

Monday, October 20, 2014

The regular meeting of the Humboldt County Board of Commissioners was called to order on Monday, October 20, 2014, at 9:30 a.m. in the regular place of meeting at the Courthouse, Winnemucca, Nevada. Those present were Chairman Dan Cassinelli, Commissioners Mike Bell, Jim French and Marlene Brissenden, District Attorney Michael Macdonald, Administrator Bill Deist and Clerk of the Board Tami Rae Spero. Commissioner Garley Amos, Jr. was not present.

PUBLIC COMMENTS: Chairman Cassinelli asked for public comments. Art Howell, owner of the Star City Mobile Home Park appeared before the Board and commented on the item related to the acquisition of the Star City Water System on the agenda, indicating that the homeowners in the park are not aware of what is going on; he noted that he had provided the Commissioners with a copy of his concerns but that he did not want to through them at this time but he asked if the matter could be postponed until at least after the first of the year to allow the homeowners to look into what is going on and that he had been circulating a questionnaire asking the residents about their desire to sell the system, their understanding of the issue and their concerns with the system including the cost and amounts allowed. Chairman Cassinelli stated that a decision would not be made today, that this would only be a presentation by the District Attorney in response to a request from the Star City Property Owners Association that the County acquire the system. Commissioner French commented on the request that had been received.

DISCUSSION & ACTION ON CORRECTION/APPROVAL OF MINUTES - AUGUST 18, 2014, SEPTEMBER 2, 2014, SEPTEMBER 15, 2014 AND OCTOBER 6, 2014 REGULAR MEETING

MINUTES: No minutes presented for consideration.

ADMINISTRATIVE REPORT:

CONSENT AGENDA: The following items were presented under the consent agenda by Administrator Deist for the Board's review/action:

1. **Authorization for Chairman to sign Sheriff's Office's Grant Application:** A copy of the 2014 JAG Program Application was provided to the Board for review. *Recommendation: That the Commission authorize the Chair to sign.*
2. **Approval of additional new Water Distribution Budget for 2014-2015 season:** It was indicated that this water distribution budget for the Quinn River had not been received with the budgets approved previously by the Board. A copy of the water distribution budget was provided to the Board for review. *Recommendation: That the Commission approve the distribution budget as submitted.*
3. **Approval of amendment to the Pictometry Contract:** A copy of the proposed Agreement between

10/20/2014

Pictometry International Co. and Humboldt County was provided to the Board for review.
Recommendation: That the Commission approve the amendment and authorize the Chair to sign.

4. Approval of CDBG quarterly project report: Attached was a copy of the CDBG quarterly project report for the McDermitt Community Services Multiplex project for the Board's review.
Recommendation: That the Commission approve the report and authorize the Chairman to sign.

The following motion was made by Commissioner Bell and passed with Chairman Cassinelli and Commissioners Bell, French and Brissenden voting aye and Commissioner Amos being absent:

To approve the consent agenda as presented and authorize the Chair to sign the Sheriff's Office grant application.

SOLID WASTE MATTERS: Administrator Deist stated that there would be a Landfill Committee meeting following the Commission meeting today at 3:00 p.m.

PUBLIC LANDS PLANNING MATTERS & FORMULATION OF COUNTY POSITION ON BLM, FOREST SERVICE AND THE FEDERAL FISH AND WILDLIFE SERVICE PROPOSED

ACTIONS: Administrator Deist stated that he had nothing on this item.

MISCELLANEOUS REPORTS AND CORRESPONDENCE:

OTHER INFORMATION AND UPCOMING MEETINGS: Administrator Deist noted the need for Commissioner Bell to confirm whether he intends to attend the NACO Conference and he reported on a meeting that he, Commissioner Bell and Brad Schultz had with members of Senator Reid's staff at which discussion had occurred related to the Pine Forest Bill.

REPORTS FROM COMMISSIONERS REGARDING OTHER BOARDS AND COMMITTEES

THEY SERVE ON: Commissioner French reported on a NevadaWorks meeting that he had attended. Commissioner Brissenden discussed a tour of a hectorite processing plant that she had went on and noted the need to improve infrastructure in this community to attract such a facility to Humboldt County; she also read a letter from Humboldt General Hospital detailing their Ebola preparedness.

CLAIMS FOR EXPENDITURES OF COUNTY FUNDS: The following motion was made by Commissioner French and passed with Chairman Cassinelli and Commissioners Bell, French and Brissenden voting aye and Commissioner Amos being absent:

To approve the expenditures as presented.

