

EUREKA COUNTY BOARD OF COMMISSIONERS

September 7, 2010

STATE OF NEVADA)
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COUNTY OF EUREKA)

CALL TO ORDER

The Board of Eureka County Commissioners met pursuant to law on September 7, 2010. Present were Chairman Leonard Fiorenzi, Vice Chair Jim Ithurralde, Member Mike Page, District Attorney Theodore Beutel, and Clerk & Treasurer Jackie Berg. The meeting was called to order at 9:30 a.m. and began with the Pledge of Allegiance. The interactive video conference system was connected and utilized between Crescent Valley and Eureka for the entire meeting.

APPROVAL OF AGENDA

Chairman Fiorenzi noted that the first agenda item under Crescent Valley Town Advisory Board would be tabled to a future meeting. With that one change, Commissioner Ithurralde motioned to approve the agenda; Commissioner Page seconded the motion; motion carried 3-0.

PUBLIC COMMENT

The Chairman opened the floor for public comments; there were none.

FINANCE

Payment of Expenditures: Expenditures were presented for approval by Recorder & Auditor, Mike Rebaleati. Chairman Fiorenzi noted that he would not vote on any Public Guardian invoices due to his family relationship with the Deputy Public Guardian. Commissioner Ithurralde motioned to approve expenditures of \$360,339.96 for payroll and \$2,499,296.23 for expenditures (which included a pass-through of \$1,183,510.64 to the School District), for a grand total of \$2,859,636.19; Commissioner Page seconded the motion; motion carried 3-0. Commissioner Page motioned to approve Yucca Mountain expenditures in the amount of \$6,188.90; Commissioner Ithurralde seconded the motion; motion carried 3-0.

Auditor's Report: The Commissioners reviewed the Auditor's Report without comment.

ASSESSOR'S TECHNOLOGY FUND

Notification of Technology Equipment Purchase: Assessor, Michael Mears, and EMS Coordinator, Mike Sullivan, wanted to inform the Board, as well as the public, of a planned technology purchase utilizing the Assessor's Technology Fund. County ambulances in Eureka and Crescent Valley will be outfitted with laptop computers and printers for the purpose of more efficiently recording emergency runs and the mandatory reporting to the State of Nevada.

COMMISSIONERS

Update Reports: Commissioner Page attended a NACO video conference in Elko on August 23rd; and attended memorial services for Charley Harper on September 5th. Commissioner Ithurralde attended the NACO video conference on August 23rd as well as a NACO Public Land & Natural Resources Committee teleconference that same afternoon; participated in the Barrick Ruby Hill Community Advisory Committee meeting on August 25th; and met with Tim Arnold of Eureka Moly on August 30th. Chairman Fiorenzi met with Invenergy, a wind farm development group, on August 26th.

Humboldt River Basin Water Authority Membership: Commissioner Ithurralde motioned to pay the annual membership assessment to Humboldt River Basin Water Authority for Fiscal Year 2010-2011 in the amount of \$7,500.00; Commissioner Page seconded the motion; motion carried 3-0.

Reservation of County Water Rights: District Attorney, Ted Beutel, explained that the Eureka County Water Rights Dedication Ordinance outlines two options when water rights are granted to the County upon creation of a new land parcel: (1) the County can reserve the water right in their name and pay the annual extension fees (extension of time for proof of beneficial use); or (2) the State Engineer can reserve the water right on behalf of the County until such time that a municipal water system services the parcel associated with that right. The Board has had recent discussion that it makes more sense for the State Engineer to hold these rights rather than incurring the annual fees. Commissioner Ithurralde motioned that the County make application to the State Water Engineer to reserve water rights granted to Eureka County when new land parcels are created pursuant to the Eureka County Water Rights Dedication Ordinance; Commissioner Page seconded the motion; motion carried 3-0.

Discussion with Diamond Valley Irrigators: Some Diamond Valley residents had requested a discussion with the Commissioners regarding the recent agreement between Eureka Moly, LLC, and the Eureka Producer's Co-op. A large number of Diamond Valley residents were in attendance. Chairman Fiorenzi opened the discussion by stating that the County had no participation in the agreement which was made between two private parties, but the Board was willing to hear everybody's concerns. The Chairman invited those with written statements to comment first by reading their remarks into the record.

Mark Moyle first read a letter submitted by Donald Palmore, followed by his own letter:

Donald F. Palmore
PO Box 92
14th St. Diamond Valley
Eureka, NV 89316

Eureka County Commissioners

Re: Eureka Producers Cooperative Settlement with Eureka Moly.

Dear Sirs,

I am a 52 year resident and an irrigator in Diamond Valley, with 4 wells on 640 acres. It is my belief and understanding that water is the lifeblood of the Diamond Valley farming district. I am convinced that any water the mine uses will adversely affect Diamond Valley Irrigators.

The recent settlement between Eureka Producers Cooperative and Eureka General Moly does not adequately mitigate or compensate Diamond Valley Irrigators. This agreement only represents 10 to 15% of Diamond Valley Irrigators. This should in no way be considered to be the consensus of the entire valley irrigators.

I would like to be part of any and all protest against this action, moreover I would like to make it clear that I am not now, nor was I ever in agreement with the Eureka Producers Cooperative settlement with Eureka Moly. It is my hope that the Eureka County Commissioners continue their protest of the Eureka Moly Mine Water Acquisition.

