

EUREKA COUNTY BOARD OF COMMISSIONERS
Special Meeting (NRHA) & Budget Meeting
April 27, 2011

STATE OF NEVADA)
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COUNTY OF EUREKA)

CALL TO ORDER

The Board of Eureka County Commissioners met pursuant to law for a budget meeting on April 27, 2011. Present were Chairman Leonard Fiorenzi, Vice Chair Mike Page, Member Jim Ithurralde, District Attorney Theodore 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 – EUREKA CANYON SUBDIVISION

Project Status: Dave Craig, Real Estate Manager for NRHA, and Jack White, JL White & Assoc., reported that bid packages were out for the first portion of work at the subdivision. Chairman Fiorenzi voiced concerns that documents were not close to being finalized and the parties were meeting yet again with eight agenda items to address regarding the subdivision. He suggested that the District Attorney and a representative from NRHA get together and resolve the differences, commenting that they would probably end up with documents that neither side was happy with but was willing to live with.

District Attorney, Ted Beutel, stated there were several issues he hoped could be resolved immediately: identify funding needs for the current fiscal year to allow for the necessary budget augmentation, identify funding needs for the upcoming fiscal year, create some sort of pre-funding opportunity to ensure that pending contracts are financed, and pinpoint a timeframe for coming back together to resolve concerns over the documents. Mr. Beutel felt a simple interim agreement could identify the immediate needs and legally obligate the parties until the final documents were in place.

Development and Grant/Loan Documents: All parties agreed that an additional meeting was needed to finalize the subdivision documents. Unfortunately, County staff needed to dedicate the next two weeks to addressing the Mt. Hope Administrative Draft Environmental Impact Statement and the additional water hearing set by the State Engineer in relation to protests submitted by the County on water applications filed on behalf of the Mt. Hope Project.

Mr. White suggested that outside counsel representing the County might be an option to expedite the process of finalizing the documents. Following a discussion on the benefits or drawbacks of hiring outside counsel, Commissioner Ithurralde motioned to authorize the District Attorney to hire outside counsel to expedite final revisions to development and grant/loan documents related to the Eureka Canyon Subdivision; Commissioner Page seconded the motion; motion carried 3-0. Commissioner Ithurralde made a second motion that the cost for outside counsel would be paid from the unutilized salary allocation in the District Attorney's budget; Commissioner Page seconded the motion; motion carried 3-0.

Funding Needs in Current Fiscal Year: Chairman Fiorenzi asked for clarification on funding needs in the current fiscal year. Mr. White responded they expect all costs related to stage one of the project to be paid in the current fiscal year, and other immediate costs include retrofitting the townhome units (painting and conversion to all electric), and payment to the architect. Mr. White promised to have exact figures available by the end of the week.

All parties reviewed and were in agreement regarding the funding method, which will consist of submitting vouchers according to the two week accounts payable schedule. The first draw will basically be 'seed' money with subsequent draws based on actual costs.

Interim Agreement: The Board directed Mike Rebaleati and Jack White to work out the details of an Interim Agreement in order to meet immediate obligations and have it reviewed by the District Attorney. Commissioner Ithurralde motioned to authorize Recorder/Auditor, Mike Rebaleati, and Jack White and company, to draw up an Interim Agreement to address immediate funding needs and that the Chairman be authorized to sign it outside of the meeting; Commissioner Page seconded the motion; motion carried 3-0.

Phase One: Phase 1 had been expanded to include dirt work and road work down to County Road 101 and utilities to the single family lots. Everyone discussed what this expansion encompassed in order to clarify funding needs as well as what needed to be included in the scope of work for the initial contracts.

Temporary Construction Worker Housing: Concerns had been raised regarding the need to define plans for the area of the subdivision set aside for Eureka Moly's temporary construction worker housing. NRHA provided a letter outlining their concerns. Mr. Beutel recommended that the County send a letter to Michael Brandstetter, attorney for General Moly, outlining the need for a time commitment and the need to require consistency in quality and style of housing. Other related items were discussed including density issues and future use of the area. Commissioner Ithurralde motioned to send a letter to Eureka Moly regarding locating temporary construction worker housing at the Eureka Canyon Subdivision, attaching NRHA's letter, and authorizing the Chairman to sign the letter outside of the meeting; Commissioner Page seconded the motion; motion carried 3-0.