2015 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM PLANNING: Brenda Willey, Administrative Assistant, appeared before the Board.

THE GRANT APPLICATION AND SELECTION PROCESS: A copy of the 2015 CDBG Application was provided to the Board for review. Ms. Willey noted that this is the first public meeting

10/20/2014

Page 2 of 10

to ask people to come forward with grant applications and that advertising in the local paper has occurred; she reviewed the application process for the Board.

SUMMARY OF PAST PERFORMANCE FOR CDBG GRANTS RECEIVED BY HUMBOLDT

COUNTY SINCE 1984: A copy of the Summary of Past Performance CDBG Program was provided to the Board for review. Ms. Willey reviewed the status of the grants including the McDermitt Community Services Multiplex project. Discussion occurred regarding possible projects in the County.

HUMBOLDT COUNTY'S ANNUAL HOUSING AND COMMUNITY DEVELOPMENT NEEDS

STATEMENT: A copy of the Humboldt County Housing Study Summary prepared in September 2014 was provided to the Board for review. Ms. Willey reviewed the information provided for the Board. Chairman Cassinelli asked for public comment and/or potential projects; none offered.

REQUEST FOR CONTRIBUTION FOR THE 2015 DRUG FREE GRADUATION PARTY:

Kathy Brumm and Annie Drake appeared before the Board representing the Drug Free Graduation Party. Chairman Cassinelli disclosed for the record that Mrs. Brumm was his sister. Ms. Drake spoke in support of a donation from the Humboldt County Commission noting that last year the amounts contributed were \$2,500.00 as an event donation and an \$800.00 cash grant used for reserving the exhibit hall at the fairgrounds. After discussion the following motion was made by Commissioner French and passed with Chairman Cassinelli and Commissioners Bell, French and Brissenden voting aye and Commissioner Amos being absent:

To fund a donation to the Drug Free Graduation Party in the amount of \$3,300.00 which includes the \$2,500.00 and the \$800.00.

Ms. Drake thanked the Commission for their support. Administrator Deist instructed that whenever the group is ready for the funds get a written request to the Administrator's Office and it will be processed.

NUISANCE ISSUES:

CONTINUATION OF THE PUBLIC HEARING REGARDING THE NUISANCE COMPLAINT

AT 4225 RAINBOW ROAD, WINNEMUCCA, NEVADA ON PROPERTY OWNED BY TONY

AND MARY DURAN:

Property owners Tony and Mary Duren appeared before the Board. Administrator Deist reviewed what has occurred previously with this item and stated that Building Director Bobby Thomas had inspected the site and found substantial improvement so he would not have a problem with the Board declaring it abated. Commissioner Brissenden stated that she also had viewed the site and that it looked very good; she asked the property owners to keep it up in the future. The following motion was made by Commissioner Bell and passed with Chairman Cassinelli and Commissioners Bell,

10/20/2014

Page 3 of 10

French and Brissenden voting aye and Commissioner Amos being absent:

To declare that there is no nuisance at 4225 Rainbow Road in Winnemucca.

REVIEW OF PROGRESS ON NUISANCE ABATEMENT ORDER ON PROPERTY LOCATED AT 3105 VALLEY WAY, WINNEMUCCA, NEVADA OWNED BY WADE J. MUSSI:

Administrator Deist reviewed what has occurred previously with this matter and stated that Building Director Thomas had inspected the site and found that there has been improvement and it is much more orderly. Commissioner Brissenden concurred. County Clerk Spero (who resides directly across the street from the property) stated that the property owner has removed all the vehicles that lined the front of the property, that he still has the tractors, that he has approximately four Suzukis but they all appear to have valid license plates, that he has stacked most of the stuff remaining and that he had a lot of metal removed. Commissioner Brissenden asked how the neighbors feel. Clerk Spero said that she has not heard anything and stated that she does not have a problem with it. Commissioner French asked if this matter should be continued out for further action. Clerk Spero commented on the status of the property and suggested that she believed that it would be difficult to get the property owner to do anything further. Chairman Cassinelli asked for public comment; none offered. After discussion the following motion was made by Commissioner French and passed with Chairman Cassinelli and Commissioners Bell, French and Brissenden voting aye and Commissioner Amos being absent:

To declare the property located at 3105 Valley Way owned Wade J. Mussi as abated but that we include language in this to require him to maintain improvements that he has made to the property in the future.