Sincerely,

Donald F. Palmore
/s/ Donald F. Palmore

Mark Moyle Farms, L.L.C.
P.O. Box 842 Fallon, NV 89407
P.O. Box 223, Eureka, NV 89316

Eureka County Commissioners:
P.O. Box 677 Eureka, Nevada 89316
Telephone: (775) 237-5262

Re: Eureka producers Co-op / Eureka Moly Agreement

Dear Commissioners,

I am writing this letter to inform you that the agreement reached between the Eureka Producers Cooperative and Eureka General Moly L.L.C. only represents about 12% of the irrigators in Diamond Valley. This agreement does not represent the position that the majority of the Diamond Valley Irrigators have at this time. The impression I get from the press releases created by Eureka General Moly L.L.C., is that they want the world to believe that they have reached an agreement with the Diamond Valley Irrigators. This is not the case.

Eight other irrigators and myself participated in negotiations with the mine, but were not present or a part of the final agreement that was reached between the Eureka Producers Cooperative and Eureka General Moly L.L.C.

It is the belief of the Diamond Valley Irrigators that the water in Kobeh Valley is a part of the Diamond Valley underground water flow system. There are different theories as to how much water comes from Kobeh Valley; however, U.S.G.S. and other researchers have substantiated that there *is* water flow between Kobeh Valley and Diamond Valley. Eureka General Moly L.L.C. intends to use 11,300 acre-feet of water per year, which is likely to have an adverse effect on the water table in Diamond Valley.

How the State Water Engineer can grant the mine the use of this water knowing that it will negatively effect the flow system in Diamond Valley, and at the same time threaten to curtail water use in Diamond Valley by the irrigators, is beyond me.

It is my hope that Eureka County will continue its protests of the Eureka General Moly L.L.C. water applications until the mine has adequately put in place mitigation and compensation to all parties whose livelihoods depend on ground water from the Diamond Valley flow system.

Sincerely,
/s/ *Mark S. Moyle*
Mark Moyle

Marty Plaskett, representing Diamond Valley Hay Company, read the following letter:

Marty Plaskett
Diamond Valley Hay Company, Inc.
P.O. Box 10
Eureka, NV 89316

Eureka County Commissioners;
RE: Eureka Producer's Co-op / Eureka Moly agreement

Dear Commissioners, Ladies and Gentlemen:

I write this letter to support Eureka County in its *protest* of General Moly's water use and hold the mine accountable for potential effects to current water right users in the county. A "consumptive use" figure of this magnitude in a flow system that is already out of balance can not be supported by sound science. The probability of adverse effects to our aquifer are undeniable. A comprehensive monitoring and mitigation plan will help define the hypothetical water model, and should ultimately be used to determine if het pumping should be allowed to continue if current water right holders are adversely affected.

I contributed to the legal fund with many growers to help the Eureka Producers Co-op with its *protest* as a group of irrigators. After many meetings with the moly mine, it was evident that any settlement agreement reached with them would be under funded, restrictive and paralyzing. The minority of irrigators that did reach an agreement with the moly mine and gave up their protest are saddled with stipulations and have forfeited their future right to mitigation.

As a citizen of Eureka County, living here 45 years to raise a family and building a business for my children to take over has been priority number one. Water rights are not successfully being protected at the state level, but

county land use plans that are tied to sustainable water supplies can control growth in this county. This is why I support Eureka County in its protest to hold the moly mine accountable for adverse affects to the aquifer we all depend on.

Thank you,
Marty Plaskett
/s/ Marty Plaskett

Ken Conley, Conley Land & Livestock, LLC, prefaced his written statement by noting that the Eureka Producer's Co-op is an individual entity with the right to enter into any agreement they wish to and he holds no ill feelings.

Conley Land & Livestock, LLC
HC 62 Box 62646
Eureka, NV 89316

September 6, 2010

Chairman Fiorenzi
Eureka County Commissioners
PO Box 677
Eureka, NV 89316

Dear Chairman Fiorenzi:

We are very concerned about the recent settlement agreement between Eureka Moly LLC and the Eureka Producers Cooperative. Eureka Producers Cooperative had every right to reach an agreement with Eureka Moly LLC; however, the perception that Eureka Producers Cooperative represents the majority of Diamond Valley irrigators is a major concern as less than one fourth of producers in Diamond Valley are currently members of Eureka Producers Cooperative. Ken, a member of Conley Land and Livestock LLC, was actively involved in the committee negotiations with Eureka Moly LLC, but was not invited to participate in the final meeting resulting in the agreement.

Conley Land & Livestock, LLC is an active protestant of the Kobeh Valley water applications by Eureka Moly LLC. To date we have not been contacted by anyone from the mine to begin to address our concerns in this matter. As we continue to view this company's progress and interaction with the community our concerns increase. Their attempts to influence public perception with mass mailings that do not contain accurate information about the Diamond Valley water flow system is disturbing. Eureka Moly LLC continues to insist that water flow from Kobeh Valley to Diamond Valley is 40-260 acre feet per annum, "the amount of a strong garden hose". This is a strong contradiction to the 1500 acre feet per annum flow from Kobeh Valley to Diamond Valley estimated in the Mt. Hope Project Administrative Draft Environmental Impact Statement. Many county residents have read the mass mailing flyer produced by Eureka Moly LLC, but few will read the Environmental Impact Statement prepared for this project.

