ARRA Requirements		3,900,000.00
Remaining		(100,000.00)

White Projects		
Approval/Board Submittal Date	Water System	Amount
6/18/2009	Carson City	3,400,000.00
7/24/2009	Topaz Lake Water	780,000.00
Total Previously Approved		4,180,000.00
October Board Submittals		
	Carver's Smokey Valley RV Park	65,000.00
Total Submitted for Board Approval		65,000.00
Total		4,245,000.00
ARRA Requirements		5,405,821.00
Remaining		1,160,821.00

Total ARRA Projects Approved/Submitted	19,055,821.00
Total ARRA Grant Award	19,055,821.00
Remaining	0.00

ATTACHMENT 2

Walker Lake GID Loan Commitment and Resolution

Walker Lake General Improvement District Loan Commitment

Board for Financing Water Projects Summary Drinking Water State Revolving Fund October 2009

Applicant: Walker Lake General Improvement District
Project: Exploratory wells and production well
ARRA Funds: \$530,671

BACKGROUND

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 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 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 Administrative Code (NAC) 445A.6751 to 445A.67644 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.

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).

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) of 2009 into law. The overall purpose of the Act is to create or save jobs and promote economic recovery. The Walker Lake General Improvement District project, if approved, will utilize ARRA funds.

The community of Walker Lake is on the west shore of Walker Lake, about 12 miles north of Hawthorne and 120 miles south of Reno on US 95. The wells have had a history of sanding and currently only one of the two wells is operational and as Walker Lake's water surface elevation continues to decline, both water quality and water quantity appear to be declining.

CURRENT SYSTEM

The Walker Lake GID system consists of two wells, chlorination, a 225,000 gallon storage tank and distribution. One of the wells, considered the backup well, is no longer functional. The average daily consumption is approximately 74,000 gallons.

Customers, Population and Growth

Walker Lake GID has 200 residential service connections and serves a population of approximately 400 people.

PROPOSED PROJECT

The proposed project is for groundwater resource exploration. The investigation proposes to evaluate both the bedrock and alluvial water resources building off previous investigative efforts. The effort will combine detailed geologic mapping, surface geophysical techniques, drilling of alluvial and bedrock targets and water quality sampling as appropriate. The location of the GID adjacent to an area of significant recharge (Mount Grant) and favorable hydrogeologic setting for developing water resources make the GID a strong candidate for locating a new water source and hopefully eliminating the need for treatment.

If the outcome of the exploration is successful, a production well will be drilled assuming adequate funds are available. Walker Lake GID already has the well casing from a recent unsuccessful attempt to install a production well.

Alternatives to Proposed Project

Investigation of groundwater resources is a critical first step in finding additional water sources for Walker Lake GID. The need to replace the existing wells because of well integrity problems and the decreasing water quality at existing wells provides the GID with the opportunity to select the alternative with the least cost for long term groundwater production. Alternatives to the proposed project include consolidation and treatment. Treatment would still require the installation of new wells that would not be subject to declining groundwater water levels as the level of Walker Lake continues to decline. The community of Hawthorne is approximately 12 miles from Walker Lake GID. A detailed discussion of alternatives was included in the 2005 Preliminary Engineering Report.

Environmental Review

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. NDEP has made a finding of no significant impact (FONSI) for the Walker Lake General Improvement District project. The basis of this determination is that the project construction is temporary and in areas which have been previously disturbed.

Permits

If acceptable water is found for a production well, the NDEP Bureau of Safe Drinking Water has already approved the well design.

Jobs Created

It is estimated that project construction will create approximately 8 jobs.

Financial Evaluation

In order to receive the ARRA grant award from United States Environmental Protection Agency, the State of Nevada must agree to use at least 50% of its grant to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Nevada specified in the ARRA Intended Use Plan that additional subsidy will be offered to communities that meet the definition of disadvantaged community. The Nevada Administrative Code defines a disadvantaged community as an area served by a public water system in which the median income per household is less than 80 percent of the median household income (MHI) of the state. Based on the 2000 census 80 percent of Nevada's MHI is \$35,668.

There is not a 2000 Census Block Group that covers just Walker Lake GID service area; however, the median household income for Mineral County is \$32,891 which meets the requirements for additional subsidy, making a principal forgiveness loan to the Walker Lake GID appropriate.

Water Rates

A typical average monthly bill for Walker Lake GID is \$68.50.

