

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

Summary Minutes

Wednesday, November 8, 2017

9:30 AM

**901 S. Stewart St., 2nd Floor, Tahoe Hearing Room
Carson City, NV 89701**

Members Present:

Bruce Scott, Chairman
Andrew Belanger, Vice Chairman
Lori Williams
Steve Walker
Mike Workman
My-Linh Nguyen, Ex-Officio member

Staff Attending:

Katie Armstrong, DAG
Daralyn Dobson
Michelle Stamates
Jason Cooper
Kyle Casci
Valerie King

Public Present

James Harker
Brian Gach
Joe Westerland
Michael Anderson
Susan Dudley
Michelle Bates
Max Sosa
Randy Devaul
Will Riggs
Joe Davis
Cody Black
Paul Winkelman
Kevin Fisher
Kathy Flanagan
Matt Harker
Scott Estes
Dominique Etchegoyhen
Tom Pyeatte
Reed Cozens
Andy Artusa

A. INTRODUCTION AND ROLL CALL (For Discussion)

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

B. APPROVAL OF MINUTES – October 11, 2017 MEETING (For Possible Action)

Motion: Mr. Workman moved to accept the minutes as written. Ms. Williams seconded. Mr. Walker did not attend the last meeting and therefore abstained. The motion was passed unanimously.

C. DRINKING WATER STATE REVOLVING FUND PROGRAM and CAPITAL IMPROVEMENTS GRANT PROGRAM

1. Program Funding Availability (For Discussion)

Ms. Dobson stated that current funding available from the State Revolving Loan Fund Program was \$41,000,000. She also stated that if the projects proposed for this meeting, in the amount of \$15,603,563, are approved, \$25,396,437 would remain available for program funding. There is

currently \$1,299,997 of available funding in the Capital Improvement Grants program minus \$1,271,721, which includes administrative costs and funding for a proposed project leave \$28,266 funds remaining.

Mr. Walker asked if the 20% additional subsidy for disadvantaged communities requirement was based on the \$41 million.

Ms. Dobson answered it is not 20% of the total funding, but it is 20% of the total grant award for each year. Based on the 2017 grant award, the program is responsible for providing approximately \$2 million in subsidy to disadvantaged communities.

2. Discussion and Possible Approval of DWSRF Loan Commitments and Capital Improvement Grant Commitments

Mr. Cooper introduced Agenda Item 2.a and Ms. Stamates introduced Agenda Item 2.b through 2.g. To view the detailed report on each proposal, see the attachments to these minutes.

a. Moapa Valley Water District - DWSRF Loan (For Possible Action)

Mr. Cooper testified that this loan request is seeking \$2,700,000 in funding to refinance a 1995 and a 2010 loan the entity has with the US Department of Agriculture (USDA). Refinancing the two revenue bonds into one general obligation bond will provide Moapa Valley with an estimated savings of 25.84%. The saving will increase cash flow and reduce debt burden. The Division recommends that the Board approve a resolution in an amount not to exceed \$2,700,000 to Moapa Valley Water District for the purpose of refinancing Water Revenue Bonds.

Mr. Belanger inquired whether the length of the loan term would be the standard loan length of 20 years.

Mr. Cooper responded that 20 years was the term of the loan.

Ms. Williams asked why the 2010 project was not funded by an SRF loan.

Ms. Stamates answered that Moapa Valley was under the impression that they would receive partial grant and partial loan funding from USDA at that time, but they ended up only receiving the loan dollars.

Mr. Walker asked Mr. Cooper to explain the difference between a revenue bond and a general obligation bond.

Mr. Cooper answered that a revenue bond is supported only by the revenue stream of the water bills. A general obligation bond has support from all available sources to the District including property taxes.

Chairman Scott asked how the 20 year bond will affect cash flow.

Mr. Artusa, the financial advisor for Moapa Valley, stated there will saving of approximately \$15,000 per year until year 2034.

