

**MINUTES OF WELLS CITY COUNCIL
MEETING OF SEPTEMBER 24, 2024**

CALL TO ORDER

Date: Tuesday, September 24, 2024
Time: 7:00 P.M.
Place: Council Chambers, Wells City Hall
525 Sixth Street Wells, Nevada
Type of Meeting: Regular Meeting of City of Wells Board of Councilmen
Presiding Officer: Mayor Gary Pollock

ROLL CALL

Present: Gary Pollock, Mayor
Jonathan Goolsby, Vice-Mayor
Laura Moore-DelRio, Councilwoman
Chris Micheli, Councilman
CR Beth Savedra, Councilwoman

Absent: None

Quorum: Yes

Staff Present: Samantha Nance, City Clerk
Jason Pengelly, City Manager
Glen Shamblin, Public Works
Patti Zander, Deputy Clerk

PLEDGE OF ALLEGIANCE

Mayor Pollock led everyone in the Pledge of Allegiance.

APPROVAL OF MINUTES OF PREVIOUS MEETINGS

Goolsby made a motion to approve the meeting minutes dated September 10, 2024.
Savedra provided the second and the motion passed unanimously.

CITIZENS TO ADDRESS THE COUNCIL

There were none.

**DISCUSSION AND POSSIBLE ACTION TO DIRECT STAFF TO RESEARCH
LIVE STREAM OPTIONS FOR CITY COUNCIL MEETINGS**

Minutes of Wells City Council
Meeting of September 24, 2024

Savedra was doing some research and noticed that Carlin streams their council meetings on Facebook live. Savedra would like to see more community involvement in the city council meetings and the community to see how transparent the current administration is now. Savedra thinks if the community is informed that the meetings are being live streamed, there will be more community involvement. DelRio agreed and continued that our community members are busy, and this would be a great thing to look in to. Goolsby and Micheli also thought it was a great idea. Pollock agrees but also wants it done in a fiscally responsible manner. Pollock would like staff to look at what options are available and what those costs may be. DelRio stated there are cost effective ways to livestream and many different platforms that are not social media. Pollock does not want it on Facebook live. Savedra made a motion to direct staff to research live stream options for the city council meetings. DelRio provided the second and the motion passed unanimously.

DISCUSSION ON H.E.A.R.T. PROMISSORY NOTE AND REVIEW OF OPTIONS FOR FUTURE DEVELOPMENT IN THE CITY OF WELLS INDUSTRIAL PARK AND OTHER MATTERS RELATING THERETO

John Riddle, board member for H.E.A.R.T. came forward to represent H.E.A.R.T. Riddle gave some history on the H.E.A.R.T. business. The person who came up with the idea and approached the city for the tire reduction plant didn't move forward with this project but H.E.A.R.T. chose to proceed. When the board and investors decided to purchase the property in the industrial park, they felt it was a grass roots effort from approximately seventy-three individuals, most of which are from the City of Wells or surrounding areas. Payments have been made to the city for the property. The building is empty and is not a benefit to the City of Wells or the investors. The property is for sale for an amount that would ensure the investors and other people become whole. H.E.A.R.T. has received an offer that is less than the asking price. The investors need to be taken care of first, so the board is at the meeting asking for some consideration, any consideration on the note would be appreciated. If the building sits empty, the payments will continue as well as the city gets a portion of the taxes that are paid. If another company comes in, the city will have a new business that would bring employees as well as an increased tax base.

Savedra wanted clarification on before the property was purchased, was H.E.A.R.T. already aware the other person had pulled out. Riddle stated the other person chose not to move forward with the project. The industrial park at that time was new and people were excited about bringing economic development to the park. Riddle does not know why that person did not pursue this business. The idea seemed feasible at the time, research was done, and the decision was made to move forward.

