

EUREKA COUNTY BOARD OF COMMISSIONERS
February 20, 2008

STATE OF NEVADA)
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COUNTY OF EUREKA)

CALL TO ORDER

The Board of Eureka County Commissioners met pursuant to law on February 20, 2008. Present were Chairman Jim Ithurralde, Vice Chairman Kenneth Benson, Member Donna Bailey, District Attorney Theodore Beutel, and Clerk & Treasurer Jackie Berg. The meeting was called to order at 9:30 a.m. by Chairman Ithurralde. The interactive video conference system was connected and utilized between Crescent Valley and Eureka for the entire meeting.

APPROVAL OF AGENDA

Commissioner Bailey motioned to approve the agenda as posted. Commissioner Benson asked that approval of the minutes be rescheduled to the end of the day, and with that change seconded the motion. Motion carried 3-0.

PUBLIC COMMENT AND OPEN DISCUSSION

The floor was opened for public comment and there was none. Chairman Ithurralde congratulated Mike Rebaleati, Coach of the girls' High School basketball team, for qualifying for upcoming state tournament.

FINANCE

Payment of Expenditures: Expenditures were presented for approval by Eureka County Recorder & Auditor Mike Rebaleati. Commissioner Benson motioned to approve expenditures in the amount of \$593,302.04 for accounts payable, \$205,796.63 for payroll, and \$70.27 for Yucca Mountain payroll. Commissioner Bailey seconded the motion. Motion carried 3-0. Mr. Rebaleati presented several bills that were paid early to meet payment deadlines and avoid penalties. Commissioner Benson motioned to approve these payables, totaling \$6,284.97 for the County, and \$115.05 for Yucca Mountain. Commissioner Bailey seconded the motion. Motion carried 3-0.

Auditor's Report: The Auditor's report was reviewed without question or comment.

Approval of Out-of-State Travel: Mr. Rebaleati requested approval for the Network Computer Analyst, Kyle Moore, to travel to Salt Lake City for a Cisco router training seminar. Commissioner Benson motioned to approve out-of-state travel for Mr. Moore to attend a three-day computer seminar in Salt Lake City in March. Commissioner Bailey seconded the motion. Motion carried 3-0.

Purchases for Eureka Volunteer Fire Department: Mr. Rebaleati reported that a grant had been awarded for these items and was being administered through Nevada Division of Forestry. Commissioner Benson motioned to approve purchasing a metal saw, not to exceed \$1,250.00, and a laptop computer, not to exceed \$2,000.00, for the Eureka Volunteer Fire Department, to be funded with grant monies. Commissioner Bailey seconded the motion. Motion carried 3-0.

Replacement Computer for Sheriff's Dispatch: Mr. Rebaleati explained that computer replacements were budgeted in a capital outlay account, which contained sufficient funds for this purchase. This item is a critical piece of equipment since it serves as the main console for the dispatchers, and the existing computer will be used as a back-up unit. Commissioner Benson motioned to approve the purchase of this replacement computer, not to exceed

\$1,200.00, and to reassign the present unit as a back-up computer for the Sheriff's Office dispatch. Commissioner Bailey seconded the motion. Motion carried 3-0.

CORRESPONDENCE

Correspondence was received from: Judee & Darrell Craig; letter from Clerk/Treasurer to Eureka County School District; Eureka County High School; Crescent Valley Town Advisory Board (4); Eureka County Planning Commission; Drug Free Committee Chairperson, Darlene Moody; BJ Selinder of Public Policy Innovations; Elko-Lander-Eureka County Library System; Kafoury, Armstrong, & Co.; Tri-County Meeting notice; Southern Nevada Water Authority; Nevada Health Centers, Inc.; Bradley Woodring of Sierra Pacific Power; Las Vegas Review Journal article from Sierra Pacific Power; Las Vegas Review Journal article regarding Lake Mead; University of Nevada-Reno Central/Northeast Subcommittee letter to Dean, Karen Hinton; Nevada Division of Environmental Protection (5); Public Utilities Commission of Nevada (3); TNT Public Auction; Nevada Sage; NDOT Centerline; Nevada Connections; NHD Reporter; United States Congress; National Association of Counties; International Curly Horse Gazette; New York Times article; US Dept. of the Interior-BLM (5); US Dept. of Commerce-US Census Bureau; and US Army Corps of Engineers.

Chairman Ithurralde stated the requests from the Crescent Valley Town Advisory Board, regarding the new Community Center, would be discussed during the budget hearings. The Commissioners asked that the request for a contribution to the Grad Nite celebration be placed on the next regular agenda. Commissioner Benson asked that Dean Karen Hinton be invited to a future meeting to discuss changes being considered to the Cooperative Extension program.