Cost Estimate – ARRA Funding

If the Board for Financing Water Projects approves the Sage Valley and Carvers Mobile Home Park projects on the October 10, 2009 agenda, \$530,671 in ARRA funds remain available. The Walker Lake GID's will be the last project to receive a commitment of ARRA funding. The loan application submitted by Walker Lake GID was for more than is available; however the GID has informed staff that they can utilize the remaining ARRA funds by phasing their proposed project.

Technical, Managerial and Financial Capacity

The water quality currently meets the MCLs and generally all monitoring requirements have been met. The Walker Lake General Improvement District employs a certified operator who has the technical knowledge and ability to operate the system.

Compliance with Safe Drinking Water Act

The Walker Lake General Improvement District is in compliance with requirements of the Safe Drinking Water Act. The decreasing water quality will eventually result in the system becoming noncompliant for the arsenic MCL and probably other constituents. The failing well integrity will eventually result in well failures.

Status of Drinking Water State Revolving Loan Fund ARRA Funds

Nevada received \$19.5 million in ARRA funds for the DWSRF. After reserving set-asides, \$19,056,000 remains available for loans. Of the \$19,056,000, the Board committed \$10,469,350 at the June 15, 2009 Board meeting, \$7,330,000 at the July 24, 2009 Board meeting and \$565,000 at the September 10, 2009 Board meeting leaving \$691,650 in uncommitted loan funds.

Division Recommendations

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF ARRA funds in the amount of \$530,671 to Walker Lake GID. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan for ARRA, 100% of the principal will be forgiven. The Division and the Walker Lake General Improvement District will negotiate the terms and conditions of a loan agreement.

RESOLUTION

A RESOLUTION DESIGNATED THE "AMERICAN RECOVERY AND REINVESTMENT ACT 10-2009 WALKER LAKE GENERAL IMPROVEMENT DISTRICT PROJECT LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS.

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 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 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 February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) which allocated additional funds to the Drinking Water State Revolving Fund; and

WHEREAS, on April 20, 2009 the Board, pursuant to NRS 445A.265, approved the ARRA Funds 2009 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 Walker Lake General Improvement District owns and operates the public water system in Walker Lake, Nevada; and

WHEREAS, Walker Lake General Improvement District submitted a pre-application to the Division for funding a project to make improvements to the water system, which is hereinafter referred to as the "Project"; and

WHEREAS, the Division ranked the Project as #37 on the ARRA Funds Year 2009 Priority List of water projects, which was approved by the Board on April 20, 2009; and

WHEREAS, the Walker Lake General Improvement District submitted to the Division a Letter of Intent to proceed with the Project; and

WHEREAS, the Walker Lake General Improvement District project is ready to proceed; and

WHEREAS, in connection with seeking a loan, the Applicant has submitted a written application (“Application”) pursuant to NAC 445A.67613 to the Division; and

WHEREAS, the Division has reviewed the Letter of Intent and the Application including supporting material thereof, and has determined that the Walker Lake General Improvement District has the technical, managerial and financial capability to manage and repay a loan for the Project; and

WHEREAS, the Walker Lake General Improvement District is eligible to receive additional subsidy; 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 “American Recovery and Reinvestment Act 10-2009 Walker Lake General Improvement District Project Loan Commitment Resolution.”

Section 2. The terms and conditions for providing a loan to the Applicant shall be negotiated between the Walker Lake General Improvement District and the Division. These terms will include 100% Principal Forgiveness.

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 Project, and subject to the provisions of Section 2 and 4 of this Resolution, the Board hereby approves a commitment of funds in the amount not to exceed \$530,671 from the account for the revolving fund in accordance with NRS 445A.265.

Section 4. 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 5. This resolution shall be effective on its passage and approval.

PASSED, ADOPTED AND SIGNED October 20, 2009

Chairman
Board for Financing Water Projects

Attest:

Technical Advisor
Board for Financing Water Projects

ATTACHMENT 3

Sage Valley Mobile Home Park Loan Commitment and Resolution

Sage Valley Mobile Home Park Loan Commitment

Board for Financing Water Projects Summary Drinking Water State Revolving Fund October 2009

Applicant: Sage Valley Mobile Home Park
Project: Manganese Removal Treatment
ARRA Funds: \$94,800

BACKGROUND

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 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 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 Administrative Code (NAC) 445A.6751 to 445A.67644 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.