POTENTIAL ACQUISITION OF THE WATER SYSTEM AND ALL ASSETS OF THE STAR CITY PROPERTY OWNERS ASSOCIATION:

Provided to the Board for review was a memo from the District Attorney discussing the proposal (see attached). Tom Swanger and Walt Curtis of the Star City Property Owners Association and Robert Dolan representing the Star City Property Owners Association appeared before the Board. Chairman Cassinelli noted the comments received from Art Howell regarding this issue during the first public comment period and his response regarding that the County probably doesn't want to become involved in this. Copies of the paperwork related to the issue were provided to the Board for review. Mr. Swanger explained the request including the USDA's direction that if a city, county or any other non-profit organization came in and bought the water system then the grant money would not have to be paid back but if a for profit entity purchased it they would have to pay the grant back which would result in the users rates going sky high; he noted that the association sets the rates and their financial person had indicated that their revenues were going to fall

10/20/2014

Page 4 of 10

way short this year so new rates had been implemented last month. Chairman Cassinelli noted that the information provided to the Board indicated that, if at a later date, the County sold the system for a profit the loan would also have to be paid back in full immediately. Mr. Dolan commented on a conversation he had with Mark Foree with Gold Country Water at which Mr. Foree indicated that they do not intend to expend any funds relative to this transaction but that he was hopeful that they would be able to obtain a loan to pay Humboldt County back; he continued discussed requirements in statute regarding reserve studies/necessary capital improvement projects, the different interests of the members of the association, needed improvements, water usage concerns and what has occurred with bringing the financials up to date. District Attorney Macdonald reviewed the memo provided including issues with the loan and possibly grant funding if the system were to be sold to a for-profit entity and issues with the County providing a bridge loan to the Association; he continued questioning why the County would want to put themselves in the same situation as the Association unless the County wants to acquire and operate this water system and why, if the ultimate goal is for Gold Country to acquire the water system, why should the County be responsible for repayment of the USDA loan and possibly a portion of the grants. District Attorney Macdonald also offered the opinion that Nevada law concerning the authorized investments for local governments prohibits the County from lending money to the Association as proposed. Administrator Deist noted that it was time for a public hearing. Chairman Cassinelli stated that discussion on this matter would continue following the public hearing.

PLANNING MATTERS:

PUBLIC HEARING - A zone change application submitted by Mike Breiner with Five County Ventures, Inc. to change the zoning from R-1-6 (Single Family Residential 6,000 square feet minimum lot size District) to R-3 (Multiple-Family District). Subject property is located off of Bonnefield Street; APN 3638-32-127-003; Provided to the Board for review was a copy of the Planning Department status report recommending approval and a copy of the Notice of Public Hearing. Chairman Cassinelli read the title of the item set to public hearing. Chairman Cassinelli asked for public comment; none offered. After discussion the following motion was made by Commissioner Brissenden and passed with Chairman Cassinelli and Commissioners Bell, French and Brissenden voting aye and Commissioner Amos being absent:

To approve the zone change application submitted by Mike Breiner with Five County Ventures, Inc. to change the zoning from R-1-6 single family residential 6,000 square feet minimum lot size to R-3 multiple-family district, subject property is located off of Bonnefield Street, Assessor's parcel 3638-32-127-003.

(Ordinance 10-20-14)

CONTINUED DISCUSSION ON THE POTENTIAL ACQUISITION OF THE WATER SYSTEM AND ALL ASSETS OF THE STAR CITY PROPERTY OWNERS ASSOCIATION: Administrator

Deist commented on the District Attorney's statements noting that there is still a great deal more work to be done as the value of the system is not even known, whether it is worth loan or if it is worth a lot more than the loan and grant money and, as the District Attorney pointed out, where would the money come from as the County does not have it. Commissioner Bell observed that one question that would need to be answered is does the County want to own/run a water system, as that could happen. Mr. Dolan commented on his understanding of what would occur if the system was transferred to the County noting that the loan would not be called immediately and the fees paid by the users would be used to pay the loan so there would not be an immediate drain on the County. Mr. Swanger commented on the setting of the rates and water amounts with the assistance of the Public Utilities Commission. Mr. Dolan observed that he could see two possible scenarios, if no action is taken by the Commission either the Association goes to bankruptcy court and they take steps to readjust things or a receivership petition is filed in the local court but something must be done to solve the issue. Chairman Cassinelli voiced concerns about whether it was right for the County to purchase the system to help avoid having to give back the loan and/or grant money and questioned why the County would want to do that. Commissioner Bell concurred stating the only way to consider this would be if the County were going to acquire and operate the system and he doesn't believe that is something the County wants to do and explained the issues with that. Commissioner French commented on concerns voiced about the rates, the potential effect of the State Water Engineer's report on the water usage level and information from the District Attorney regarding the re-payment of the loan. Discussion occurred regarding the possible effect on the grant funding and the potential for repayment of that funding. Chairman Cassinelli stated that he did not see why the Board would want to bring this onto the County. Commissioner French observed that given the information provided the decision today is whether or not the County wants to acquire and operate a water system and he stated that the County was not prepared to do that. Commissioner Brissenden referred to the Housing study that was received and its finding that Humboldt County has marginal infrastructure and the potential that the County may need to get into the water business eventually and while the County may not be ready now they cannot close their eyes to taking care of the infrastructure in Grass Valley. After discussion the following motion was made by Commissioner Bell and passed with Chairman Cassinelli and Commissioners Bell, French and Brissenden voting aye and Commissioner Amos being absent:

That the County has no interest in acquiring the water system in Star City.

Commissioner Brissenden clarified her vote of aye stating that she felt bad as something needs to happen but if the County's legal says that the proposal is not legal then she needed to vote aye. Chairman Cassinelli commented on the need to consider the County as a whole and concerns about the cost. Commissioner French asked that the communication remain open so the County can be part of a solution if one opens up. Mr. Dolan commented on the options available to the Association. Mr. Curtis commented on the option of working with Gold Country.

POTENTIAL DEVELOPMENT OF COMMENTS RELATED TO THE ENVIRONMENTAL PROTECTION AGENCY AND THE U.S. ARMY CORPS OF ENGINEERS PROPOSED RULE - DEFINITION OF WATERS OF THE U.S. UNDER THE CLEAN WATER ACT:

Provided to the Board for review was a copy of the National Association of Counties (NACo) Policy Brief, copies of a proposed form letter and draft comments, a memo from the Road Superintendent discussing the effect of the proposed rule on County roads and draft comments from the Nevada Association of Counties (NACO) and other local government entities. Administrator Deist commented on issues with this proposed rule on Humboldt County due to the "one size fits all" mentality and noted the items provided in the Commission's packet for review. Commissioner French commented on the proposal noting issues and concerns and stated that he would like to see Humboldt County weigh in on the proposal via a letter as is being done by other Counties. The Board concurred. The following motion was made by Commissioner French and passed with Chairman Cassinelli and Commissioners Bell, French and Brissenden voting aye and Commissioner Amos being absent:

To provide a letter prior to the 14th deadline and weigh in.

ROAD MATTERS: Road Superintendent Ben Garrett appeared before the Board.

INPUT TO NDOT REGARDING FUTURE PROJECTS IN HUMBOLDT COUNTY ON STATE

SYSTEM: Superintendent Garrett explained that he would be attending a workshop at which input regarding future projects in Humboldt County on the state roads system would be accepted; he noted this was a change from the past process when State Transportation Improvement Projects (STIP) were submitted to NDOT for consideration. Discussion occurred regarding paving all of or a portion of Jungo Road and it was noted that Jungo is not in the State system but Superintendent Garrett stated that he could bring the matter up to see if there is any funding out there. Commissioner French asked if there was anything that the County could propose on the 95 corridor that would improve the chances of the I-11 corridor coming through. Superintendent Garrett said he did not know of anything unless it was to make the road four lanes. Commissioner Bell asked about the turn lane around the sand dunes that had been discussed. Superintendent Garrett stated that one of the original proposals of the recent safety study was

10/20/2014

Page 7 of 10

to improve that whole section but that was ultimately cut out. Commissioner Bell stated that he would like to see that put back in and explained the importance of that improvement. After discussion Chairman Cassinelli suggested that the County prioritize the turn lanes at the sand dunes. The Board concurred.

REPORT OF PENDING ROAD DEPARTMENT PROJECTS: Superintendent Garrett reported on work occurring on the waste bin sites in Denio, Orovada, Kings River and Paradise Valley, pipe installation, road grading, road repairs and mowing.

MISCELLANEOUS ROAD RELATED MATTERS: Discussion occurred regarding where the gravel pile in Orovada would be used.