DEPARTMENT HEAD REPORTS **COUNTY FACILITIES**

Update Report on County Facilities: Wally Cuchine, Facilities Director, reported that the Opera House had freshly waxed floors, which was part of the overall annual cleaning. Sentinel Museum visitors have slowed during the winter, which allows for more time to be spent preparing exhibits and collections.

Update Report on Economic Development: Trish Reynolds, Economic Development Assistant, reported on plans for the Mother's Day Fly-In and Car Show at the Eureka Airport. At the last meeting the Commissioners unanimously voted to proceed with these events, and Ms. Reynolds wanted to inform the Board that these special events no longer qualified for the matching state grant, so would be completely funded by the County. Preliminary cost estimate were in excess of \$15,000.00, partly due to rising costs and the addition of the Car Show. She was pleased to inform that Nevada State Bank has pledged \$1,000.00 towards the events. Ms. Reynolds made two requests of the Board: (1) authority to proceed, despite higher anticipated costs, and (2) authority to continue soliciting private funding.

Mr. Cuchine, Ms. Reynolds, and Vincie Walzl from the Eureka Airport, discussed an anticipated decline in attendance of the Fly-In, due to rising fuel costs and because Booth Bailey, former Fixed Base Operator, was well-known in the aviation community and had greatly influenced attendance of the event. Commissioner Benson agreed, but felt consistency with these events would see the County through any slump that may be experienced for a few years. Commissioner Benson continued by making a motion that the Board is committed to funding these events and is prepared to cover shortfalls experienced by lack of State grant funds, and encouraged Ms. Reynolds to continue seeking co-sponsors. Commissioner Bailey seconded the motion. Motion carried 3-0.

PUBLIC WORKS

Crescent Valley Construction Projects: Public Works Director, Ron Damele, provided photos showing progress on the Crescent Valley construction projects. Mr. Damele met with the contractor and architect on February 15th to discuss scheduling, billing, etc. Construction is on

schedule and no delays are expected. Two change order requests will be presented on March 6th; one for over excavation that was encountered, and the other for the interior bathroom component of the Fairgrounds building that did not include any septic work. The Justice Facility building is also progressing on schedule and is now enclosed. The Senior Center awning is enclosed, and roofs for all three buildings should be done shortly. Kyle Moore, Computer Network Analyst, traveled to Crescent Valley that morning to tour the Justice Facility with the inspector to ensure all IT equipment will be accommodated.

Eureka Justice of the Peace Remodel: Most of the carpet in the Administration Building has been removed and the Justice Court is rough-framed. The construction and remodel have been inconvenient for the administration employees, but everyone is getting through it.

Eureka Justice Facility: Mr. Damele, Sheriff Ken Jones, and Commissioner Ithurralde met with Architect Fred Dolven in the past week to review proposed remodel of the dispatch center and booking area. The dispatch center will be remodeled to be more functional, spacious, and safer, and control units for the jail and all electronic doors will be upgraded. The existing booking facility, which is cramped and unsafe, will be used as a storage area. Mr. Dolven submitted a proposal for the design development phase of these upgrades, including design of structural, mechanical, and electrical work, not to exceed \$41,860.00.

Commissioner Benson asked the Sheriff to join the discussion and confirm that all foreseeable facility upgrades were included in this project, so that the Commissioners wouldn't be asked to entertain physical or structural changes in the next several years. Sheriff Jones agreed that all facility issues were being addressed, excluding radio/communication type upgrades. Commissioner Benson motioned to approve the proposal from Dolven Architectural Associates for the design and development phase of the Eureka County Justice Facility Dispatch and Booking Remodel Project, in the amount of \$41,860.00. Commissioner Bailey seconded the motion. Motion carried 3-0.

Nevada Rural Water Conference: Mr. Damele requested authorization to attend the Nevada Rural Water Conference scheduled for March 11-13, 2008, in Lake Tahoe. Water operators are required to maintain a certain number of continuing education units, and this will fulfill some of those requirements. Commissioner Bailey motioned to approve travel to the Nevada Rural Water Conference for the Public Works Director. Commissioner Benson seconded the motion. Motion carried 3-0.

