

PROCEEDINGS OF THE BOARD OF COUNTY COMMISSIONERS IN AND FOR THE COUNTY OF LINCOLN,
STATE OF NEVADA

October 22, 2007

#1-CALL TO ORDER/ROLL CALL/INVOCATION/PLEDGE OF ALLEGIANCE

The Board met in special session with Chairwoman Ronda Hornbeck calling the meeting to order at 8:03. Clerk Lisa Lloyd called the roll with Commissioners Tommy Rowe, Paul Mathews (via telephone), Ronda Hornbeck, Wade Poulsen (via telephone) and Bill Lloyd being present. There is a quorum present and the agenda was posted on 10-16-07 to comply with the open meeting law. County Manager John Lovelady is present.

#2-ALAMO INDUSTRIAL PARK

Dan McArthur is present via telephone. Ronda met with BLM last week. On the BLM notice that would be sent this morning it states that the entire 228.25 acres will be put up for sale to LC. Upon questioning the manner in which the acres would be drawn down, Ronda was advised that the county either has to take the entire parcel with 228 acres being offered or notify the BLM that the project would be phased. If it is phased, then BLM would have to re-advertise it as such. The appraisal for the 228.5 acres is \$685,000. This is approximately \$3,001 per acre. The Board needs to decide if all of the acres will be drawn down at the same time or if the project will be phased. If the entire property is not drawn down, BLM will have to re-advertise the amount of acres that the county wants to buy; this will postpone the sale. If the direct sale is pushed back then it will result in the private sale being postponed as well since the private sale must occur 30 days after direct sale. Mike Baughman (present via telephone) stated that the Board isn't deciding to buy land today; they are deciding what they want in the BLM notice. Mike believes that it is important to give the BLM a number, whether it is 228 or less. Today is the first day that the BLM letter can go out and there will be thirty days after the letter is issued to act upon the amount of acres offered. At the meeting that this is decided, the Board will have to commit to put 20% down. The first opportunity that the Board can commit funds is 11-5. The Board might have to approve spending \$130,000 on 11-19 if they are committed to purchasing the entire parcel. Mike suggested that the Board might want to consider encouraging the BLM to date the letter November 4, which would give the Board 3 Commission meetings to respond to their formal offer. This would allow for the Board to come up with the required 20% down payment. Ronda stated that she understands that the BLM has advertised it as a direct sale today. If the county decides that it has to be parceled out, then BLM will have to redo the parcels according to what the county intends to take. If it is parceled out, Ronda advised that she is not sure what the time frame would be. The BLM requires that they have to be eloquent parcels. Ronda's understanding isn't that the Board has three weeks to decide on this. The decision on acreage must be made today. Mike doesn't believe that the letter from BLM must be dated for today and he suggested that the Board request that the letter be back dated. Ronda further advised that it is on the agenda to decide on funding today. Ronda understands that the date for the public sale has to be thirty days after the direct sale. Mike stated that he believes that the thirty days was at LC's request. The JFDI sale is a fixed date for the 27th, which was advertised. It is to the Board's advantage to take whatever acreage they are going to purchase prior to the private sale. For the full 228.25 acres the cost will be \$685,000. The county's 20% down by November 22 will be approximately \$137,000. The other 80% must be paid within six months. There is a grant available that can be used for the payment so the county's share will be approximately \$70,000. The grant will provide the other half of the required 20%. If it takes longer to get the grant back in then the county will be responsible for the \$137,000. Ronda advised that she would like the Board to think in the direction that the entire amount is what the county will have to come up with. \$547,982 is the amount that the county will have to come up with by April 22. Hopefully, the EDA grant will be received prior to the April 22 due date. Ronda stated that she doesn't want to use land act monies to fund this as the rest of the county needs to be taken into consideration for planning activities. LC Water Fund has two areas that can be used: LC Water Planning & Development, Fund 86, (\$25,000) and Fund 87, LC Water Special Projects (\$100,000). Worst case scenario, the Board agrees that they need to identify a third fund to come up with the entire \$137,000. Once these funds are taken out, even though there is reimbursement coming back in, it will deplete the account for this year as these are the only monies budgeted for this year. Mike noted that the LC Regional Development Authority has budgeted \$100,000 for this park. LCRDA also has a \$100,000 grant for infrastructure and an electrical study. LCRDA has another \$25,000 from the state for basic operations. If the county got into a jam, Mike believes that LCRDA is in a position to help as their budget this year is \$174,000. Ronda stated that of the \$100,000, \$25,000 is attached to the power study. Mike stated that there was a duplicate on the chart that was sent to the Board. Mike advised that the funds are still there and LCRDA has received other funds from the state from last year that are unrestricted. LCRDA also has remaining funds from last year to be considered. It is expected that these monies will be received back as the land is sold for industry, which means that the funds will be replenished. The county has six months for final payment and when the final payment is made the county will receive the deed to the land. Ronda stated that until the county has deed to the land,

