

**EUREKA COUNTY BOARD OF COMMISSIONERS**  
***Special Meeting – April 19, 2011***

STATE OF NEVADA    )  
                              :SS  
COUNTY OF EUREKA    )

**CALL TO ORDER**

The Board of Eureka County Commissioners met pursuant to law for a special meeting with Nevada Rural Housing Authority on April 19, 2011. Present were Chairman Leonard Fiorenzi, Vice Chairman Mike Page, Member Jim Ithurralde, District Attorney Ted Beutel, and Clerk & Treasurer Jackie Berg. The meeting was called to order at 9:00 a.m. and began with the Pledge of Allegiance. The interactive video conference system was connected and utilized between Crescent Valley and Eureka for the entire meeting.

**APPROVAL OF AGENDA**

Commissioner Page motioned to approve the agenda as posted; Commissioner Ithurralde seconded the motion; motion carried 3-0.

**PUBLIC COMMENT**

Chairman Fiorenzi called for public comments; there were none.

**NEVADA RURAL HOUSING AUTHORITY**

Delivery of Documents: The draft documents, reflecting changes recommended by the Housing Core Group, were not delivered by NRHA prior to the meeting. Chairman Fiorenzi stated his frustration that the Commissioners and District Attorney were not provided an opportunity to review the documents prior to the meeting.

Comprehensive Review of Multifamily Documents: The Board and District Attorney, along with Dave Craig, Real Estate Manager for NRHA, and Jack White, JL White & Associates, conducted a page by page review of the documents related to the multifamily portion of the subdivision project, focusing primarily on the Multifamily Real Property Agreement and the Multifamily Grant Agreement. Mr. Beutel explained that due to the nature of the multifamily portion of the project, a full development agreement is not required and a real property agreement between the parties is sufficient. A development agreement will be required for the single family portion of the project.

Clarifications and modifications were made to the documents as the following topics were discussed: real property taxes; real property conveyance; inspections; various authority assigned to the County, Public Works, and NRHA; caps or 'not to exceed' amounts on certain fees and costs; rental requirements under the law or associated with certain types of financing; construction timeframes; references to mineral and water rights; deeds of trust; security agreements; notice requirements; etc. Discussions proceeded in greater detail regarding remedy issues, financing methods, and the Commissioners' decision on March 8<sup>th</sup> to increase the scope of Phase 1 of the project.

Comprehensive Review of Single Family Documents: The single family documents were briefly reviewed. The same items addressed in the multifamily documents will be addressed in the single family documents. Everyone was asked to review the single family documents in more detail prior to the next meeting.

Remedy Issues: Mr. Beutel recommended that remedy for non-performance be limited to court, in order to provide incentive to both sides to work out differences and performance issues, rather than providing an 'ejection seat' by offering foreclosure, compensation for damages, or some other remedy. The goal for all parties should be completion of the work and the project,

and he felt limiting the options provided higher incentive towards that end. Mr. White felt that other remedies were in place to protect both sides, including the lender, and stated counsel would have to review this more limited option.

Attorneys Elizabeth Fielder and Dave Davis from NRHA's counsel, Jones Vargas, joined the meeting later by telephone to discuss financing and remedy issues, and Mr. Beutel promised to forward documentation supporting his recommendation.

Funding/Financing Mechanism: Mr. White and Mr. Craig explained that Jones Vargas recommended setting up two accounts to hold grant monies in trust (one for the multifamily funds and one for the single family funds). NRHA would be holder of the accounts, but withdrawals could only be made with consent of the County Auditor and County Treasurer. County Auditor, Mike Rebaleati, was not in favor of this method and advised proceeding with the arrangement of NRHA submitting draw requests as needed, to be funded every two weeks with the regular accounts payable schedule. A lengthy discussion ensued and the Chairman suggested a compromise of funding the first \$4.6 million grant to NRHA in two large withdrawals.

Elizabeth Fielder, of Jones Vargas, explained that the bank account option was selected for a couple of reasons, with the intent of protecting all parties: (1) it would secure the money should the State decide to sweep Eureka County funds; and (2) it would protect NRHA's obligation to its contractors. She agreed that the cleanest funding option was simply to make transfers to NRHA as needed and felt the Chairman's suggestion of two large advances was a simpler solution.

Increased Scope of Phase 1: At the March 8<sup>th</sup> budget meeting, the Board motioned to move forward with all of Phase 1. This will be more cost effective as they will be able to consolidate legal documents and construction for this portion of the project. The entire project will still be done in phases and stages; this just combines several of the initial stages that were contemplated. The feasibility study supports the need for all of Phase 1, which encompasses the 50 townhome rental units, the first 16 single family lots, one model home, and associated infrastructure. The Board and Public Works Director, Ron Damele, reviewed and clarified the increased scope of Phase 1 for the benefit of Mr. Craig, Mr. White, and NRHA Construction Manager, Mike Hynick.

Draft Documents: Everyone agreed that another meeting would be required for review of the documents. Ms. Fielder, of Jones Vargas, stated she would do her best to make the requested changes and provide amended drafts in the next day or two. It was decided that another review of documents would take place during the budget meeting scheduled for April 26<sup>th</sup>, with a goal of executing final documents at the Commissioners' regular meeting on May 6<sup>th</sup>.

Temporary Construction Worker Housing: Mr. Beutel and Mr. White explained that utilization of the area set aside for temporary construction worker housing will affect decisions regarding the overall project that the County and NRHA will have to consider in the very near future. Mr. Beutel suggested that a letter be sent to Eureka Moly inquiring about their intentions regarding this and setting forth necessary parameters and requirements. The Board agreed to address this at the April 26<sup>th</sup> meeting.

*(NOTE: The April 26<sup>th</sup> meeting referenced in these minutes was later cancelled and rescheduled to April 27<sup>th</sup>).*

## **PUBLIC COMMENT**

Chairman Fiorenzi called for public comments. Abby Johnson pointed out an item in the draft Single Family Real Property Agreement on page 13, Section 10.2.b, that she wanted to bring to the Board's attention: "*...the County shall not include the single family lots in any assessment or other district formed by or on behalf of the County and shall not support inclusion of the single family lots in any assessment or other district formed by any other governmental entity without developer's prior*

written consent, which consent may be withheld in developer's discretion....". The Commissioners thanked her for bringing this forward. There were no further comments.

**ADJOURNMENT**

Commissioner Page motioned to adjourn the meeting at 3:27 p.m.; Commissioner Ithurralde seconded the motion; motion carried 3-0.

Approved this 20<sup>th</sup> day of May, 2011.

/s/ Leonard Fiorenzi  
Leonard Fiorenzi, Chairman

Attest: /s/ Jackie Berg  
Jackie Berg, Clerk