The impact of this mining venture and the water associated with it not only affects the Diamond Valley irrigators, but will have an impact on domestic wells in Diamond Valley including the drinking water for the town of Eureka and Devils Gate GID.

Any negative impact to the Diamond Valley aquifer is unacceptable to an already overburdened water table. Eureka Moly LLC **will** negatively impact Diamond Valley water. We strongly encourage the Eureka County Commissioners to continue to actively protest the water applications of Eureka Moly LLC for the interest of all Eureka County residents.

Regards,

/s/ Kenneth E. Conley
Kenneth E. Conley

/s/ Russell E. Conley
Russell E. Conley

s/ Beverly A. Conley
Beverly A. Conley

/s/ Lynn A. Conley
Lynn A. Conley

This concluded the written statements and Chairman Fiorenzi called for individual comments. One consistent comment made by most of the speakers was that the Co-op represented a very small percentage of the farmers. Tim Bailey, Diamond Valley farmer,

commented that he was not a part of the Eureka Producer's Cooperative, and it was fine if they wished to enter into the agreement with Eureka Moly, but the terms of the agreement were not adequate for him.

Jim Baumann, Diamond Valley farmer/rancher, stated he was in agreement with the comments submitted and encouraged the Commissioners to continue with the protests on water rights applications affecting Diamond Valley until an adequate agreement can be made.

Jim Gallagher stated he was in attendance representing the Eureka Producer's Co-op and wanted to explain some of the events leading up to the agreement. In August 2006 the Co-op began to meet concerning the impacts of the Mt. Hope Project on Diamond Valley water. Other Diamond Valley residents (non Co-op members) were asked to participate in formulating an agreement between the agricultural producers and the moly mine. The first proposal to the mine was rejected, so negotiations continued. Several parties withdrew from participation when the mine requested that all negotiating parties sign a confidentiality agreement. This left a core group of Mr. Gallagher, Andy Marshall, Owen Miller, and Bob Burnham to continue negotiations. The Co-op retained Robertson & Benevento who represented them (as well as other parties) in the District Court hearing in January 2010 and the State Engineer's pre-hearing in April 2010. A defense fund was formed by valley residents and Co-op members donated approximately \$12,000.00. The Co-op has only utilized \$3,000.00 from that fund.

Discussions focused on a settlement amount of \$6 to \$15 million, so Mr. Gallagher felt the agreement of \$8 to \$12 million fit that range pretty well. Also, the settlement does not only benefit Co-op members. A trust with a five-member board will be established for the purpose of retiring water in the valley. For example, the trustees may decide to retire 2,000 AF (acre feet) of water in a given year. All Diamond Valley irrigators will be eligible to bid and the party with the lowest selling price will be the successful bidder. Only the water will be retired; the land will remain the property of the farmer.

Ken Conley wished to clarify that he did sign the confidentiality agreement on behalf of Conley Land & Livestock, but had not been contacted to participate when the final agreement was reached; he later clarified that he didn't feel that responsibility fell on the Co-op, but that a representative of Eureka Moly should have kept him apprised.

Mark Moyle stated he also assumed he would continue to be notified of any meetings and was surprised to hear a settlement had been reached.

Tim Arnold, General Manager of Eureka Moly, explained the necessity of the confidentiality agreement, as a public company, in order to remain in compliance with SCC regulations once the negotiations began to firm up. He briefly discussed the settlement, stating that the intent was to benefit all Diamond Valley irrigators.

Cindy Adams asked if the \$8 to \$12 million dollar fund was over the life of the mine or an annual amount; she didn't feel the figure was very substantial compared to continued pumping over a 50-year mine life. Mr. Arnold replied that the document is available through the SCC website and encouraged everyone to read it for a better understanding of the settlement.

George Parman, Diamond Valley resident, asked where the water will go once the mine has used it. Chairman Fiorenzi responded that it will be consumptive use and will not be recharged into the ground; mitigation of this should be addressed in the Environmental Impact Statement (EIS).

Fred Etchegaray asked Mr. Arnold about the clause in the agreement reducing the mine's contribution to the trust fund by half if the County doesn't reach a settlement with the mine related to their protests of the water filings. Mr. Etchegaray asked, "*Why would you do that? Is that not extortion?*" Mr. Arnold replied that they did not see it as extortion and reiterated that the intent was to create a situation where the mine was partnering with the growers and their goal was to reach an agreement with all protestants, so that clause was included as an incentive.

Vickie Buchanan stated she had been part of the negotiating team, but declined to sign the confidentiality agreement because it asked you to give up rights to future protests or

mitigation, which she was not willing to do. One of the stipulations she fought for, but which didn't end up in the final agreement, was a guarantee that should the mine fail, be sold, change its name or other legal identity, the water must remain in Diamond Valley and could not be sold to Southern Nevada Water Authority, for example. Because of the lack of this and other safeguards that had been discussed, Ms. Buchanan didn't feel the final document was very beneficial to the agricultural producers of the valley.