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).

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) of 2009 into law. The overall purpose of the Act is to create or save jobs and promote economic recovery. The Sage Valley Mobile Home Park project, if approved, will utilize ARRA funds.

Sage Valley Mobile Home Park is located in Churchill County. The water exceeds the drinking water standard for manganese which is causing the water to turn black. The proposed project is to install manganese removal treatment.

CURRENT SYSTEM

The water system consists of one well which is 75 feet deep, a 600 gallon pressure tank and the distribution system. The average daily consumption is 6,000 gallons per day. The peak consumption is 10,000 gallons per day.

Customers, Population and Growth

Sage Valley Mobile Home Park has 47 residential connections which serve an estimated population of 188.

PROPOSED PROJECT

The proposed project is to construct a manganese removal treatment system. The project also includes the addition of a pressure tank to allow the water system to operate at a constant pressure,

which is not achieved currently. The treatment system and new pressure tank will be housed in a new building.

Alternatives to Proposed Project

Churchill County has proposed to construct a water main to serve Sage Valley Mobile Home Park. However, the cost of the water main based initial cost estimates prepared by the county is \$5 million. The County does not have funding for the water main.

Since Sage Valley MHP is required to comply with the drinking water standards, do nothing is not a viable alternative. Installing treatment to remove manganese is the only viable alternative.

Environmental Review

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. NDEP has made a finding of no significant impact (FONSI) for the Sage Valley Mobile Home Park project. The basis of this determination is that the project construction is temporary and in areas which have been previously disturbed.

Permits

The NDEP Bureau of Safe Drinking Water approval will be required.

Jobs Created

It is estimated that project construction will create approximately 5 jobs.

Financial Evaluation

In order to receive the ARRA grant award from United States Environmental Protection Agency, the State of Nevada must agree to use at least 50% of its grant to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Nevada specified in the ARRA Intended Use Plan that additional subsidy will be offered to communities that meet the definition of disadvantaged community. The Nevada Administrative Code defines a disadvantaged community as an area served by a public water system in which the median income per household is less than 80 percent of the median household income (MHI) of the state. Based on the 2000 census 80 percent of Nevada’s MHI is \$35,668.

There is not a 2000 Census Block Group that covers just Sage Valley Mobile Home Park; however, Churchill County conducted an income survey of the Park and determined the median household income is approximately \$23,000. Therefore, Sage Valley not only meets, but far exceeds the requirements for additional subsidies, making a principal forgiveness loan to the Sage Valley Mobile Home Park appropriate.

Water Rates

Water is included in the monthly space rent which is \$315. Considering the current economic downturn, Sage Valley is not contemplating a rate increase at this time.

Cost Estimate – ARRA Funding

The Sage Valley Mobile Home Park will contribute \$3,500 towards the total project cost of \$98,300.

Total Project Cost	\$98,300
Sage Valley MHP contribution	\$3,500
ARRA Loan	\$94,800

Technical, Managerial and Financial Capacity

The water quality currently meets the MCLs with the exception of manganese and all monitoring requirements have been met. The Sage Valley Mobile Home Park employs a certified operator who

has the technical knowledge and ability to operate the system. The proposed project will bring the system into compliance with the MCLs.

Compliance with Safe Drinking Water Act

The Sage Valley Mobile Home Park is in compliance with requirements of the Safe Drinking Water Act with the exception of the MCL for manganese. This project will bring the system into compliance with the Safe Drinking Water Act.

Status of Drinking Water State Revolving Loan Fund ARRA Funds

Nevada received \$19.5 million in ARRA funds for the DWSRF. After reserving set-asides, \$19,056,000 remains available for loans. Of the \$19,056,000, the Board committed \$10,469,350 at the June 15, 2009 Board meeting, \$7,330,000 at the July 24, 2009 Board meeting and \$565,000 at the September 10, 2009 Board meeting leaving \$691,650 in uncommitted loan funds.

Division Recommendations

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF ARRA funds in the amount of \$94,800 to Sage Valley Mobile Home Park. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan for ARRA, 100% of the principal will be forgiven. The Division and the Sage Valley Mobile Home Park will negotiate the terms and conditions of a loan agreement.

RESOLUTION

A RESOLUTION DESIGNATED THE "AMERICAN RECOVERY AND REINVESTMENT ACT 10-2009 SAGE VALLEY MOBILE HOME PARK PROJECT LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS.