Pollock has had conversations with Kenny Huff who is also a board member of H.E.A.R.T. At the time of this agreement, the beginning balance was \$236,000 for just over eighteen acres which came out to just over \$14,000 an acre at eight percent interest. The city council previously decided to write off the interest of the remaining balance. The city has already forgiven a substantial amount of money on this property to the

H.E.A.R.T. corporation. If the city were to forgive everything, that would be \$8,000 an acre that would have been paid by H.E.A.R.T. Principal and interest paid for the life of the loan is \$151,000. Those payments are being made but aren't being made timely and are not very big. The taxes aren't paid on time either and the county currently owns that property. The county may have since been paid. Pollock added that one of the principal and main investors of this project is the citizens of Wells who will lose a lot if there is any forgiveness of this loan. Pollock stated how does he tell those citizens the city gave their money away to people that willingly put their money in and lost. The city should have never been in the business of financing property and this should be a lesson learned and will never do it again. The biggest shareholders in this whole thing are the City of Wells citizens and they already lost when the first amount was forgiven. How does Pollock justify that. Riddle stated the justification is that in the future, the city will get the taxes and payment per year until the building is sold or another business moves in. The citizens of Wells will gain if by forgiving that money, it will pave the way for a perspective buyer to come in and buy the building and create economic development. That is the benefit to the City of Wells for forgiving that note and adds flexibility for H.E.A.R.T. to take care of their investors. At the same time, it allows the city to move forward with a new enterprise that would create more profitability for the city.

Pollock stated the company that is looking at that property is interested in the property for the potential of the rail spur. The offer of \$950,000 that H.E.A.R.T. has received is not enough for the shareholders. The options are to try to get a portion of the H.E.A.R.T. property or to go through the BLM which will take years and jeopardize this project. The benefit of the rail spur makes the industrial park more attractive. Pollock stated he would entertain the idea of forgiving said debt if H.E.A.R.T. paid off the SBA loan since SBA is the first lienholder with the city the second. The SBA must be paid before the city gets anything. If the SBA loan is paid off and the city forgives that loan in the amount of \$190,000 for ten acres in that corner, that would be \$19,000 an acre which is more than double what H.E.A.R.T. has paid per acre. That is the best Pollock can recommend and a win for everybody. Pollock is not speaking on behalf of anybody on the council.

Riddle said H.E.A.R.T. is just trying to take care of their investors. Savedra felt the city was being held hostage. Goolsby stated H.E.A.R.T. is asking the city to forgive \$192,000. Riddle stated that any forgiveness would be a benefit but yes that is what they would like to have. Goolsby stated the city has already written off \$174,100 in interest. Goolsby stated it is hard to forgive \$190,000 of the taxpayer's money when it is not the cities fault, the taxpayer's fault or the duty of the city to bail H.E.A.R.T. out.

Riddle stated at the moment from what he understands, everything is current. Goolsby asked if H.E.A.R.T. was current with the county assessor. Riddle stated from what he understood, yes. Savedra asked what about the SBA loan. Riddle stated he couldn't get into all the details of H.E.A.R.T.'s finances but the loan was being paid. Pollock asked Riddle if H.E.A.R.T. had requested that the SBA forgive any of the debt owed to them. Riddle said to his knowledge no. Goolsby stated it was his understanding H.E.A.R.T. has a current offer. Riddle stated he has not been involved in those talks. Paul Bottari stated there is an offer but is not in writing and is not close enough. Bottari added he does have

the property listed and has been marketing it trying to sell it. Wells is a tough place to get a business in to. Bottari along with several others put money into this H.E.A.R.T. project trying to get some industry here and just wanted to see the industry get going. A lot of the investors were the same way and wanted to get something in Wells that would generate jobs and create some new growth. The offer that has been received, is not giving any value to the building. The main reason that property is wanted is it provides the best access for the rail into the park. Bottari added the price for the whole property is 1.4 million not counting the land is \$128 sq. ft. H.E.A.R.T. should be given credit for at least trying to make something work. Koppers wants the parcel due to the location. By working with them and forgiving what is owed to the city, that could help bring a new business to town.

Pollock stated the conversation he has had with Koppers they are not interested in the building and is mainly interested in the corner parcel and getting the rail spur. That is where the city has interest also, getting that rail spur. Pollock would propose and vote for owning that ten-acre parcel in the corner and then H.E.A.R.T. would be free to sell the building and the remaining property and would not be contingent on the City of Wells or anybody else. Unfortunately, there is an SBA note standing in the way of that proposal. That is the only thing Pollock can see happening. Pollock stated if the city could get that parcel in the corner to have the easement, the city is not out, the city gets something no matter what happens. Bottari stated that may be an option for H.E.A.R.T. to sell the ten acres to Koppers for more money because that is really what they want. That is an option they will have to consider.