Tire Collection Service Agreement: Proposals were solicited for tire collection from the Eureka Landfill and one response was received from Utah Tire Recyclers. The proposal differed from the previous year's contract, which required segregation of the tires and a cost per tire based on the different sizes. Commissioner Benson motioned to approve the proposal received from Utah Tire Recyclers regarding tire collection services and directed the Public Works Director and the District Attorney to draft a contract for approval at the next meeting. Commissioner Bailey seconded the motion. Motion carried 3-0.

YUCCA MOUNTAIN

Travel to Washington, DC: Each year County staff and a Commissioner travel to Washington, DC, to meet with Yucca Mountain representatives and Congressional delegates to discuss the Yucca Mountain project. This year's trip is scheduled for April 27th through May 3rd. Commissioner Ithurralde, Mr. Damele, and Nuclear Waste Advisor, Abby Johnson, plan to attend on behalf of Eureka County. Travel is funded from the annual Yucca Mountain grant, but out-of-state travel requires Commission approval. Commissioner Bailey motioned to approve out-of-state travel related to the Yucca Mountain project. Commissioner Benson seconded the motion. Motion carried 3-0.

COUNTY ENGINEER

Report on Eureka Town Fire Station Project: Mike Bennett, of Lumos & Associates, stated he was filling in for Tom Young, and reported that weekly design team meetings are continuing regarding the Eureka Town Fire Station Project. The design is currently at 80 percent completion and the goal is to submit plans to the State Fire Marshall and Nevada Department of Transportation by February 29th, and go out to bid in March.

Mr. Damele said the two metal buildings remaining on the site need to be moved; rather than offering those for bid, he suggested relocating them to the Fairgrounds where they could provide much needed storage. Commissioner Benson motioned to approve moving two metal buildings to the Fairgrounds. Commissioner Bailey seconded the motion. Motion carried 3-0.

AMBULANCE & EMS

Activity Report: EMS Coordinator, Mike Sullivan, had been dispatched on an emergency call, but provided a written activity report to the Board. In the last two weeks, Eureka had three calls, bringing the year-to-date total to 20. Crescent Valley had one call for service, bringing the year-to-date total to four. On February 23rd the Crescent Valley EMT class will take the certification practical test in Elko. After that, written tests will be scheduled individually.

Ambulance Bill Write-Offs: Commissioner Benson motioned to approve ambulance bill write-offs for patient #2006199 in the amount of \$53.60, and patient #2006164 in the amount of \$160.00. Commissioner Bailey seconded the motion. Motion carried 3-0.

EUREKA COUNTY ASSESSOR

Update on Board of Equalization: Eureka County Assessor, Michael Mears, reported on action taken by the Eureka County Board of Equalization on February 7, 2008. The local Board of Equalization met to address two appeals submitted by Newmont Mining Corporation. One appeal related to taxes assessed on the supplemental unsecured roll and the other appeal related to taxes assessed on the secured roll. In the State of Nevada, active mines are assessed by the Department of Taxation through the Mining Division of Centrally Assessed. The Department of Taxation reports values for all mines to the respective County Assessors in December of each year. The unsecured portions are billed by December 15th of each year. The secured valuations are included with the real property, and are billed by the County Treasurer in August of each year.

Issues that prompted the appeals were a duplication of assets, improperly applied exemptions, and unreported assets. Duplications occurred in two instances: (1) when the Department of Taxation reported the same assets to more than one County, and (2) when assets previously reported on the supplemental unsecured roll were properly moved to the secured roll, but the Department of Taxation failed to remove them from the supplemental roll. Based on the ruling by the County Board of Equalization, a \$694,052.47 refund is owed to Newmont Mining Corporation for taxes paid on the supplemental roll. That amount will stand unless Newmont decides to appeal the decision to the State Board of Equalization. Deadline to appeal is March 15th. The secured roll will not be billed until August, so adjustments will be made, but no refunds are due.

The Board, Mr. Mears, and the District Attorney discussed an appropriate time that the refund should be paid. It was decided that the refund would be made, pending two actions: (1) return of the School District portion of the tax distribution; and (2) passage of the March 15th deadline for an appeal to be filed by the mining company.

Lander County and Humboldt County are scheduled to hold their County Board of Equalization hearings February 20th and February 21st respectively. They are facing similar appeals, also from Newmont Mining, and also caused by errors in reporting from the Department of Taxation.

Further tax related discussions centered around tax abatements and applicability to residential versus industrial properties; relocation of Newmont Mining assets to Elko County because of the large central warehouse they are building there; lack of appraisal staff in the Mining Division of the Department of Taxation; and lack of direction in State law which forces local Assessors to rely on the Department of Taxation's interpretation of certain values.