RESOLUTION REGARDING PROTESTS ON WATER APPLICATIONS

Current Pending Water Applications: Natural Resources Manager, Jake Tibbitts, provided copies of a recent application in the Devil's Gate GID area that could potentially have an impact on the County's public water supply. A protest must be filed within 30 days of the last date of publication, which was April 14th. The Board considered several issues related to this water application: it is a change application for a water right that hasn't been actively irrigated for 15 or more years; the proposed use is in an area where the County has a public water supply available; it would require drilling a new well in the area, which could exacerbate an over-allocation of groundwater resources in the basin; and the additional septic systems planned in the area have the potential to adversely affect the quantity and quality of the public water supply. Commissioner Ithurralde motioned to go forward with the protest on application #80668 and to bring documentation forward at the May 6th meeting for final approval; Commissioner Page seconded the motion; motion carried 3-0.

INTERNAL CONTROL POLICY

Utilization of Excluded Parties List System on Federally Awarded Programs: Recorder & Auditor, Mike Rebaleati, explained that federal agencies, such as FAA (Federal Aviation Administration) require confirmation that the County has checked the Excluded Parties List System (EPLS) before awarding contracts on projects that are federally funded. Mr. Rebaleati requested that this verification requirement be documented in the County's Internal Control Policy. Commissioner Ithurralde motioned to approve amending the Eureka County Internal

Control Policy by including the requirement that Eureka County perform verification by checking the Excluded Parties List System maintained by the US General Services Administration, collecting a certification from the entity or adding a clause or condition to the covered transaction for the purpose of verifying that contractors are not suspended or debarred or otherwise excluded from the covered transaction on federally awarded programs; Commissioner Page seconded the motion; motion carried 3-0.

TAX ABATEMENT APPLICATION TO STATE OF NEVADA

Tax Abatement Application from Eureka Solar, LLC: The County received notification from the State Department of Taxation that Eureka Solar, LLC, had made application for a tax abatement for a solar project planned in northern Eureka County. The pre-application has been accepted by the State and this will be followed by a formal application. Notification of the final application will be provided to the County Commissioners, County Assessor, and County Treasurer. The County will then have 30 days to request a presentation by the proponent, where they can voice concerns and ask questions. This will be followed by a formal hearing (approximately 60 to 90 days following the application) where the County can submit a fiscal impact analysis. Commissioner Ithurralde motioned that staff follow the application process and prepare for participation at the upcoming hearing (date not yet set); Commissioner Page seconded the motion; motion carried 3-0.

NEVADA DIVISION OF FORESTRY

Overview of Upcoming Changes: Pete Anderson, State Forester, and Scott Sisco, Deputy Administrator, joined the meeting via teleconference. Mr. Anderson reported that the State budget proposed earlier this year outlined a transfer of emergency (all-risk) services back to the three counties that NDF has partnered with (Clark, Elko, and Eureka Counties) as part of an overall budget reduction to NDF. The Governor's budget scheduled the all-risk transfer to occur as of June 30, 2012. Clark County, working with the State Legislature, came back with a proposal to transition these changes over a period of up to four years and Elko County also selected this alternative. Each county has different needs, and NDF is working with each county to identify what transition schedule works best for them.

Eureka County is unique in that it owns nearly all of its own equipment, although Eureka will lose four tankers which are NDF property. NDF will continue to do dispatch, although there may be some negotiations on how that will work. The plan is for NDF staff that is co-funded by the counties to transfer to the counties on the transition date.

Public Works Director, Ron Damele, asked how the County could maintain access to the State fire fund once the transition is complete. Forester Anderson replied that they are working on a method for counties to have the option of entering into a seasonal wildland fire program with the State (similar to those already established in other counties), and the hope is that there will be legislation to address this. This scenario does include provision of NDF employees.

There are some benefits, financial and otherwise, for Eureka County to delay the transition as Clark and Elko Counties have proposed. NDF promised to modify the letter used by the other counties to select this option and provide a copy to Eureka later in the day. Commissioner Ithurralde motioned that Eureka County continue with NDF providing all-risk emergency services for a maximum of four years, to be revisited in two-year increments, and that the draft letter be reviewed and signed by the Chairman later in the day; Commissioner Page seconded the motion; motion carried 3-0.

Signing of Letter For Continuation of All-Risk with NDF: *(This item was addressed later in the day when the draft letter arrived, approximately 2:00 p.m.)* The Board reviewed the letter received from NDF outlining the continuation of all-risk services from NDF at the current levels for up to four years to be approved in two-year increments, including cost allocation for the next two

years. Commissioner Ithurralde motioned to have the Chairman sign the all-risk letter provided by NDF and approved earlier in the day; Commissioner Page seconded the motion; motion carried 3-0.