whoever will purchase the land will not have to pay the money up front. This means that the county is still six months out on this as the county will have to make the payments on this. As the land is turned around and sold to industry, there will have to be an agreement stating that payment will be made up front. Mike reiterated that the decision today is to tell BLM what to put in the letter. The interest in this property has jumped exponentially since this project was proposed. On 11-19, Mike hopes to have a set of purchase agreements that will cover 228.25 acres that will give the Commission the assurance that they can immediately go into escrow with the other parties. The county may have to carry this for a matter of weeks, perhaps, between the time that patent and escrow close. However, Mike believes that this can happen simultaneously. Mike delineated the various companies that are interested in the park. These include Steel Tech (24 acres), Alamo Power District (12 acres), Bering Point Construction (5 acres), Thomas Damascus Steel (5 acres), CowPly, an assisted living facility and a law firm. Mike stated that he knows that there are about 70 acres that have been committed to. Mike further advised that Wingfield NV has approached the county about acquiring whatever portion of the park that the county hasn't been able to pre-sell. Wingfield would like to purchase it and co-develop it with the county. They are also interested in purchasing the residential land that will be coming up for public auction. Wingfield is looking at helping the county by developing the residential and whatever remains of the industrial at the same time. Under this scenario, this means that 100% of the park is sold. Mike advised the Board that the county will not have to carry this for very long. Ronda stated that the worst case scenario, if no one purchases the land, is that the county will have to come up with the \$548,000. Paul reminded the Board of the \$700,000 loan that the county has. There is some discussion about the EDA grant. The amount for the EDA grant is \$2,556,000.00. The land will qualify for the matching for EDA as long as the county holds the land. Any land that the county holds can be counted as a match; this doesn't include any land that is sold to the developers. Phyllis Robistow, Grants Administrator, advised that as long as everything happens after the date of the EDA letter everything can be switched back and forth. This will cover the county for the match. If the county has to have the 20% within 30 days and the letter of invitation isn't received within that thirty day time period, the 20% monies can't be counted as a match. Any easements and right-of-ways within the park that belong to the county can be used as a match. If this is parceled out, the Board will have to decide which part to parcel. ROWs will have to be left in. There are power line and water ROWs that will go through the middle of these properties. The Board will have to make these decisions in order to keep it within county property. Ronda suggested that the best thing to do would be to purchase the entire amount of acres. Wade questioned if there is anything in writing that states that since the county has purchased the land at \$3,001 per acre it has to be sold for that amount. Mike stated that under FLPMA, the county can't profit from the sale of this land. If the county puts its own money into the land, the price can be increased. However, the grant monies put into this property can't be recovered as it wasn't the county's money. Wade suggested that if the land is sold for \$5,000 per acre, the additional monies could be put into infrastructure. Wade questioned if this would be profiteering. Ronda stated that yes, if sold for more than it was purchased for the extra monies would go back to BLM. It is possible to charge an assessment to each developer for what it took the county to get from point A to point B. Once this land is sold to the companies, they will have to get a survey done at their own expense. However long it takes the county to make the final payment is how long the county's money will ride the books as the land can't be sold until it is completely paid for. Paul suggested that the county pay for all of the land up front. Ronda stated that if the county's money is pulled out, then it will no longer be earning interest. Paul stated that the county can pay for the land at any time as they have 180 days to do so. Once the land is sold, then the money would be put back in. Mike advised that Steel Tech has purchased major pieces of equipment so that they can get into the park and get their industry going. Steel Tech is in a hurry and doesn't want to have to wait any longer than it has to. Ronda stated that on the 24 acres for Steel Tech, the county will get \$72,000 back. If 40 acres were sold, this would be \$120,000. 80 acres would be \$240,000 back for just the acres themselves. Mike estimates that he has about 70 acres spoken for by businesses at this point. Ronda stated that the county has \$280,000 total for payment of the land that comes from the NV Commission of Economic Development. This is a 50% match, which means that the county will have to come up with the \$280,000. The only place that the county can get the remaining \$685,000 is the LC Water Special Use, Fund 84. This takes a 2/3 vote from the Board to use these monies as they were put into a special account, not to be touched. The interest from this account has been replenishing the accounts that have been used. Currently, there is \$1.2 million in this account. Ronda suggested that, if this account is used, as the monies come back for payment of the land, then this account be repaid. The interest gained on this money is 5%. The interest being paid on the line of credit at NV Bank & Trust is unknown at this time. Paul stated that it would be better to have the industrial park pay for itself under this line of credit as opposed to using Fund 84. As of Friday, the letter has to come from Washington, D.C., for the EDA grant. The formal letter of invitation has been approved and now has to go to DC for approval. Once this is approved, the letter of final approval will be received. Rick Tremblay has advised that it will be about three weeks before the letter is received. The county should have this letter in hand before 11-19, when the 20% is required. Once this letter is received, the county will refresh the letter of notice to proceed that they've previously sent. The notice to proceed will lag about 10 days from the time that the letter of award from Seattle is received. Mike isn't certain when the notice to proceed will be received. Ronda stated that she can call Anna Wharton or Manuela Johnson and ask that the letter be delayed one week but be dated