Jerry Sestanovich, Sestanovich Hay & Cattle, stated he also participated in the earlier meetings and negotiations, donating about \$2,000.00 to the attorney fund, which turned out to be a very bad investment. The final agreement, which in reality could be as low as \$4 million, will not likely buy and retire very much water. He felt Eureka Moly used a typical corporate tactic of "divide and conquer" and were effectively splitting the farmers in Diamond Valley. Mr. Sestanovich challenged Eureka Moly to acknowledge publicly that they had only reached agreement with a very small percentage of farmers. He thanked the County and the Commissioners for their support and asked that they continue with their water protests and working towards a solution that retains mitigation rights.

The Chairman encouraged everyone to become familiar with the draft EIS once it is made public. The County, as a cooperating agency in the EIS, is restricted from discussing confidential documents until they are made public. The Chairman noted that mitigation seemed to be an important issue to everyone and felt that the County's efforts in this regard would be revealed once the draft EIS is published. Chairman Fiorenzi and Commissioner Ithurralde added that their concerns over water weren't strictly agricultural, but included municipal water and the protection of those future resources. The Chairman concluded by thanking everyone for their attendance and taking an interest in their livelihood and the future of the community.

GRANITE VIEW FINANCIAL SERVICES, INC. and ANONCO, INC.

Peter Anderegg and Ivan Tippetts explained to the Board that they partner on housing projects. Mr. Anderegg is a mortgage broker with Granite View Financial Services and Mr. Tippetts is a construction specialist and Vice President of Anonco. Mr. Anderegg has a gold and silver mine project in Eureka County and is considering relocating here. This brought the housing shortage in Eureka County to his attention and he has been in contact with Nevada Rural Housing Authority regarding the current building project being undertaken in Eureka.

Mr. Tippetts further explained his experience in the housing arena and stated their interest in possibly bringing private money into the area to help meet those needs and to complement NRHA's efforts. Mr. Tippetts asked several questions related to zoning, building permits, availability of lots within the townsite of Eureka, historical districts, etc.

The Board thanked them for their interest.

NEVADA RURAL HOUSING AUTHORITY

Eureka Canyon Subdivision – General Updates: Dave Craig, NRHA Real Estate Manager, and Jack White provided an update on efforts related to the Eureka Canyon Subdivision. The first draft of the multifamily housing feasibility study was received on September 3rd. The feasibility study related to the rest of the development (single family, recreational, commercial) should be received in a matter of days. NRHA now hopes to have a draft development plan prepared for the October 6th meeting and to the Board up to ten days in advance for review. An index of what will be included in the plan was provided so the Board has an idea what to expect. The final proposed development plan could be presented as early as October 20th. Chairman Fiorenzi noted that the final development plan will require State approval as well as review by the Planning Commission and felt that October 20th was probably not achievable.

Update on Financing Options: Mr. White referenced the letter that was recently received from County Auditor, Mike Rebaleati regarding his financial concerns related to the subdivision

project. A finance meeting is scheduled for September 8th with NRHA and a core group of County representatives and Mr. Rebaleati's concerns will be addressed at that meeting.

Advance Release of Funds: Mr. White explained that NRHA is not ready to request the release of any funds until the feasibility study is reviewed and economic concerns are addressed. Focus has shifted towards completion of the final development plan. Purchase of the Guerdon townhome units is still an option, but may no longer be a priority.

Rehab of \$1 HUD Home: At the last meeting, Mr. Craig had asked the Commissioners to consider the possibility of NRHA utilizing the home, recently procured on behalf of the County, as workforce housing. This has been reconsidered and Mr. Craig recommended that the County move forward with the original plan of directing NRHA to rehabilitate the house to make it available for purchase to a County or School District employee. The Commissioners and NRHA have received inquiries from members of the general public who are interested in purchasing this house. There was a brief discussion as to whether the Board had taken action to limit sale of the house to a civil employee, or whether it had just been a topic of discussion. This will be placed on a future agenda for clarification. Commissioner Ithurralde motioned to direct NRHA to proceed with rehabilitation of the home located at 585 El Cajon in the Devil's Gate GID; Commissioner Page seconded the motion; motion carried 3-0.

ROAD DEPARTMENT

Update on Road Department Activities: Road Superintendent, Raymond Hodson, provided an update on Road Department activity over the past month. In addition to regular road maintenance, the crews with preparations for the County Fair and the upcoming auction. 17th Street was finished just in time to act as a bypass road while work and repaving is completed on Keg Street. The vacant position at the Beowawe Road Shop has been filled. The bulk of the 2010 Street Maintenance Project was for patching and slurry sealing in Crescent Valley. That work is complete except for painting the handicapped parking/access. Peterbilt Truck Parts & Equipment will provide training on September 8th related to the new high tech trucks; the Beowawe crew will travel to Eureka to participate in the training.

PUBLIC WORKS

Green-Up Program: Public Works Director, Ron Damele, explained that the Green-Up Program has been renewed for another year, however federal funding is no longer available and he proposed utilizing receipts from the metal and battery recycling to fund this project. Commissioner Ithurralde motioned to designate that funds from metal and battery recycling will support the Green-Up Program until it is addressed in the next budget; Commissioner Page seconded the motion; motion carried 3-0.

Appraisal Report for Klindt Property: Commissioner Ithurralde motioned to accept the appraisal report from Russell Turner, CGA, for the Klindt property located at 50 South Main Street in Eureka, estimating the property value to be zero; Commissioner Page seconded the motion; motion carried 3-0.