Pollock added that property appraised for around \$14,000 an acre in 2004. It is now 2024 and the property is still right around \$14,000 an acre. The city has other companies that are interested in coming to Wells and a rail spur would really help bring business to town. Pollock has stayed up nights, gone through meeting minutes and done his homework on this and the option he previously stated is the best option he can come up with. To be able to tell the people that put their trust in him to do what is right by them, that is the only thing he can find that is fair in this whole situation. Bottari stated that portion of the property is the most valuable because of the railroad. Pollock asked Bottari where the price of 1.4 million on that property came from and if the property had been appraised? Bottari replied not to his knowledge, but Bottari had received a quote from Ormaza to see what it would cost to build a building like that building, and was told it would be almost \$2.00 a sq. ft. to build it right now. With H.E.A.R.T. asking the city for forgiveness, maybe the city should ask H.E.A.R.T. for forgiveness on the price of that corner parcel and keep that in mind when talking about how much that is worth. Bottari asked why H.E.A.R.T. would not just sell that to Koppers. Pollock said that would work out great for everyone. If H.E.A.R.T. makes their payments on time which hasn't been happening.

William Welsh, who is also on the board, stated there are investors from all over the county and families that have been here for years and years that have invested money in this to try to get something going when the first deal fell through. H.E.A.R.T. keeps trying and trying. The board has kept this thing afloat by paying payments out of their own pocket. If they sell today for \$950,000 with no help from the city, our investors are

going to get around 60% of their money back. That is the whole reason for asking for help from the city, to help it sell and to increase what is given back to the investors to maybe 80%. It will never be to the point where anyone will make any money. H.E.A.R.T. has worked hard and there are investors, a lot of people in town and are not just a bunch of swindlers.

DelRio agreed with what Pollock had to say. DelRio feels this was a bad deal to start with and never should have happened. The city never should have been holding a loan and should have foreclosed on the loan or done something years ago. DelRio thinks the ten acres will be our best bet and that company can come in and H.E.A.R.T. can become partially whole but it will have to be meeting in the middle, 50/50. It won't be the city giving 100%. That is not fair, especially for our taxpayers. Pollock thinks it would also be in H.E.A.R.T.'s best interest because the rail spur will increase the property value. Both parties will benefit from this, the city must benefit from this. Goolsby added that the city can't take current taxpayers' money and give it to people that potentially lost money a long time ago. This is a great deal both ways. This is an opportunity to put a little more money in the pocket of the investors. The problem is the SBA note is standing in the front of anything that anyone could even try to do.

Pollock read what was received from Jolene Supp as a representative of the H.E.A.R.T. board listing five options. Pollock feels there are more options than those five options. Pollock stated hopefully the H.E.A.R.T. board can discuss this and get it on a future agenda to move forward from there. DelRio would like to see something in writing and with real numbers. Savedra added with contingencies. Riddle stated H.E.A.R.T. wants to come to the best decision for their investors and the City of Wells. Riddle stated H.E.A.R.T. must be careful, it is not just five board members, it is seventy-three investors and is a lot of money. There will be discussions because that is what H.E.A.R.T. wants. H.E.A.R.T. has always wanted economic development in that park. There are people that would like profit out of it. H.E.A.R.T. wants the development, will work towards that and try to figure it out but number one is their investors. H.E.A.R.T. must come to a number that is agreeable with the investors.

DelRio wanted to refer to Bottari's comment regarding the value of the building and it not being appraised. Bottari stated the building alone is worth 1.4 million. DelRio continued that if H.E.A.R.T. goes through with the plan on the ten acres and pays off the SBA loan, H.E.A.R.T. will make more money selling that building. The land will be free and clear, and the SBA loan won't be hanging over H.E.A.R.T.'s head. Hopefully Elko County won't be hanging over your head anymore also. It is logical to have that conversation and have that building appraised to see what the value of that building is. Riddle stated the board would have to come up with SBA money for that deal to go through. That is more than the \$190,000. What that means is that when there is a potential buyer of that building, it must be held to that higher number to make them whole. DelRio stated with what Bottari said the building is worth, H.E.A.R.T. will make that back on the back end with interest and the worth of that building once everything goes through. Riddle stated there have been lots of bills paid overtime. Riddle feels there could be fifty other options that could be explored.