before 11-5. Mike advised that the Board count the days to make certain that the 30 day period will get the Board through the 12-3 meeting. Mike suggested that the deadline to respond to the letter be dated for November 5th. The letter has to be dated before the county can spend the money. With the dating of the letter being 11-5, then the 20% down would be required on 12-5. The extra two weeks will allow for the EDA money to come in. Without the invitation letter, whatever monies are expended on the front end of this project can't be used. Mike advised that the other reason for the extra two weeks is that by the time the Commission has to come up with the \$140,000 there will be the assurance that all or part of the land is pre-sold. Dan stated that he doesn't see a downside to the purchase of the entire county. The purchase of the land will bring more tax into the county coffers. If the entire parcel is purchased and subsequently sold in April, then a full tax assessment would go on the tax roll for July. Ken Dixon asked if there is anything that says that LC can't make residential use out of some of the 228 acres. Phyllis advised that this will foul up the EDA grant. The BLM appraisal is \$2,500 per acre for the residential area. Ken stated that selling it as residential would be a worst case scenario if the land didn't sell. Wade stated that once the county acquires the land there will be a lot of people looking at it. Ken advised that if the land could be sold residential it would provide the county an "out" if everything "went to pot". Wade stated that this industrial park has always been meant to bring industry into LC. The last thing that Wade wants is to have someone come in and bail the county out, flip it and then make money on the work that the county has done. This land is meant to create a sustainable economy in the southern end of the county and create a tax base. Wade doesn't feel that selling the land and allowing an entity to flip it for a greater profit is what the Commissioners have intended. Ronda advised that Manuela Johnson advised that the final survey will not be in her office until October 31st. The final letter from the BLM will be dated for 11-5. **Wade made a motion to have the county go ahead and purchase the 228.25 acres and notify the BLM that this is the amount that the county will seek; seconded by Tommy. All voted in favor.**

#3-PUBLIC COMMENT

Due to an error, this item is not listed on the agenda.

#4-ADJOURN

There being no further business for the Board to attend to, **Wade made a motion to adjourn the meeting at 9:24; seconded by Bill. All voted in favor.**

Attest: _____ Approve: _____