Direction to Staff Related to Klindt Property: The County had considered purchasing property located on 50 South Main Street in Eureka from the Klindt Estate in recent years, but the offer price was declined. The County's main interest in the property is to avoid structural damage to the adjacent County Courthouse and Eureka Senior Center buildings because of the deteriorating condition of the Klindt building. The Commissioners discussed the value of the lot (listed as \$12,111.00 by the County Assessor) and costs to stabilize or tear down the deteriorating structure. Commissioner Ithurralde motioned to have the District Attorney forward a letter to the Klindt Estate offering \$12,000.00 for the County to purchase the property and if the offer is declined, requesting that action be taken to address the condition of the building; Commissioner Page seconded the motion; motion carried 3-0.

Contract Extension with Research & Consulting Services: Commissioner Ithurralde motioned to approve a contract extension (time only, not money) through December 31, 2012, with Rex Massey of Research & Consulting Services for consulting services related to the Mt. Hope Project EIS; Commissioner Page seconded the motion; motion carried 3-0.

Contract with Severn Trent Services: Mr. Damele stated there had been some issues regarding the proposed contract with Severn Trent Services for the Arsenic Treatment Plant in Crescent Valley, but they have since been resolved to the satisfaction of all parties. Commissioner Ithurralde motioned to approve the contract with Severn Trent Services for the Arsenic Treatment Plant in Crescent Valley and that the Chairman be authorized to sign the final contract outside of the meeting; Commissioner Page seconded the motion; motion carried 3-0.

Change Orders for Main Street Water & Sewer Project: Mr. Damele proposed a change order, to be funded from the project force account, to repair streets affected by installation of the water and sewer lines in Eureka. Commissioner Ithurralde motioned to approve the force account change order for the Main Street Water & Sewer Project, in the amount of \$37,300.00, to patch and slurry seal town streets affected by installation of the upgraded utility lines; Commissioner Page seconded the motion; motion carried 3-0.

Another force account change order was recommended to pave additional areas and correct drainage issues. Commissioner Ithurralde motioned to approve a force account change order for the Main Street Water & Sewer Project, in the amount of \$75,000.00, to pave the area around the fuel island, warehouse, and material storage area.

Eureka Springs Project: Mr. Damele reported that the environmental assessment (EA) for the Eureka Springs Project is complete and out for public comment until September 17th. If no substantial comments are received, a right-of-way will be granted by the BLM. James and Vera Baumann submitted comment to the BLM regarding this, and were present at the meeting to provide a copy of their letter to the Board, which was read into the record:

Simpson Creek Ranch
James E. & Vera L. Baumann
PO Box 308
Eureka, NV 89316

Bureau of Land Management
Mout Lewis Field Office
50 Bastian Road
Battle Mountain, Nevada 89820

September 7, 2010

Certified Mail #7007 2680 0002 5574 1396

RE: Eureka County Spring Rehabilitation Project, NV-B010-2009-0076-EA, Eureka County Public Works Right of Way Amendment #N-007463

Greetings,

As the licensed permittees within the area of the Eureka County Public Works Department Right-of-Way Amendment and Rehabilitation of Eureka's Water Collection System projects, we are respectfully submitting the following comments.

- * As Eureka County taxpayers, we certainly question the economics of this project and believe that the expense of this project is not worth the small amount of water that will be generated.
- * We understand that the springs, if developed, will only be used for the irrigation of ball fields and parks within the townsite of Eureka and will not be incorporated into the current water system for human consumption.
- * Eureka County has alternative sources and avenues to obtain additional water for the townsite of Eureka. Eureka County has an existing water system in southern Diamond Valley and has the option and ability to purchase an additional active irrigation well that would add anywhere from 800-2200 gallons per minute to the existing water system, or the option of drilling an additional new water well that could be integrated into the current system.
- * The springs identified in the above projects are the *only* source of water for us as the permittees, to

water our livestock and for any and all wildlife or sheep use.

- * On page 23 of the August 2010 Environment Assessment relating to the above project, paragraph 3.3.18, the statement “Only sheep are permitted to utilize the Spanish Gulch Allotment” is incorrect. We are the current livestock permittees and have a license to graze cattle in that area. Cattle have grazed that area since 1866 and sheep did not move into the country and use that area until 1914, when A.C. Florio brought in sheep. Please refer to the *Diamond Valley Unit Adjudication and Allotment Agreement* dated 1965, pages two and three, between James Ithurralde and John and Kay Hunter. Please make the correction to the EA to include livestock grazing.
- * We feel that if there is ever a loss of AUMs, or the inability to graze livestock due to a lack of water in the areas of the above identified projects, we should receive reasonable monetary compensation from Eureka County for our losses.
- * ***Even though this water basin has not yet been adjudicated, we can prove that we hold a prior (1866) vested water right to the springs located within the area of Eureka County’s proposed projects.***
- * Interestingly enough Eureka County has never contacted or included us in any of the discussions involving the above proposed projects on these springs even though they all know that we graze cattle there.