Pollock needs to understand where the board is coming from and appreciates Riddle coming down for this meeting. Riddle stated H.E.A.R.T. means a lot to him and he wouldn't have put the amount of money he put into it if it didn't mean something. Pollock knows it was not just money, it was a lot of hard work and dreams and understands that. Goolsby knows H.E.A.R.T. has a board and investors they need to answer to, but the city council represents the City of Wells and the current citizens. A lot are still residents, and we need to do right by the citizens.

CLAIMS COMMITTEE REPORT: ACTION TO APPROVE FINANCIAL STATEMENTS

Goolsby made a motion to approve the Warrant Register dated September 12, 2024 through September 24, 2024 in the amount of \$440,470.88. DelRio provided the second and the motion passed unanimously.

COUNCILMEN'S REPORTS

Savedra attended the Elko County REC Board meeting. Savedra noticed during that meeting that Wells asks for a lot less than any other entity. Pengelly wondered if the money that comes from the REC Board would be able to get the billboards repaired. Savedra stated that anything that has to do with advertising can be reimbursed. Savedra stated a clip was shown from the Elko Pop Con that was started in 2023 with 3,000 attendees and it was up 1,000 people for 2024. Next year it is scheduled for August 8th & 9th and it looks like it would be a lot of fun. The next REC Board meeting will be December 12th. The NNRDA meeting scheduled for tomorrow was cancelled.

DelRio stated next week is homecoming and has requested Pengelly's and Goolsby's help for the parade to try to bring back city and community involvement. There will be marching, dancing and cheering. DelRio would like to see a lot of people in attendance. Savedra wanted to congratulate DelRio on the improvement of the cheer leaders and stated she has done an amazing job. DelRio added having more girls makes it all the better. Next week will be the bonfire so hope to see people in attendance.

Goolsby wanted to thank Pollock for everything he had prepared for the H.E.A.R.T. item and appreciates all the time he puts in. The pickle ball courts are being used and it is awesome. There is talk about starting a senior league. Thanks to public works for all the clean-up being done and the sidewalks are looking good.

Pollock stated the job of Mayor is a 24-hour job. Pollock tries to do his best and appreciates Goolsby's comments. Pollock wanted to thank Sheldon Mudd for being here. Mudd works tirelessly on our behalf on a regular basis. Mudd has been given props when he isn't here and wanted to thank him for being here tonight. Pollock wanted to thank the H.E.A.R.T. board for being here. It is not an easy ask, an easy answer or easy situation and thanked them for being here and answering questions. Hopefully everyone can come to an agreement and work through this.

STAFF REPORTS

Pengelly asked the H.E.A.R.T. board to let us know when they want to be back on the agenda. Riddle didn't feel there was a time frame because of all that is going on but will let us know when they will be ready to be back on the agenda. Riddle stated there is a lot of discussion that needs to take place.

Pengelly continued that there is a commercial developer looking at the parcel southeast of the Hampton. All the hydrology studies and FEMA work are being completed. If that all looks good, the design will be done this winter to build in the spring. Another commercial developer is looking at the parcel south of the Hampton. This is in the early stage of discussion, but the potential developer stays in Wells a lot passing through from California to Sun Valley and he always stays at the Hampton and loves it here. He is thinking about developing something here and is in talks with that landowner.

Loves has brought the 80 space RV Park back to the table behind the Hampton. We are waiting for letters for water and sewer extensions from NDEP, hopefully that will go in in the spring. We have other projects in the works.

Intermountain Health will be holding a health fair at the clinic on October 22nd & 23rd from 3 p.m. to 7 p.m. We will find out what services will be available.

CITIZENS TO ADDRESS THE COUNCIL

There were none.

ADJOURNMENT

The meeting was adjourned at 8:04 p.m.

GARY POLLOCK, Mayor

ATTEST:

SAMANTHA NANCE, City Clerk