PRESENTATION BY JO MALAY, R.N., M.P.H. DIRECTOR OF NURSING FOR THE STATE OF NEVADA COMMUNITY HEALTH SYSTEM NURSING PROGRAM REGARDING SERVICES PROVIDED TO HUMBOLDT COUNTY:

A copy of the presentation regarding the Community Health Nurse program for Humboldt was provided to the Board for review. Jo Malay, Director of Nursing with the Division of Public and Behavioral Health, John Kirwan, Program Manager and Rita Esquivel, Administrative Assistant at the local office appeared before the Board. Director Malay reviewed the presentation for the Board noting that the program is currently down one nurse, reviewing what the position entails, reviewing the number of patients served locally, discussing the flu season and the county health rankings. Discussion ensued regarding the programs relocation to another building as the previous building is set to be demolished and concerns about the new location.

UPDATE AND PRESENTATION BY POOL/PACT HR REGARDING THE RECRUITMENT FOR THE COUNTY ADMINISTRATOR POSITION AND MATTERS RELATED THERETO:

Provided to the Board for review was a copy of the Humboldt County Administrator Application Screening Grid and a copy of a listing indicating the location, experience and education of the applicants. Jeanne Greene and Dana Carvin of POOL/PACT appeared before the Board. Ms. Greene commented on the applications received and the method for ranking them noting that eight individuals met the necessary criteria; she continued discussing the types of questions that can be asked during the interview and the types that cannot and further noted that the background checks had been accomplished. Discussion occurred regarding when the interviews would be conducted, that \$450.00 had been approved for travel reimbursement if needed, that the interviews would be part of a regular Commission meeting, that public comment would be allowed at the end of the interviews, the amount of time set for each interview, the involvement of Administrator Deist, the need to schedule a special meeting for the decision so the Commissioners would have time to consider the interviews, that a meet and greet would occur on the prior Sunday at the convention center and how the questions would be addressed to the interviewees.

After discussion the following motion was made by Commissioner French and passed with Chairman Cassinelli and Commissioners Bell, French and Brissenden voting aye and Commissioner Amos being absent:

To accept the list provided by Pool/Pact for the applicants for the County Administrator with a schedule for a meet and greet with the applicants on Sunday the 9th at 5 pm and an interview process to begin on Monday the 10th at 8:00 and a deliberation meeting at 9:30 on the 14th Friday.

Chairman Cassinelli recessed the meeting at 12:10 p.m. to reconvene at 1:30 p.m.

JOINT MEETING BETWEEN THE HUMBOLDT COUNTY COMMISSION AND THE

WINNEMUCCA CITY COUNCIL: Appearing on behalf of the City Council were Mayor DiAn Putnam, Councilmen Doug Cain, Paige Brooks, Jim Billingsley and Mike Owens, City Manager Steve West, City Attorney Kent Maher and City Clerk Lorrie Haaglund. City Councilman Ken Tipton was not in attendance. **DISCUSSION WITH JEREMY HARRELL OF SENATOR HELLER'S OFFICE**

REGARDING PUBLIC LAND ISSUES INCLUDING BUT NOT LIMITED TO THE NORTHERN NEVADA LANDS CONSERVATION AND ECONOMIC DEVELOPMENT ACT

AND NEVADA SAGEBRUSH LANDSCAPE CONSERVATION AND ECONOMIC DEVELOPMENT SECOND DISCUSSION DRAFT:

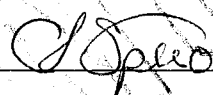
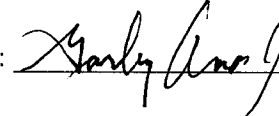
Provided to the Board for review was a copy of the August 13, 2014 letter from the Board of Humboldt County Commissioners offering comment on the second draft of the Nevada Sagebrush Landscape Conservation and Economic Development Act of 2014, a copy of an email from Jeremy Harrell regarding Humboldt County's maps for the Nevada Sagebrush Landscape Conservation and Economic Development discussion draft and copies of maps of Humboldt County's Local Land Conveyances, the North Fork of the Little Humboldt River Wilderness Proposal Boundary, the Disaster Peak Wilderness Proposal boundary and the Humboldt County Sage-Grouse Wilderness. Jeremy Harrell, Senator Dean Heller's Public Lands and Natural Resources Advisor appeared before the Board. Mr. Harrell updated the Commission and Council on the status of the Pine Forest legislation. Mr. Harrell explained some concerns in the Senate related to sites in Carlin and Fernley, suggested that communication with the County's representatives continue offering support for the Pine Forest and explained why the various proposals had been combined. Mr. Harrell continued updating the Commission and Council as to the Nevada Sagebrush Landscape Conservation and Economic Development Act including the appreciation for the comments received from the local entities, the time line for the bill, the feedback received from different entities and how that feedback is being addressed. Discussion ensued regarding language in the bill addressing the potential for additional