Sincerely,

/s/ James E. Baumann

/s/ Vera L. Baumann

Summit Engineering Proposal: A proposal was obtained from Summit Engineering related to installation of offsite wet utilities to the Eureka Canyon Subdivision. Mr. Damele provided the detailed cost breakdown for the overall project estimate of \$1,117,693.92. The Board and Mr. Damele held a lengthy discussion related to feasibility of proceeding with utilities at the subdivision site, and to what degree. Commissioner Ithurralde motioned to accept the proposal from Summit Engineering for professional engineering services related to installation of offsite wet utilities to the Eureka Canyon Subdivision site, including connections to the existing sewer as modified in the discussion (connection to existing sewer line only, with no upgrade in pipe size); Commissioner Page seconded the motion; motion carried 3-0. Mr. Damele will obtain a modified cost estimate based on the changes.

Regional Hazard Mitigation Plan with White Pine County: It has been suggested that Eureka County partner with White Pine County to share costs to hire a consultant to create a Regional Hazard Mitigation Plan. Once this study is completed and the plan is in place, it will allow the County to apply for FEMA grant monies to mitigate perpetual flooding areas within the County. Commissioner Ithurralde motioned to approve a cash match of \$7,000.00 from the County’s emergency management fund to coordinate with White Pine County in contracting a consultant for the purpose of creating a Regional Hazard Mitigation Plan, and that the Chairman be authorized to sign the agreement outside of the meeting following review by the District Attorney; Commissioner Page seconded the motion; motion carried 3-0.

Review Committee for Architectural Firms: Commissioner Ithurralde motioned to appoint Commissioner Page, CVTAB Member Dawn Gann, and Public Works Director Ron Damele to a committee to review statements of qualifications from landscape architectural firms for the Crescent Valley Town Park Redesign Project and water efficiency upgrades; Commissioner Page seconded the motion; motion carried 3-0.

Solar Equipment for Eureka Landfill: To facilitate better communication and online reporting capabilities, Mr. Damele requested authorization to purchase solar and computer equipment for the Eureka Landfill. Commissioner Page motioned to approve the purchase of solar panels, batteries, and computer equipment to install internet and email capabilities at the Eureka Landfill, not to exceed \$3,950.00; Commissioner Ithurralde seconded the motion; motion carried 3-0.

Right-of-Way Easement to Mt. Wheeler Power: Commissioner Ithurrealde motioned to approve a right-of-way easement to Mt. Wheeler Power through APN 008-070-04 (Perdiz Shooting Range) for installation of power line upgrades up Windfall Canyon; Commissioner Page seconded the motion; motion carried 3-0.

Contract for Rack Space on Mary's Mountain: Commissioner Ithurrealde motioned to approve signing a contract with the State of Nevada Department of Information Technology (DOIT) for rack space at Mary's Mountain to move the repeaters to the DOIT building, and that the Chairman be authorized to sign the agreement outside of the meeting upon review by the District Attorney; Commissioner Page seconded the motion; motion carried 3-0.

Results of County Auction: Mr. Damele provided a breakdown of the results of the County Auction conducted on August 21st.

HOME HEALTH SERVICES OF NEVADA

Expanded Services in Eureka County: At the August 6th meeting, William Guisti, Administrator/CEO of Home Health Services of Nevada submitted a preliminary proposal for a cost-sharing option to expand home nursing and personal care services in Eureka. Mr. Guisti provided the final proposal and eligibility forms for the Board's review. Commissioner Ithurrealde motioned to approve the proposal from Home Health Services of Nevada to expand services in Eureka County by implementation of a cost sharing program with a maximum of 50 hours per month; Commissioner Page seconded the motion; motion carried 3-0.

RECESS FOR LUNCH

The Board recessed for lunch from 12:05 to 1:00 p.m.

RECESS FOR DEVIL'S GATE GID

Immediately following lunch, the Chairman called the meeting back to order and recessed for the Devil's Gate GID meeting.

NEVADA HEALTH CENTERS

Provider report for Crescent Valley Medical Clinic: The medical clinic report will be available for the September 20th meeting.

EUREKA MEDICAL CLINIC

Update on Eureka Medical Clinic: Physician's Assistant, Duane "Duke" Gibson, introduced J. Brian Allen the recently hired Physician's Assistant, and noted that Nevada Health Centers continues to recruit for the full-time physician. Mr. Allen will work at the Eureka Medical Clinic for two days each week and will travel to the Crescent Valley Medical Clinic for three days each week, beginning the following month once training and orientation are complete. The Commissioners welcomed Mr. Allen to Eureka.

ENERGY EFFICIENCY GRANT PROJECT

Architectural Firm for Grant Project at Eureka Road Shop: Mr. Damele introduced Terry Melby of Ganthner Melby, LLC, which is the number one ranked architectural firm for facilitating the energy upgrades at the Eureka Road Shop. Ganthner Melby submitted a proposal for architectural services in the amount of \$39,975.00, plus the cost of final bid documents, which will be paid with a portion of the \$400,000.00 grant received for this project. There was a brief discussion regarding the format of the County's standard contract and Mr. Melby stated he would like to further define the relationship between the architect, contractor, and the County. District Attorney, Ted Beutel, stated that can be addressed with an addendum to the contract. Commissioner Ithurrealde motioned to approve the architectural fees as submitted by Ganthner Melby, LLC, for the Energy Efficiency Grant Project at the Eureka Road Shop in the amount of

\$39,975.00 plus cost of final bid documents, utilizing the County's standard contract and that the Chairman be authorized to sign the contract outside of the meeting; Commissioner Page seconded the motion; motion carried 3-0.

