

Meeting Minutes
BOARD FOR FINANCING WATER PROJECTS

October 5, 2022

9:00 am.

Tahoe Hearing Room
901 South Stewart Street, 2nd floor
Carson City, NV 89701

Held virtually using Microsoft Teams:

Meeting ID: 250 154 648 609

Members present:

Bruce Scott, Chair
Andrew Belanger, Vice Chair
Carl Ruschmeyer
Mike Workman
Christine Vuletich
Brendon Grant, ex-officio member

Legal counsel present:

Dan Nubel, Senior Deputy Attorney General

NDEP staff present:

Jason Cooper
Elizabeth Kingsland
Kyle Casci
Duane Bays
Sheryl Fontaine

Public present:

Jeff McDaniel, Logan Creek Estates General
Improvement District
Cameron McKay Logan Creek Estates General
Improvement District
Larry Grant, Hawthorne Utilities
Steffi Gavin, Farr West Engineering
Kathy Flanagan, Southern Nevada Water
Authority
John Day, Public

1) Board for Financing Water Projects regular meeting

1) Call to order

Chair Bruce Scott opened the meeting and invited introductions from board members and those present in person and on the phone.

2) Introduction/establish quorum

Chair Scott established a quorum as all board members were present.

3) Public comment

There were no public comments.

4) Approval of minutes from the June 29, 2022 regular meeting

Board Member Mike Workman motioned to approve the minutes. The motion was seconded by Board Member Carl Ruschmeyer. The motion carried unanimously with Chair Scott abstaining from vote.

5) Funding and updates for the Drinking Water State Revolving Fund (DWSRF)

Jason Cooper, with the Nevada Division of Environmental Protection (NDEP), gave an update on the Drinking Water State Revolving Fund (DWSRF). As of September 16, 2022, there was \$83,061,505.95 in the bank, with \$23,931,329.92 committed funds not yet disbursed. Mr. Cooper indicated staff was presenting commitments to the board in the amount of \$1,370,00.00. Over the next three years, the lowest cash balance would be \$71,601,008.00.

Mr. Cooper displayed projects for the next three years. DWSRF currently has \$6,011,553 available in principal forgiveness funding.

Mr. Cooper provided an update that the Bi-partisan Infrastructure Bill funding application has not been completed, but it is being worked on being submitted.

Vice Chair Andrew Belanger commented that federal infrastructure money normally comes in the form of grants, but the infrastructure bill is heavily dependent on loans in order to provide principal forgiveness funding for projects. Mr. Cooper clarified there are four grants in the drinking water program. The first grant is the base appropriation which requires 26% of the grant to be distributed as principal forgiveness. The 26% is split up with 14% to systems deemed eligible by the State in the Intended Use plan and 12% must go towards disadvantaged communities. The Bill supplemental grant requires 49% of the grant to be distributed as principal forgiveness to systems that meets the definition of disadvantaged community. The emerging contaminants grant is 100% principal forgiveness, but 25% of it must go to a community that serves less than 10,000 people and is considered disadvantaged. The lead service line grant requires 49% to be distributed as principal forgiveness like with the supplemental grant.

Mr. Cooper explained that staff has been working on drinking water regulation updates to redefine the definition of a disadvantaged community. The current definition is a community's median household income is less than 80% of the state's median household income, and we are trying to change it to a more broad definition where multiple different kind of impactful items can be looked at to determine a disadvantage community. This definition change would make more communities eligible for principal forgiveness money.

Vice Chair Belanger stated that the way disadvantaged communities are structured in a lot of states does not allow money to go to urban areas where there are needs. There is a need for money to flow to projects like Clark County's issue with the Colorado River and to other similar projects in all parts of Nevada.

Chair Scott commented the board's responsibility is to get the best drinking water to everyone within the state and meet the requirements of the state revolving funds program.

Chair Scott asked if the repayment of any loan issued remains in the SRF program for future needs. Mr. Cooper responded that any of the grant funds used for a loan when repaid can be used for any program use in the future.

Chair Scott said there probably is not much lead service lines in Nevada but galvanized is common in many of the older water systems.

Mr. Cooper stated that staff has worked with the Treasure's office to change the terms of the SRF program offered to loan recipients. We are changing interest rate reduction from 62.5% of the 20-bond buyer index to 59% and if a project is an equivalency project it reduces to 54%.

Vice Chair Belanger commented when the federal government provides transportation money to the state it comes in the form of grants, but when the federal government provides the state money for water infrastructure it flows through the SRF program and its specific rules. Therefore, it makes it harder for that funding to make it to urban areas in the proportion it would if there was a secondary or different vehicle for the federal government to grant infrastructure dollars to the state. The way the SRF program is set up it is harder for the two highest population counties in the state to receive principal forgiveness money.