Mr. Mears further reported that the Department of Taxation is still awaiting an opinion from the Attorney General's office regarding valuation of the Newmont Power Plant. Initially it appears their ruling may allow for the plant to be locally assessed; but if it is centrally assessed by the Department of Taxation, it will likely be assessed by the Utilities Division and not the Mining Division. Mr. Mears strongly suggested it would be in the County's best interest to hire an independent auditing team to provide an unbiased cash value baseline of the power plant, regardless of whether it is locally or centrally assessed. The Board directed Mr. Mears to take initiative regarding an independent audit team and to place this on an agenda in the very near future for approval. Mr. Mears will consult with the District Attorney and prepare a proposal.

EUREKA COUNTY CLERK/TREASURER

Review Treasurer's Report: Clerk & Treasurer, Jackie Berg, presented the November 2007 Treasurer's Report for review, explaining that Kim Todd from Public Works had provided assistance in bringing the report into balance. The Clerk/Treasurer's budget allows for some casual hours, and Ms. Berg is attempting to reach Bev Conley for help with the monthly reports until the office is fully staffed.

NATURAL RESOURCES

Activity Report: Judy Overton, Natural Resources Department Assistant, reported on recent activities. On February 12th, she attended the Boulder Valley Monitoring Plan meeting at the State Engineer's office in Carson City, where updates on water usage were given by representatives of Barrick Goldstrike, Newmont Gold Quarry, and Newmont Lone Tree. These were immediately followed by Dr. David Berger, recently retired from the US Geological Survey, who gave a summary of progress on the Humboldt River Basin Assessment Report.

On February 14th, Ms. Overton attended an overview of the Waste Rock Geochemistry Study for the Mount Hope Project at the State BLM Office in Reno, which was primarily a technical session examining methodology used and expected results.

Ms. Overton attended a meeting on the Mormon Cricket Abatement Program at the Eureka Opera House that morning, facilitated by Jeff Knight and Robert Little of the Nevada Department of Agriculture. 2007 had an infestation of approximately one million acres statewide, which represents a steady decline from 2004, when there was an infestation of 12 million acres. Total cost in 2007 for Eureka and White Pine Counties was \$350,000.00, which consisted of aerial baiting and ground baiting. In 2007, the bait share program distributed 836 pounds to the general public statewide, a significant decrease from the previous year. For the upcoming season, abatement will be concentrated in Eureka and Elko Counties. Depending on weather, activity will begin around the end of March or first part of April. Jeff Knight would like to attend an April Commission meeting to give an update, provided the snow has melted enough for the preliminary survey to be completed.

Mount Hope Announcement: Ms. Overton informed the Board that General Moly had announced intent of a joint venture with Posco. Posco will make initial equity contributions of \$170 million, broken down as follows: \$50 million in February, \$50 million in July, and \$70 million upon receipt of all material permits required to construct Mount Hope. Posco will have rights to 20 percent of production from Mount Hope and will be responsible for 20 percent of project capital and operating expenses from January 1, 2008.

Zach Spencer, Manager of External Communications for General Moly, Inc., provided further information. Posco, the third largest steel producer in the world, is a global company located in South Korea. The joint venture, known as Eureka Moly, Inc., is with an affiliate of Posco located in Canada.

Water Applications in Kobeh Valley: Three new water applications were submitted to the State Engineer's office by Kobeh Valley Ranch, LLC. They are basically applications for the same water that was denied by the State Engineer in January. Steve Walker, of Walker and Associates, will look into the new filings and report back to Eureka County.

Mining Representative to NRAC: The Natural Resources Advisory Commission met on February 19th and reviewed a letter of interest from Carl Waggoner regarding the vacant mining seat. They forwarded a unanimous recommendation for Mr. Waggoner's appointment. Commissioner Benson motioned to appoint Mr. Carl Waggoner to the mining representative seat on the NRAC. Commissioner Bailey seconded the motion. Motion carried 3-0.

Revised Scope of Work for Natural Resources Manager: Revisions to the professional services scope of work for the Natural Resources Manager were suggested by the selection committee and incorporated by Ms. Overton and Ted Beutel. Changes included an increased emphasis on hydrology, requirement of a master's degree, and contract term was lengthened to five years. The scope of work was reviewed by NRAC and they concurred with the changes. Commissioner Benson motioned to accept the revised scope of work for the Natural Resources Manager position. Commissioner Bailey seconded the motion. Motion carried 3-0.