ECONOMIC DEVELOPMENT STUDY

Study of Crescent Valley Area: There has been a lot of talk about doing economic development in the Crescent Valley area. Chairman Fiorenzi felt that a study should be done to see what is actually needed and felt the study should cover the Crescent Valley town area including the subdivision adjacent to the town. This would be similar to the feasibility study conducted in the Eureka area to justify proceeding with the Eureka Canyon Subdivision. Commissioner Page motioned to conduct an economic development study of the Crescent Valley area and that \$50,000.00 be allocated in the 2011-2012 budget for the study; Commissioner Ithurralde seconded the motion; motion carried 3-0.

RECESS FOR LUNCH

The Board recessed for lunch from 12:12 p.m. to 1:15 p.m.

DIAMOND VALLEY VOLUNTEER FIRE DEPARTMENT

Diamond Valley VFD Budget: Terry Conaway, Assistant Chief, reviewed budget items for the Diamond Valley Volunteer Fire Department with Budget Officer, Mike Rebaleati. Mr. Rebaleati reported that most items were already included in the budget for the upcoming fiscal year, but there were a couple of items needing clarification. The Diamond Valley VFD had requested expansion of their fire station. Mr. Conaway explained that if the expansion was not going to occur in the next year or two, there were some items that should be addressed: three-phase power is needed to run the donated air compressor, and the current backup generator is inadequate and will not run the fuel pumps or the automatic doors. The Board agreed that these items could be addressed as maintenance items in the upcoming fiscal year.

TELEVISION DISTRICT

Digital Conversion Upgrade: Mr. Rebaleati invited Television District President, Dave Pastorino, to attend to continue the discussion regarding a County grant to fund completion of the digital conversion. This advance would be repaid by the Television District over time from a portion of their tax rate allocation. Mr. Pastorino indicated that the Television District Board was in agreement with this arrangement.

Commissioner Page asked about the County snow cat which was sitting at the residence of one of the members of the Television District Board. After some discussion, Mr. Damele stated that he could have the Road Crew pick it up the following day so the maintenance problems could be diagnosed and repaired.

PERSONNEL BUDGET ITEMS

Job Description Change: Mr. Rebaleati explained that there was a request to change a job description in the County Assessor's office. Assessor Michael Mears would like to eliminate the Chief Deputy Assessor position (range 120), which is an at-will position and subject to termination if there is a change in the Assessor. The department would be better served by a supervisory position that is not at-will, but has sufficient authority to act in the absence of the Assessor. The proposal is for an Appraisal Supervisor at a range 122. Commissioner Ithurralde motioned to approve the Appraisal Supervisor position for the Assessor's office at a range 122 on the County wage/salary scale; Commissioner Page seconded the motion; motion carried 3-0.

LEGISLATIVE ISSUES

Testimony Before Legislature: Mr. Rebaleati is scheduled to testify before the Senate Revenue Committee and the Assembly Taxation Committee on behalf of Eureka County on April 28th. Testimony will focus on the two consolidated reports previously submitted, as well as highlighting the revenues passed through to the State from Eureka County, and emphasizing Eureka County's conservative approach and long term financial planning.

Assessor's Technology Fund: The Assessor's Technology Fund passed out of the Senate on April 26th, so it looks favorable that the fund may continue beyond June 30, 2011.

TENTATIVE BUDGET – FISCAL YEAR 2011-2012

Review of Tentative Budget: Mr. Rebaleati summarized the tentative budget, which is one of the documents the Legislative Committees will take under review. The budget narrative was expanded to highlight the negotiations with Nevada Rural Housing Authority on the Eureka Canyon Subdivision Project and identify expected impacts from the Mt. Hope Mine. Mr. Rebaleati briefly reviewed the future reserve fund, indigent funds, Assessor's technology fund, Commissioner grants, and the Regional Transportation Commission fund.

Regarding capital improvements, Mr. Rebaleati asked for direction regarding the Crescent Valley Town Park. The Board agreed that \$440,000.00 should be budgeted. Commissioner Ithurralde motioned to direct the Budget Officer to allocate \$440,000.00 in the capital improvement plan for the Crescent Valley Town Park for Fiscal Year 2011-2012; Commissioner Page seconded the motion; motion carried 3-0.

PUBLIC COMMENT

Chairman Fiorenzi called for public comments; there were none.

ADJOURNMENT

Commissioner Page motioned to adjourn the meeting at 2:09 p.m.; Commissioner Ithurralde seconded the motion; motion carried 3-0.

Approved this 20th day of June, 2011.

/s/ Leonard Fiorenzi

Leonard Fiorenzi, Chairman

Attest: /s/ Jackie Berg

Jackie Berg, Clerk