Mr. Cooper provided an update and introductions of the staff of the program which has increased from 5 staff member to 8 members. He added information on a few more proposed regulation changes. First, is the changing of loan terms from 20-year terms to 30-year terms and a disadvantaged community can receive a 40-year loan. Second, the drinking water program is adding a loan service fee of .5% loan origination fee and a .5% service fee that is calculated on the original par divided by the number of years and is collected over the life of the loan.

Chair Scott remarked the loan origination fee need is understandable and needed in the future, but we need to ensure a balance of a reasonable reserve versus an excess reserve of money needed for operation and administrative side. Mr. Cooper responded that a service fee is currently collected in the clean water program and a two-year reserve window is used as a benchmark. We can switch between the grant and service fees as needed to ensure the right balance of money. The drinking water program is a larger program than the clean water program, so we will see if two years is reasonable and sufficient. Also, it is based on loans issued, so there is a clause in there that will not charge a service fee to a disadvantaged system.

Chair Scott commented in the time of increasing governmental costs, fees, and permit costs it is

nice to keep our program costs as tight as possible.

6) Funding update for the Capital Improvements Grant Program

Mr. Cooper stated as of June 14, 2022, there was \$9,777,124.60 in the bank, with \$29,582.25 reserved for administration, and \$9,702,103.95 committed to projects not yet disbursed. There are zero funds available to commit to projects currently.

7) Adoption of Consent Items: Funding for Preliminary Engineering Reports and Environmental Reviews

- a. Hawthorne Utilities – [See staff report, Exhibit 7A](#)
- b. Hawthorne Utilities (Mina Luning) – [See staff report, Exhibit 7b](#)

These two projects requested funding for a Preliminary Engineering Report (PER) and Environmental Report (ER).

Board Member Ruschmeyer motioned to approve consent items 7a and 7b, funding – in the amounts specified – a PER and ER. The motion was seconded by Board Member Workman. The motion carried unanimously.

Project list for consideration

8) Logan Creek Estates General Improvement District

[See staff report, Exhibit 8](#)

Elizabeth Kingsland with the Nevada Division of Environmental Protection (NDEP), recommended the board approve a \$1,200,000 loan commitment to Logan Creek Estates General Improvement District. The money will fund the addition of a water tank and an additional well. The estimated project cost is \$1,465,000 of which \$1,182,000 will be a traditional loan and \$283,000 principal forgiveness loan from the Drinking Water State Revolving Fund. The remainder \$265,000 will be funded by the water system.

Board Member Ruschmeyer inquired if there is discussion of ability to expand service in the area between and around Glenbrook and Logan Creek Estates as it would be a great benefit to those areas. Jeff McDaniel, with Logan Creek Estates General Improvement District answered there is discussion with Glenbrook, but there is nothing substantial in regards towards consolidation at this time.

Board Member Workman asked if the Forest Service being the lead agency on the environmental review will delay the project. Ms. Kingsland answered it is not anticipated to hold up the project at this time.

Mr. Cooper stated the loan commitment is being split into a traditional loan and principal forgiveness loan in accordance with the intended use plan intent to incentivize loans to come forward by offering 1.5% of the total amount being available as principal forgiveness.

Board Member Ruschmeyer asked if there would be additional principal forgiveness funds available for consolidation. Mr. Cooper answered in previous intended use plans, we were

identifying types of projects that could get additional funding for principal forgiveness to incentivize projects such as consolidation and addressing storage to come forward for funding. Because, of the changes with the bipartisan infrastructure law, the greater focus on disadvantaged communities and federal direct earmarks with reduction to our base grant there is less principal forgiveness available. Principal forgiveness funding has been refocused to disadvantaged communities and projects that are coming forward for a traditional loan.

Mr. McDaniel commented the staff assistance provided has been incredible and very responsive and attentive.

Chair Scott said the procedures we are bound by sometimes can make the process cumbersome, but staff can make a huge difference in helping through the process.

Board Member Workman motioned to approve the Resolutions D08A-1022 and D08B-1022 Logan Creek Estates GID Project Loan Commitment. The motion was seconded by Board Member Ruschmeyer. The motion carried unanimously with Chair Scott abstaining from vote.

9) Board Comments

There were no board comments.

10) Public comment

Mr. Cooper stated the next board meeting is scheduled for December 6, 2022 at 9 am.

11) Adjourn the Board for Financing Water Projects meeting

The board meeting adjourned at 10:18 am.

2) ATTACHMENTS