

**MINUTES  
CITY OF FALLON  
55 West Williams Avenue  
Fallon, Nevada  
July 18, 2017**

The Honorable City Council met in a regularly scheduled Council meeting on the above date in the Council Chambers, 55 West Williams Avenue, Fallon, Nevada.

**Present:**

Mayor Ken Tedford  
City Councilman, Robert H. Erickson  
City Councilwoman, Kelly Frost  
Chief of Police, Kevin Gehman  
Deputy City Clerk, Elsie M. Lee  
City Engineer, Michael E. Miller  
Deputy City Attorney, Leonard E. Mackedon  
Deputy Public Works Director, Ryan A. Swirczek

The meeting was called to order by Mayor Tedford at 7:00 p.m.

Mayor Tedford led the Pledge of Allegiance.

Mayor Tedford inquired if the agenda had been posted in compliance with NRS requirements.

Deputy City Clerk Lee advised that the agenda was posted in compliance with NRS 241.

Mayor Tedford noted for the record that Councilman Richardson is absent tonight due to a death in the family.

**Approval of Warrants**

- A) Accounts Payable
- B) Payroll
- C) Customer Deposit

Mayor Tedford inquired if there were any comments regarding the accounts payable, payroll and customer deposit warrants.

No comments were noted.

Councilwoman Frost motioned to approve the accounts payable, payroll and customer deposit warrants and authorize the Mayor to sign the same; seconded by Councilman Erickson and approved with a 2-0 vote by the Council.

## **Public Comments**

Mayor Tedford inquired if there were any public comments. He noted that comments are to be general in nature, not relative to any agenda items. No action may be taken on a matter raised under this item until the matter has been specifically included on an agenda as an item upon which action will be taken.

No public comments were noted.

## **Approval of Fiscal Year 2018 Debt Management Policy, Indebtedness Report and Capital Improvement Plan**

Mayor Tedford noted that City Clerk Cordes was called away due to a family emergency so Councilman Erickson would present this agenda item.

Councilman Erickson noted that the City is required, by Nevada Revised Statute, to prepare a Debt Management Policy. Each governmental entity in the State is also required to prepare one. It involves an analysis of your current debt, which is very detailed, as well as a five year capital plan of capital expenditures and capital improvements that you are anticipating over the next three to five years, and the anticipated sources of funds that you are planning to fund those capital improvements with. It is an extensive document. There is also a comparative schedule of the City of Fallon's debt structure compared to other governmental entities within Nevada. He added that Fallon compares quite well in the analysis of our debt. He also pointed out that not all governmental entities are the same in Nevada, and Fallon is unique in that we provide a number of public services, that we call enterprises, that other governments do not provide. Many of these enterprises are quite capital intense and require constant reinvestment into our systems to make them efficient and prepare for the growth and the future of the community. Some of those enterprises are: an electrical fund, as we provide the electricity for the citizens of the City of Fallon, a water fund, a water treatment fund, a sewer fund, a sanitation fund, and a landfill fund. So, when the schedule is used to compare Fallon to other communities, those others do not provide all the services that we do. The City of Reno, for example, provides none of those services to their constituents; they basically provide general government services. Their electric service is provided by NV Energy, water by a regional system known as Truckee Meadows Water Authority, sewer by a regional sewer plant, sanitation is a franchise with Waste Management as well as their landfill. When you look at the amount of debt the City of Fallon has, almost all of that debt is centered in the enterprise accounts and they require constant reinvestment in order to be able to serve our current customers and plan for the future. He wanted to point out that schedule because sometimes people look at that schedule and note that Fallon's debt is higher compared to our peers, and that is the reason. The rest of the report shows the outstanding debt that we have, and the annual payment required to service that debt. It is primarily centered, at the present time, in our water enterprise fund and our sewer enterprise fund. We have very little debt in our general fund, what debt is there is centered around communication equipment that we are in the process of purchasing for the police department and the balance of it consists of interfund borrowings where some of our enterprise funds, when they need to make some capital improvements of a smaller nature, we borrow from the other enterprise funds rather than go into the open credit market which can be quite expensive. For the five year plan, the Mayor and his team are constantly evaluating the needs of each of these enterprise funds and, as an editorial remark for the record, would like to report that our enterprise

funds are in excellent shape and that we continually reinvest in making them efficient and prepared for the future. The Mayor has always looked for planning and growth for a period of 20 to 25 years and he was happy to say that we can accommodate growth in most of these enterprises without significant capital investment for the next 20 to 25 years. He added that this report was prepared by JNA Consultants from Boulder City, Nevada. We have used them as consultants for several years now; they are also consultants for Churchill County, Churchill County School District, and many other governmental entities in Nevada.

Mayor Tedford inquired if the Council had any comments or questions.

No comments were noted.