Motion: Mr. Walker motioned that the Board for Financing Water Projects approve a resolution for Moapa Valley Water District for a loan commitment not to exceed \$2,700,000. Ms. Williams seconded and the motion passed unanimously.

b. City of North Las Vegas - DWSRF Loan – (For Possible Action)

Ms. Stamates testified that the City of North Las Vegas is seeking an SRF loan in the amount of 11,560,000 to provide funding for a project to replace four groundwater wells serving the North Las Vegas Utilities water system. The total estimated cost for the project is 11,860,000. The Division recommends that the Board approve a resolution committing funds in an amount not to exceed \$11,560,000 to the City of North Las Vegas.

Mr. Walker asked if there is a hydrological connection between these wells and the Las Vegas Valley Water District surface water recharge project.

Mr. Devaul, with North Las Vegas, responded that two of the wells have recharge systems.

Ms. Williams inquired whether the well casings were being redeveloped or if they were new wells.

Mr. Devaul stated the well casings are not being redeveloped. New wells will be drilled within 75 feet of the existing wells.

Mr. Workman asked if the cost estimate included an escalator for inflation and increased contract cost.

Mr. Devaul responded it did not.

Chairman Scott asked if the 3% per annum rate increase that went into effect in May 2010 was still in effect.

Mr. Devaul indicated the increase was still taking place and City Council would not vote to stop it.

Mr. Cozens, with Nevada Division of Water Resources, stated the City of North Las Vegas currently has active water rights on the wells and as long as the new wells are drilled within 300 feet of the existing wells, water rights would be maintained.

Motion: Vice Chairman Belanger motioned that the Board for Financing Water Projects approve a resolution designated the “11-2017 City of North Las Vegas Loan Commitment” for a loan commitment for the purpose of financing certain projects in an amount not to exceed \$11,560,000. Mr. Workman seconded the motion and it passed unanimously.

c. Las Vegas Valley Water District – Big Bend DWSRF Loan (For Possible Action)

Before the presentation of the proposed project, Vice Chairman Belanger recused himself from both the discussion and the vote because, he has a business relationship with the Southern Nevada Water Authority.

Ms. Stamates testified that the Big Bend Water District (BBWD) was asking for a loan in the amount of \$500,000 to provide partial funding for a \$1,489,500 project which will include the construction of a well located adjacent to the Colorado River on the property that currently houses the BBWD river intake pumping system. The well would employ riverbank filtration, a natural process used to remove various contaminants as the river water is naturally filtered by the geological material as it recharges the groundwater. Big Bend’s median household

income allows it to qualify as a disadvantaged community, which makes it eligible for additional subsidy. The Division recommends the Board approve a resolution in an amount not to exceed \$500,000 to the Big Bend Water District. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal would be forgiven.

Ms. Williams asked if this project would be using service water rights from the Colorado River.

Ms. Stamates said there would be service water rights used from the Colorado River.

Mr. Pyeatte, with Nevada Division of Water Resources, stated the well would be developed to collect surface water directly from the source of the Colorado River.

Mr. Walker asked if there would be an increase or decrease in operation and maintenance cost with the changing of the well.

Mr. Fisher, with Big Bend Water, answered the only cost would be the well itself and not operation and maintenance.

Chairman Scott asked if the induction well had been permitted yet.

Mr. Fisher answered no, but they are applying an intent to drill application.

Mr. Pyeatte added that all that would be required was the filing of a notice of intent to drill. The process for a permit for the well could be done later.

Motion: Ms. Williams motioned that the Board for Financing Water Projects approve a Resolution Designated the "11-2017 Big Bend Water District Project Loan Commitment" for a loan commitment for the purpose of financing certain projects in an amount not to exceed \$500,000. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. Mr. Workman seconded the motion and it Passed Unanimously with Vice Chairman Belanger abstaining from the vote.

d. TMWA-Riverbelle MHP – DWSRF Loan (For Possible Action)

Before the presentation of the proposed project, Mr. Walker recused himself from both the discussion and the vote because he has a business relationship with Truckee Meadows Water Authority (TMWA).