wilderness areas and Humboldt County's lack of support for that proposal unless the process which created the Pine Forest Bill is used, how Senator Heller is addressing those issues, Commissioner French's concerns about the impact fee portion of the bill and his suggestions on how the issue can be addressed, why the reworking of section 103 will not affect the City of Winnemucca and the properties they have identified that they would like to see disposal of and the maps that will be available showing the lands that the mines have requested direct conveyance of so feedback can be obtained. Chairman Cassinelli asked for public comment. Commissioner French asked Jim Jeffress, a member of the Pine Forest Bill Working Group (answering from the audience) about the status of some of the squaring up of some ground in the Santa Rosas; Mr. Jeffress responded. Mr. Harrell commented on how the request would be handled. Mr. Jeffress continued discussing what had occurred in Pershing County. Mr. Harrell stated that if there were any questions or concerns to please contact him.

Mayor Putnam adjourned the City Council portion of the meeting at 2:02 p.m.

PUBLIC COMMENTS: Chairman Cassinelli asked for public comments. Jim White commented on possible items for submission as State Transportation Improvement Projects including the need for a bike path on the 289 extension to Reinhart, a turn lane for Sand Pass Road especially for the north bound lane, and an additional access road to Grass Valley. No further public comment offered.

ADJOURNMENT: Chairman Cassinelli adjourned the meeting at 2:05 p.m.

ATTESTED:  Clerk APPROVED:  Chairman

(Minutes approved by the Commission and signed by the Chairman on 02-17-2015)

MEMORANDUM

TO: COMMISSIONERS
FROM: ADMINISTRATOR
DATE: October 14, 2014
SUBJECT: CONSENT AGENDA

ACTION: Approval of the consent agenda is requested pursuant to the following staff recommendations:

1. Authorization for Chairman to sign Sheriff Office's Grant Application: Attached is the application for your review.

Recommendation: That the Commission authorize the Chair to sign.

2. Approval of additional new Water Distribution Budget for 2014-2015 season: This is a new budget and was not received with the others you approved earlier this year. The information is attached.

Recommendation: That the Commission approve the distribution budget as submitted.

3. Approval of amendment to the Pictometry Contract: Attached is the amendment as requested.

Recommendation: That the Commission approve the amendment and authorize the Chair to sign.

4. Approval of CDBG quarterly project report: Attached is the report for your review.

Recommendation: That the Commission approve the report and authorize the Chairman to sign.

HUMBOLDT COUNTY DISTRICT ATTORNEY'S OFFICE

Memorandum

To: Dan Cassinelli, Chairperson
Garley Amos, Vice-Chairperson
Mike Bell, Commissioner
Marlene Brissenden, Commissioner
Jim French, Commissioner
Bill Deist, County Administrator

From: Michael Macdonald, District Attorney *Mike*

Date: October 16, 2014

Re: Star City Property Owner's Association offer regarding water system

Earlier this year, the Star City Property Owner's Association (hereafter referred to as the "Association") came before the board and asked Humboldt County to assist them by acquiring the water system from the Association. The Association's representative, Tom Swanger, indicated that if the Association sells the system to a non-profit organization or local government, then the Association would not have to immediately repay the outstanding balances on the USDA loan as well as a portion of the grants received by the Association from USDA and CDBG.

Brenda Willey and I both confirmed with Barbara Allen of the USDA that if Humboldt County purchases the water system from the Association, the County could assume the loan and continue to make payments. However, if the County was to later sell the water system to a for-profit entity, the loan could not be transferred and the loan would have to be repaid in full immediately. There is also a possibility that a portion of the grant funds would have to be repaid.

In addition, I have had communications regarding this matter with Bob Dolan who represents the Association. He provided me with a proposed term sheet for the acquisition of the water system. If this proposal was accepted, the Gold County Water Company, Inc. would be ultimately acquiring the water system. The County's involvement in the transaction would be to pay off the existing USDA loan and eliminate any requirement to repay funds received with the USDA and CBDG grants. The County would be providing a bridge loan to the Association which would be secured by the assets of the water system. Then the Association would transfer the water system to Gold Country after Gold Country paid in full the outstanding loan from the County to the Association.

Unless Humboldt County wants to acquire and operate this water system, I question why the County would want to put itself in the same position the Association is currently in. If the ultimate goal is for Gold Country to acquire the water system, why should the County be responsible for repayment of the USDA loan and possibly a portion of the grants? It is also my opinion that Nevada law concerning the authorized investments for local governments prohibits the County from lending money to the Association as proposed.