Mayor Tedford inquired if there were any public comments or questions.

No comments were noted.

Councilman Erickson motioned to approve the Fiscal Year 2018 Debt Management Policy, Indebtedness Report and Capital Improvement Plan as submitted; seconded by Councilwoman Frost and approved with a 2-0 vote by the Council.

**Consideration and possible adoption of Resolution No. 17-21: A Resolution of the City Council of Fallon, Nevada providing for the transfer of the City's 2017 Private Activity Bond Volume Cap to the Nevada Rural Housing Authority; and other matters related thereto**

Ms. Diane Arvizo of Nevada Rural Housing Authority (NRHA) thanked the Mayor and Council for putting their confidence and trust in NRHA over the many years that they have been providing homebuyer programs in the City of Fallon and Churchill County. She respectfully requested transfer of the City's 2017 Bond Cap because they fully intend to put it to good use within a few short months and deliver the programs they have been delivering to Fallon since 2006. She added that NRHA has assisted 185 families in the City of Fallon and surrounding Churchill County. These families make a measurable impact on this community, they live here, planted roots here, and are investing in this community for economic development and growth by raising families here. The assistance for the 185 families came from \$27.6 million in mortgage assistance provided by NRHA in the form of their single family programs. They offer two programs. One is funded by the Bond Cap that the City may transfer this year and has transferred in prior years; it is the mortgage credit certificate program (MCC) and it provides a tax credit to working families of low to moderate income and that tax credit is equal to 20% or 30% of the interest that they pay on their mortgage every year for the life of the loan for as long as they live in the home. The average return to each family is \$2,000 per year. That is money that could help them pay that mortgage off earlier or help pay for college or home improvements like energy efficiency upgrades. It is a program that helps to provide sustainable home ownership opportunities for hard working families. The other program is the down payment assistance grant program, where home buyers can pair a grant of either 2, 3, 4, or 5% of the loan amount with an FHA, VA, USDA, or conventional loan product. Our conventional loan product is different than the one on the regular market, this one actually provides an almost 50% lower mortgage insurance rate that they can release once the value of the home reaches 78% loan to value; this is a much better option than the traditional FHA which is what the majority of homebuyers have been steered toward. These two programs can be paired together so families can transition out of renting and get into a home of their own with a payment that is affordable long term.

Mayor Tedford noted that his favorite program is the down payment assistance program. Informational pamphlets are offered on the counter in the City Clerk's Office. We really push that here because it has a really high ceiling of income for Fallon.

Ms. Arvizo advised that NRHA recently raised the income limits to \$98,500 for government loans and \$125,000 for conventional loans because they have a bit more flexibility. The reason we have a flat limit like that is because the same income limit applies to all other communities in Nevada, such as Sparks and Elko.

Mayor Tedford was pleased with that limit because it is a high number for Fallon and could even assist young professionals in purchasing their first home or even military veterans. He asked for further information about the mortgage credit certificate.

Ms. Arvizo explained that the MCC is the program that the Bond Cap transfer would fund. It is a certificate that is added onto any type of mortgage that a buyer gets with or without a grant. The MCC stays with them for the life of the loan. Every year when they file their taxes, they will get either 20% or 30% of the interest they paid as a tax refund or they can opt to adjust their W-4 withholding and increase their paycheck. Eligibility requirements include being a first time homebuyer; or a qualified veteran can get the first time homebuyer requirement waived.

Mayor Tedford inquired as to the income limit for the MCC program.

Ms. Arvizo advised that it is about \$72,000; there was a recent increase. She will follow up and provide Mayor Tedford with an exact number. She added that military veterans, including active duty and National Guard service personnel, all receive the MCC program at no cost. The standard fee is \$795 and that fee, if paid, is recouped that first year; additionally, if it is paired with a down payment assistance grant, the fee drops to \$395. This is a program that began in 2009.

Mayor Tedford added that these are great programs that really help the people that we serve. He inquired if the Council had any comments or questions.

Councilman Erickson asked what kind of debt to value or down payment requirements are there for the program.

Ms. Arvizo advised that the grant program has a maximum debt to income ratio of 45% on the government loans and 50% on conventional. That is a little bit more liberal due to the high student loan debt; they want to offer some flexibility to those recent graduates so they can still afford to buy a home. The down payment required depends on the type of loan. Many loans in Fallon are USDA and they offer 100% financing so NRHA offer 2% to 3% grant assistance to help with closing costs; so a USDA borrower could potentially get into a home with no money out of pocket. An FHA borrower is required to put 3.5% down. NRHA offers a grant as much as 5% which could cover the 3.5% down and then have 1.5% toward closing costs. Some buyers have a little bit of money and can put some down and some people have more and can put more down and do not need a lot of grant funds. That is where our conventional program comes in; if they do not have a full 20% down they will have to pay mortgage insurance on a traditional conventional loan but the NRHA conventional program allows them to get 50% lower mortgage insurance so it will help them immediately with a lower payment.