Re-Advertise for Natural Resources Manager: Ms. Overton said that all candidates from the first round of applicants were notified that they had not been selected, but that applications would be retained for a period of one year. The selection committee felt this would qualify these applicants for review during the second round of advertisement for this position. Commissioner Benson motioned to re-advertise for the position of Natural Resources Manager under the newly approved scope of work. Commissioner Bailey seconded the motion. Motion carried 3-0.

Upcoming Meetings: The Eureka Townsite Annexation Advisory Committee will meet on February 25, 2008. From March 4th-6th, Ms. Overton will attend the Nevada Water Resources Conference in Mesquite, Nevada.

RECESS FOR LUNCH

The Board recessed for lunch from 11.52 a.m. to 1:00 p.m.

EUREKA MEDICAL CLINIC

Chairman Ithurralde explained that the Clinic had contacted him with this request. All toys had been disposed of because it was impossible to keep them sanitary and they were transmitting illness among the children. A television was recently donated and the Clinic staff was requesting that the County provide cable television hook-up. A letter was submitted outlining this request, estimating \$49.95 for initial hook-up and \$37.00 per month for service from Precis Communications. Commissioner Bailey motioned to approve cable television for the Eureka Medical Clinic waiting room. Chairman Ithurralde seconded the motion. Motion carried 2-0. Commissioner Benson abstained from the vote.

EUREKA COUNTY SCHOOL DISTRICT

Monthly Financial Report: The January 2008 monthly financial report and the annual independent audit report for the School District were provided to the Board. Commissioner Benson motioned to accept the January 2008 financial report as submitted. Commissioner Bailey seconded the motion. Motion carried 3-0.

Annual Scholarship Drive: High School Principal, Ken Fujii, and Guidance Counselor, Winnona Eversgerd, requested a donation to the High School's annual scholarship drive. There

are 12 graduating seniors this year and all plan to go on to higher education. The school is committed to promoting a variety of scholarship opportunities for these students. Commissioner Benson motioned to donate \$1,500.00 to the 2008 Eureka High School scholarship drive. Commissioner Bailey seconded the motion. Motion carried 3-0.

COMMISSIONERS

Commissioner Update Reports: Commissioner Benson reported that he met with the water rights analysis and water model review team in anticipation of the General Moly site tour on February 13th. The tour itself was quite informative and General Moly had a full complement of their water model team in attendance, who went into great detail regarding anticipated pumping, pump tests, prospective water sources, etc. Overall it was a very positive meeting.

Chairman Ithurralde attended several meetings, including the County Board of Equalization; the NEPA Committee meeting; the Natural Resources Advisory Commission meeting; and an Economic Development Program Advisory Board meeting. He met with the County Treasurer and representatives of the Davidson Fixed Management, the County's account representatives for NVEST, the State investment program, who reviewed the entire Eureka County portfolio. Chairman Ithurralde met with Architect, Fred Dolven, the Sheriff, and Public Works Director regarding remodeling at the Eureka Justice Facility; visited Crescent Valley to review progress on the construction projects with Lenny Fiorenzi, Clerk of the Works; and traveled with Ron Damele to meet with Newmont Power Plant representatives regarding future emergency and fire needs.

Nevada System of Higher Education: Two letters were recently received from the Nevada System of Higher Education. Chancellor, James Rogers, requested local support for the community college network (including Great Basin Community College), to supplement State funding. The Commissioners commiserated with the lack of funding, but were unable to take formal action due to Chairman Ithurralde and Commissioner Benson both stating conflicts of interest because of close family members that worked in the state college system.

APPROVAL OF MINUTES

Clerk, Jackie Berg, stated that the minutes had just been presented by a staff member the afternoon before. Ms. Berg was able to make some revisions, but requested an additional correction before approval. Language referencing Kobeh Valley water rights on page five, second paragraph from the bottom that reads "moved for application," should be amended to read "designated for transfer." With that change, Commissioner Benson motioned to approve the minutes. Commissioner Bailey seconded the motion. Motion carried 3-0.

PUBLIC COMMENT AND OPEN DISCUSSION

Chairman Ithurralde called for public comment; there was none. There were no further requests for items to be placed on a future agenda. Commissioner Ithurralde reminded everyone that the next meeting was a budget hearing scheduled for February 26, 2008.

ADJOURNMENT

Commissioner Benson motioned to adjourn at 1:24 p.m. Commissioner Bailey seconded the motion. Motion carried 3-0.

Approved this 20th day of March, 2008.

/s/ J.P. Ithurralde
J.P. Ithurralde, Chairman

Attest: /s/ Jackie Berg
Jackie Berg, Clerk