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 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 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 February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) which allocated additional funds to the Drinking Water State Revolving Fund; and

WHEREAS, on April 20, 2009 the Board, pursuant to NRS 445A.265, approved the ARRA Funds 2009 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 Sage Valley Mobile Home Park owns and operates the public water system in Fallon, Nevada; and

WHEREAS, Sage Valley Mobile Home Park submitted a pre-application to the Division for funding a project to make improvements to the water system, which is hereinafter referred to as the "Project"; and

WHEREAS, the Division ranked the Project as #28 on the ARRA Funds Year 2009 Priority List of water projects, which was approved by the Board on April 20, 2009; and

WHEREAS, the Sage Valley Mobile Home Park submitted to the Division a Letter of Intent to proceed with the Project; and

WHEREAS, the Sage Valley Mobile Home Park project is ready to proceed; and

WHEREAS, in connection with seeking a loan, the Applicant has submitted a written application (“Application”) pursuant to NAC 445A.67613 to the Division; and

WHEREAS, the Division has reviewed the Letter of Intent and the Application including supporting material thereof, and has determined that the Sage Valley Mobile Home Park has the technical, managerial and financial capability to manage the Project; and

WHEREAS, the Sage Valley Mobile Home Park is eligible to receive additional subsidy; 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 “American Recovery and Reinvestment Act 10-2009 Sage Valley Mobile Home Park Project Loan Commitment Resolution.”

Section 2. The terms and conditions for providing a loan to the Applicant shall be negotiated between the Sage Valley Mobile Home Park and the Division. These terms will include 100% Principal Forgiveness.

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 Project, and subject to the provisions of Section 2 and 4 of this Resolution, the Board hereby approves a commitment of funds in the amount not to exceed \$94,800 from the account for the revolving fund in accordance with NRS 445A.265.

Section 4. 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 5. This resolution shall be effective on its passage and approval.

PASSED, ADOPTED AND SIGNED October 20, 2009

Chairman
Board for Financing Water Projects

Attest:

Technical Advisor
Board for Financing Water Projects

ATTACHMENT 4

Carvers Mobile Home Park Loan Commitment and Resolution

Carvers Mobile Home Park Loan Commitment

Board for Financing Water Projects Summary Drinking Water State Revolving Fund October 2009

Applicant: Smokey Valley Enterprises LLC
Project: Arsenic Removal Treatment
ARRA Funds: \$65,000

BACKGROUND

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 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 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 Administrative Code (NAC) 445A.6751 to 445A.67644 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.

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).

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) of 2009 into law. The overall purpose of the Act is to create or save jobs and promote economic recovery. The Carvers Mobile Home Park project, if approved, will utilize ARRA funds.

Carvers Mobile Home Park is located in the Big Smokey Valley on Highway 376, just north of Round Mountain Mine which is north of Tonopah. The drinking water at Carvers exceeds the arsenic standard. The proposed project is to install arsenic removal treatment.

CURRENT SYSTEM

The water system consists of two wells, a 5,000 gallon pressure tank and the distribution system. The average daily consumption is 30,000 gallons per day. The peak consumption is 79,000 gallons per day.

Customers, Population and Growth

Carvers Mobile Home Park has 80 residential connections and 1 commercial connection and serves an estimated population of 150. The majority of the residents are employees of Round Mountain Mine. The Mobile Home Park owner has estimated residential connections in the future to be 100 (includes existing 80 connections) serving an estimated population of 200.

PROPOSED PROJECT

The proposed project is to construct an arsenic removal treatment system which will consist of 3 treatment ion exchange resin units (3 cubic feet each). The treatment units will be housed in the existing laundry building.

Alternatives to Proposed Project

Iron oxide treatment technology was evaluated and determined to have a higher cost than ion exchange.

Consolidation with Shoshone Estates which is located adjacent to Carvers was also evaluated. Shoshone Estates is regulated by the PUC and consolidation would present administrative challenges. It is unlikely that these challenges could be resolved within the tight time frames required by ARRA. In addition, the cost of the consolidation option is much higher than the proposed project.

Environmental Review

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. NDEP has determined that the Carvers Mobile Home Park project is eligible for a Categorical Exclusion exempting it from further environmental review. The basis of this determination is that the project construction will occur within an existing building.