Mayor Tedford stated that he wanted to know exactly how many families in Fallon received assistance from these programs. The literature provided was not clear in the breakdown of families in the City and in Churchill County.

Ms. Arvizo explained that, because Churchill County is unique in that it does not have a separate territory other than unincorporated, the statistics that were pulled did not break the numbers for the City of Fallon out.

Mayor Tedford stated that Fallon is very unique and is fortunate that there is one City in one County. We get along with the County Commissioners and see them in meetings often. He wanted to know how many families in the City of Fallon have been helped since 2006. He requested this information before this meeting and it was not provided. He represents the City and wants to know how many people in the City received this benefit.

Mayor Tedford inquired if there were any public comments or questions.

Mr. Larry Jackson of 840 Esmeralda Street asked if the City's bond cap funds were also used in the County.

Mayor Tedford advised that Churchill County had their own bond cap.

Ms. Arvizo concurred; she will appear before the Churchill County Commission tomorrow to request their transfer.

Mayor Tedford noted that this is a great program and offers great things to our citizens. He remembered a teacher, a nurse, and a newspaper reporter that each participated in this program.

Councilman Erickson motioned to adopt Resolution No. 17-21: A Resolution of the City Council of Fallon, Nevada providing for the transfer of the City's 2017 Private Activity Bond Volume Cap to the Nevada Rural Housing Authority; seconded by Councilwoman Frost and approved with a 2-0 vote by the Council.

#### **Consideration and possible adoption of Resolution No. 17-22: A resolution adopting the City of Fallon Hazard Mitigation Plan**

Chief Gehman explained that the City of Fallon Hazard Mitigation Plan was developed after several months of research and work by the City's Office of Emergency Management in association and cooperation with the Local Emergency Planning Committee. The purpose of the plan is to provide guidance and structure for the reduction of hazard risk to the community. Adoption of the plan is required by the Federal Emergency Management Agency (FEMA) in order for a community to be eligible for certain grants and assistance. A public meeting has already been held by the Local Emergency Planning Committee to present the plan for comment and review as required by law.

Deputy City Attorney Leonard Mackedon added that the City Attorney's Office has reviewed the language of the resolution and, although we may have chosen different language had we drafted it ourselves, much of the language is required as part of the requirements to adopt the plan. As Chief Gehman pointed out, adoption of the plan allows us to continue to be eligible to receive FEMA funds in the event we need them; and this year, that could certainly be a possibility. There is a clarification for the record regarding the plan itself. It is in Section 3.2.2 [on page 3-6] regarding the discussion of the structure of the City of Fallon's local government. The legislative body of the City is the City Council which is composed of three members elected from three Wards of the City. The Mayor is the Executive Officer of the City, elected by the entire population of the City. The Mayor runs the Council meetings but does not vote on matters that come before the Council. He noted that it was a little unclear in the way it is currently worded and wanted to make that division clear.

Mayor Tedford inquired if the Council had any comments or questions.

Councilwoman Frost inquired as to how often a plan like this was brought before the Council for adoption.

Mayor Tedford stated every 4 years.

Mayor Tedford inquired if there were any public comments or questions.  
No comments were noted.

Councilwoman Frost motioned to adopt Resolution No. 17-22: A resolution adopting the City of Fallon Hazard Mitigation Plan; seconded by Councilman Erickson and approved with a 2-0 vote by the Council.

### **Public Comments**

Mayor Tedford inquired if there were any public comments.

Mr. Larry Jackson of 840 Esmeralda Street thanked the Mayor and Council for remedying his issue of slow WiFi at the Old Post Office. He reported that it has been drastically improved. He also appreciated the additional repair work on Front Street; it keeps getting better.

Mayor Tedford stated that they are working on a plan over there on Front Street.

### **Council and Staff Reports**

Deputy City Attorney Leonard Mackedon: No comments were noted.

Deputy City Clerk Lee: No comments were noted.

Chief Gehman: No comments were noted.

City Engineer Miller: No comments were noted.

Deputy Public Works Director Swirczek: No comments were noted.

Councilwoman Frost: No comments were noted.

Councilman Erickson: No comments were noted.

### **Executive Session**

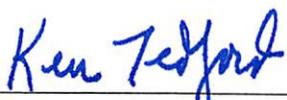
Mayor Tedford tabled the executive session, as it was not needed at this time.

### **Adjournment**

There being no further business to come before the Council, Mayor Tedford adjourned the meeting at 7:52 p.m.

Attest:

  
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Gary C. Cordes, City Clerk/Treasurer

  
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Mayor Ken Tedford