COUNTY ENGINEER

Main Street Water & Sewer Project: Tom Young, Lumos & Associates, reported that the contractor, Sierra Nevada Construction, hopes to be done with work on Main Street by the end of September, but Mr. Young felt that would prove to be a challenge. Mr. Young assured the Board that paving will be done before the contractor leaves for the winter. The change orders approved earlier in the day (for paving and slurry seal) bring total force account expenditures to \$160,000.00 of the budgeted \$400,000.00. The status meeting for this project will be held September 8th.

2010 ARRA Street Maintenance/11th Street Project: The ARRA Street Maintenance Project is complete and the National Review Committee will visit Eureka to evaluate the project the following week. The contractor has been paid less the retention. Once the retention is released application will be made to Nevada Department of Transportation for reimbursement of the construction and engineering fees.

2010 Street Maintenance Project: Mr. Young reported that the Crescent Valley portion of the project is complete except for some painting/stripping. Keg Street in Diamond Valley has been pulverized and mixed and paving should commence before the end of the day and will be completed early the following week.

YUCCA MOUNTAIN

Purchase of Color Copy Machine: Mr. Damele reported that the current copier has reached the end of its useful life. Three quotes for a replacement copier were obtained through the Western States Cost Share Agreement through the State of Nevada. Commissioner Ithurralde motioned to approve the purchase of a Xerox multifunction copy machine in the amount of \$17,958.00 to be paid with Yucca Mountain funding; Commissioner Page seconded the motion; motion carried 3-0.

Update on Yucca Mountain Project: Abby Johnson, Nuclear Waste Advisor, provided a short update on the Yucca Mountain Project. The Nuclear Regulatory Commission has not yet ruled on the appeal of the Construction Authorization Board's decision to not allow the Department of Energy to withdraw its license application. Licensing Attorney, Diane Curran, continues to monitor the issue. Lorene Pitchford is maintaining the licensing support network. John Gervers is attending the Blue Ribbon Commission meetings leading up to a draft report regarding America's nuclear future to be issued in July 2011. Rick Moore is covering the Blue Ribbon Commission's subcommittee meetings specific to transportation and disposal. Nothing is certain yet, but it is doubtful that the affected units of local government will be funded for Federal Fiscal Year 2011 due to the shutdown of the Yucca Mountain program.

Status of Yucca Mountain Consultants / Contractors: Ms. Johnson stated the County should continue monitoring current activities, stay current in the licensing process, initiate the archiving program for Yucca Mountain files and information; and initiate the 'Lessons Learned' project. A kickoff meeting for this is scheduled for November 9th in Reno. With these activities in mind, Ms. Johnson recommended renewing contracts with the various professionals, as well as considering a contract with a videographer for a video aspect in the Lessons Learned Project. This would be done as a subcontract under Ms. Johnson's contract and details will be presented at a future meeting.

NWOP Consulting, Inc.: Commissioner Page motioned to approve a three-year contract with NWOP Consulting, Inc., Lorene Pitchford, not to exceed a three-year total of \$80,000.00 to be paid from the Department of Energy (DOE) direct payment grant to Eureka County as an

affected unit of local government (AULG); Commissioner Ithurralde seconded the motion; motion carried 3-0.

Latir Energy Consultants: Commissioner Ithurralde motioned to approve a nine-month contract with Latir Energy Consultants, John Gervers, for a nine-month total of \$36,000.00 to be paid from the DOE direct payment to Eureka County as an AULG; Commissioner Page seconded the motion; motion carried 3-0.

Richard C. Moore, PE: Commissioner Ithurralde motioned to approve a three-year contract with Richard C. Moore, PE, not to exceed a three-year total of \$140,000.00 to be funded from the DOE direct payment to Eureka County as an AULG; Commissioner Page seconded the motion; motion carried 3-0.

NEVADA DIVISION OF FORESTRY

Annual Operating Plans: Sam Hicks, Eureka County Battalion Chief, requested that approval of the AOPs be tabled to a future meeting, as they have been distributed to the various Fire Departments for signature.

Capital Outlay Purchases: Mr. Hicks requested authorization to move forward with purchase of several capital outlay items approved in the current year's budget. The largest item was replacement of the Battalion Chief's command vehicle, and other items consisted of radios, training equipment and materials requested by the Volunteer Fire Departments. Commissioner Ithurralde motioned to authorize various capital outlay purchases, as outlined in the current year's budget, including but not limited to a replacement command vehicle, radios, and training equipment and materials; Commissioner Page seconded the motion; motion carried 3-0.

NATURAL RESOURCES

Activities and Upcoming Meetings: Jake Tibbitts, Natural Resources Manager, attended the NACO Public Lands roundtable workshop on August 23rd; the NACO Public Lands and Natural Resources Committee meeting also on August 23rd; met with Mary Tumbusch and Justin Mayers of US Geological Survey on August 25th in Eureka; attended the Ruby Hill Community Advisory Committee meeting on August 25th; the NEPA Committee meeting on August 25th; met with a representative of Invenergy on August 26th; participated in the Mt. Hope conference call on August 26th; met with the Selection Committee on September 2nd to review proposals for the consulting hydrogeologist; and attended a quarterly BLM meeting on September 2nd.