Permits

The NDEP Bureau of Safe Drinking Water approval will be required.

Jobs Created

It is estimated that project construction will create approximately 3 jobs.

Financial Evaluation

The financial information submitted was limited, due to the fact that the current owner has owned the park for a short time. The property was purchased in February of this year. However, based on the information provided, NDEP has determined that the Mobile Home Park has the capacity to cover both operations and debt service. This determination is based on the following:

- Overall cash inflows and outflows from 3/1/09-10/1/09 demonstrate a net profit of \$4,980.
- The owner plans to gradually increase lot rent, totaling \$75 increase over the next year and a half with annual increases of \$15 thereafter. Given these increases, projected income for 2010, 2011, and 2012 will average \$40,827 per year.
- The only long-term debt at this time is a mortgage payment of approximately \$44,000 per year.

These facts provide evidence that the Mobile Home Park owner is committed to maintaining fiscally sound operating policies. A sample amortization schedule is included in Attachment 1.

Water Rates

Water is included in the monthly space rent.

Cost Estimate – ARRA Funding

The total cost for the arsenic removal treatment is \$65,000.

Technical, Managerial and Financial Capacity

The water quality currently meets the MCLs with the exception of arsenic. The Carvers Mobile Home Park employs a certified operator who has the technical knowledge and ability to operate the system. The proposed project will bring the system into compliance with the MCLs.

Compliance with Safe Drinking Water Act

The Carvers Mobile Home Park is in compliance with requirements of the Safe Drinking Water Act with the exception of the MCL for arsenic. This project will bring the system into compliance with the Safe Drinking Water Act.

Status of Drinking Water State Revolving Loan Fund ARRA Funds

Nevada received \$19.5 million in ARRA funds for the DWSRF. After reserving set-asides, \$19,056,000 remains available for loans. Of the \$19,056,000, the Board committed \$10,470,350 at the June 15, 2009 Board meeting, \$7,330,000 at the July 24, 2009 Board meeting and \$565,000 at the September 10, 2009 Board meeting leaving \$691,650 in uncommitted loan funds.

Division Recommendations

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF ARRA funds in the amount of \$65,000 to Carvers Mobile Home Park. The loan will be for a term of not to exceed 20 years and at an annual interest rate of 0% since the source of funds for the loan is from ARRA. The Division and the Carvers Mobile Home Park will negotiate the terms and conditions of the loan agreement.

RESOLUTION

A RESOLUTION DESIGNATED THE "AMERICAN RECOVERY AND REINVESTMENT ACT 10-2009 CARVERS MOBILE HOME PARK PROJECT LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS.

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 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 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 February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) which allocated additional funds to the Drinking Water State Revolving Fund; and

WHEREAS, on April 20, 2009 the Board, pursuant to NRS 445A.265, approved the ARRA Funds 2009 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 Carvers Mobile Home Park owns and operates the public water system, in the Big Smokey Valley near Round Mountain, Nevada; and

WHEREAS, Carvers Mobile Home Park submitted a pre-application to the Division for funding a project to make improvements to the water system, which is hereinafter referred to as the "Project"; and

WHEREAS, the Division ranked the Project as #17 on the ARRA Funds Year 2009 Priority List of water projects, which was approved by the Board on April 20, 2009; and

WHEREAS, the Carvers Mobile Home Park project is ready to proceed; and

WHEREAS, in connection with seeking a loan, the Applicant has submitted a written application (“Application”) pursuant to NAC 445A.67613 to the Division; and

WHEREAS, the Division has reviewed the Application including supporting material thereof, and has determined that the Carvers Mobile Home Park has the technical, managerial and financial capability to manage and repay a loan for the Project; 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 “American Recovery and Reinvestment Act 10-2009 Carvers Mobile Home Park Project Loan Commitment Resolution.”

Section 2. The terms and conditions for providing a loan to the Applicant shall be negotiated between the Carvers Mobile Home Park and 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 Project, and subject to the provisions of Section 2 and 4 of this Resolution, the Board hereby approves a commitment of funds in the amount not to exceed \$65,000 from the account for the revolving fund in accordance with NRS 445A.265.

Section 4. 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 5. This resolution shall be effective on its passage and approval.

PASSED, ADOPTED AND SIGNED October 20, 2009

Chairman
Board for Financing Water Projects

Attest:

Technical Advisor
Board for Financing Water Projects