Ms. Stamates testified that TMWA would be consolidating with Riverbelle Mobile Home Park (MHP) as TMWA's pipeline is being extended. The consolidation project starts with extending an 18 inch water main from the new West Meadows subdivision in Verdi to Riverbelle MHP. This is part of the overall water supply plan to extend water service to the Verdi area. The consolidation of Riverbelle MHP meets the qualification for additional subsidy in the form of a principal forgiveness loan in the amount of \$500,000. The total project cost is \$2,070,900 with \$500,000 of the funding coming from DWSRF and the remaining \$1,570,900 from TMWA local funding. Contingent upon approval of the Riverbelle MHP project the Division recommends that the Board approve a loan commitment in an amount not to exceed \$500,000 to the Truckee Meadows Water Authority.

Mr. Black, with Shaw Engineering, stated the expensive portion of this project was where the pipes go underneath the river.

Vice Chair Belanger asked what the mechanism was for the local funding portion.

Mr. Estes with TMWA answered that portion would be paid from TMWA's cash reserve. He stated it was on the basis that TMWA would receive reimbursement from developers in the future.

Mr. Workman asked if there were any alternatives to going under the river.

Mr. Black answered that there was concern the bridge would not be able to support it, requiring downsizing of the pipe as it went across the bridge. It was determined that using the existing casing, that existed under the river, was the most desirable option.

Motion: Mr. Workman motioned that the Board for Financing Water Projects approve a Resolution designated the "11-2017 Truckee Meadows Water Authority Water System Project Loan Commitment" for a loan commitment for the purpose of financing certain projects in an amount not to exceed \$500,000. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. Ms. Williams seconded the motion and it passed unanimously with Mr. Walker abstaining from the vote.

e. Riverbelle MHP- DWSRF Loan (For Possible Action)

Before the presentation of the proposed project, Mr. Walker recused himself from both the discussion and the vote because he has a business interest with TMWA.

Ms. Stamates testified that the proposed project was to fund the consolidation of Riverbelle MHP with TMWA. The Division recommended that the Board approve a loan commitment in an amount not to exceed \$343,563 to the Riverbelle Properties, LLC, contingent upon the approval which had previously been granted regarding the TMWA consolidation project.

Ms. Williams asked what system improvements will be done at the Riverbelle MHP with the proposed loan funding.

Ms. Stamates responded that the funding will be used for system improvements needed to accept the consolidation which include a 4 inch compound meter, a back flow preventer to increase fire flow requirements, and two new fire hydrants.

Motion: Ms. Williams motioned that the Board for Financing Water Projects approve a Resolution designated the "11-2017 Riverbelle Properties, LLC Project Loan Commitment" for a loan commitment for the purpose of financing certain projects in an amount not to exceed \$343,563. Vice Chairman Belanger seconded the motion and it passed unanimously with Mr. Walker abstaining from the vote.

f. Tonopah Public Utilities– DWSRF Loan (For Possible Action)

Ms. Stamates testified that Tonopah was seeking \$500,000 in funding for a project to install and implement a radio read system for the Tonopah Public Utilities water system. The current system takes two operators six days to manually read all meters each month. The new system is expected to cut that time to one operator to complete a drive by read of all meters in four hours. Total project cost estimate is \$646,323 with \$146,323 paid by the town. The Division recommends that the Board approve a loan commitment in an amount not to exceed \$500,000 to the Town of Tonopah. Since the project is eligible for additional subsidy, as

specified in Nevada's Intended Use Plan, 100% of the principal would be forgiven.

Mr. Workman asked if the project include retrofitting residential and commercial meters.

Mr. Westerland, with Tonopah Public Utilities, said it would include all meters in town.

Mr. Workman asked about the unaccounted water percentage.

Mr. Westerland responded it ranged between 10-20%. It was higher prior to new water lines installation and the new meter read system would account for more accurate readings.

Mr. Walker asked about the source of the \$146,000 of local funding.

Ms. Stamates responded that it would come from the capital reserve account.

Motion: Mr. Walker motioned that the Board for Financing Water Projects approve a Resolution designated the "11-2017 Town of Tonopah Water System Project Loan Commitment" for a loan commitment for the purpose of financing certain projects in an amount not to exceed \$500,000. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. Ms. Williams seconded the motion and it passed unanimously.

g. Esmeralda Co-Goldfield- Capital Improvements Grant (For Possible Action)

Prior to the presentation of the proposed project, Chairman Scott stated he would participate in the discussion, but would recuse himself from the vote because he had prior business ties to Esmeralda County.

Ms. Stamates testified that the proposed project was to fund replacement of 9.5 miles of the approximate 12 miles of 6 inch transmission line. The transmission line replacement was a 3-phased project and this was the final phase. Both phases 1 and 2 received funding from the Community Development Block Grant (CDBG), the State Capital Improvements Grant program and principal forgiveness loans from the Drinking Water State Revolving Fund. The Phase 3 portion cost estimate was \$3,475,674. Esmeralda County applied and received a Letter of Commitment from the US Department of Agriculture (USDA) for a loan and grant package totaling \$1,953,000. In addition, the County had applied to CDBG for \$425,000 in grant funding. The remaining funding of \$1,097,674 was to come from the State's Capital Improvements Grant Program. The Division recommended the Board approve a grant commitment from the Capital Improvements Grant Program in an amount not to exceed \$1,097,674 to Esmeralda County for the Town of Goldfield's transmission line replacement project.

Vice Chairman Belanger asked if using principal forgiveness and grant money was considered over use of the Capital Improvements Grant.

Ms. Dobson stated that the issue had been considered, however, in the past, several small Grants had been awarded, resulting in a balance of grant dollars remaining in the program. Currently, bond dollars from 2015 remained unspent and there was concern those dollars could be subject to arbitrage going forward.

Mr. Walker asked if Goldfield used the bulk of the Capital Grant two years in a row.

Ms. Dobson responded Goldfield had not. In 2016, three projects had been funded with the

grant and money still remained.

Chairman Scott asked what the diameter of the replacement pipe would be.

Ms. Dudley, with Esmeralda County, answered it would be a 6 inch diameter pipe.

Motion: Ms. Williams motioned that the Board for Financing Water Projects approve a Resolution designated the "11-2017 Esmeralda County Goldfield Project Grant Commitment" for a grant commitment from the Capital Improvements Grant Program for the purpose of financing certain projects in an amount not to exceed \$1,097,674. Mr. Workman seconded the motion and it passed unanimously with Chairman Scott abstaining from the vote.

D. PRESENTATION- Drinking Water State Revolving Loan Fund & Capital Improvement Grants Program Overview – (For Discussion)

Ms. Dobson provided an overview of the Capital Improvements Grants Program, which included history of the program, bond authority, money spent, and board authority. Also provided was an overview of the Drinking Water State Revolving Fund Program, which included history of the program, what the program offers, dollars spent, board authority, federal regulations and programmatic conditions. Both programs' significant accomplishments were also presented. Ms. Dobson advised the Board to review Nevada's Intended Use Plan prior to the next meeting so Board members could provide input on the Intended Use Plan if desired. Also, it was stated a presentation and discussion regarding changing policies on principal forgiveness loans would take place at the next meeting as well.

Ms. Dobson urged the Board to review policies pertaining to the Capital Improvement Grant so they may propose edits to policies that are obsolete.

E. BOARD COMMENTS – (For Discussion)

There was no board comments.

F. PUBLIC COMMENTS- (For Discussion)

There was no public comment.

F. ADJOURNMENT

There being no other business, the Board meeting adjourned at 12:00 PM.