Mr. Tibbitts reported that both Eureka and Crescent Valley have been formally recognized as Firewise Communities, the first to reach this status in the State of Nevada. Mr. Tibbitts attributes much of this success to Department Assistant, Kathy Porter.

Upcoming meetings include a conference call on September 8th with the technical experts regarding review of the draft Environmental Impact Statement; Lari Knochenmus, Acting State Director for the Nevada Water Science Center (USGS) and Dave Berger, Supervising Hydrologist, will be in Eureka on September 9th to discuss concerns over the Diamond Valley Flow System Study Phase 2 report; the NEPA Committee meeting on September 9th; a Central Nevada Regional Water Authority teleconference meeting on September 10th; a Mt. Hope conference call on September 14th; a Wildlife Advisory Board meeting on September 16th; and the State Engineer hearing regarding the BLM stockwater permits on September 17th which will be attended by water attorney, Karen Peterson.

Secure Rural Schools and Self Determination Act Payments: Mr. Tibbitts explained that this is the program that funds the Firewise Communities under Title III. Eureka County currently receives an annual allocation in excess of \$100,000.00, and each year must identify, by adoption of a resolution, whether they wish to receive funding under the Title II category or the Title III category. Commissioner Ithurralde motioned to adopt a resolution electing Title III

payments for the 2010-2011 fiscal year; Commissioner Page seconded the motion; motion carried 3-0.

Consulting Hydrogeologist Ranking: Mr. Tibbitts explained that the Selection Committee met on September 2nd to review hydrogeologist proposals. Dale Bugenig was the top-ranked candidate; Converse Consultants was the second-ranked candidate; and Stanica Consulting was the third-ranked candidate. Commissioner Page motioned to accept the Selection Committee's ranking of the three hydrogeologist firms/individuals and to proceed with negotiating with the top-ranked candidate, Dale Bugenig, for a three-year professional services contract; Commissioner Ithurralde seconded the motion; motion carried 3-0.

Consulting Hydrogeologist Contract Negotiations: Dale Bugenig reviewed his proposed fee schedule and contemplated scope of work, at an estimated annual cost of \$132,200.00 for a three-year contract. The scope of work includes the comprehensive water resources plan and policy for Eureka County. Mr. Bugenig plans on purchasing an RV and taking up part-time residence in Eureka; he will also resign from his position as Chief Hydrogeologist with Eco:Logic and become a sole proprietor consultant. These actions will limit mileage and reduce the hourly consultant fee. Commissioner Ithurralde motioned to accept the cost proposal for a three-year professional hydrogeological services contract at an estimated three-year total of \$397,200.00; Commissioner Page seconded the motion; motion carried 3-0.

NEPA COMMITTEE

Update Report: Abby Johnson, EIS Coordinator, outlined the schedule for review of the preliminary draft EIS. The document was received by the County on August 18th and there is a 25 day review period (working days), so the comment deadline is September 23rd. The NEPA Committee will meet on September 8th to discuss their findings and the technical team will be available by telephone. A follow-up meeting will be held on September 16th to finalize the committee's comments. The technical team plans to have their comments ready by September 13th. A letter will be sent to the BLM referencing previous comments, to avoid redundancy in compiling the EIS comments.

Mt. Hope Project Administrative Draft Environmental Impact Statement (EIS): Mr. Tibbitts stated the BLM is considering a two to three day meetings where all the stakeholders and cooperating agencies review the comments, provide clarification, etc. The County has made it clear that they wish to be involved in coordinating the dates for this meeting in order to ensure the proper representatives can be there. Chairman Fiorenzi suggested placing an action item on the next agenda to identify who the County would like to attend. Ms. Johnson stated that the BLM indicated that monitoring, mitigation, and management (and preferred alternatives) will be discussed at this meeting.

AMBULANCE & EMS

Correction to Job Descriptions: EMS Coordinator, Mike Sullivan, explained there was a typographical error in the two job descriptions that were recently approved and he presented the corrected job descriptions to the Board. Commissioner Ithurralde motioned to accept the amended job descriptions for the EMT-1 and EMT-2 positions; Commissioner Page seconded the motion; motion carried 3-0.

HUMAN RESOURCES

Monthly Report: Human Resources Analyst, Jerry Larson, stated he has been involved in recruiting efforts for the Sheriff's Office, Sentinel Museum, Fair Board, and the new EMT positions. He is working on getting all employee performance evaluations in on time. Condensed versions of the policy manual are being drafted, one for employees and one for volunteers. Applications for the American Medflight membership and copies of insurance cards are being

gathered from the employees. The POOL/PACT Essential Management Skills training will begin on September 21st.

Volunteer Policies: During a previous meeting, the Board requested that Mr. Larson review the current policies to ensure fairness between the different groups, such as EMTs and firefighters. Equality in treatment of the volunteers is covered in Nevada Revised Statutes and only needs to be addressed in the policy manual if the Commissioners wish to do so. Chairman Fiorenzi felt a letter with this information could be provided to the various County departments.

Commissioner Conducted Performance Evaluations: Mr. Larson sought direction from the Board regarding assigning department heads to the Commissioners for the purpose of the annual performance evaluation. After some discussion, the Board agreed to rotate assignment of the department heads and directed Mr. Larson to bring the assignments forward at the next meeting.

Wage/Salary Upgrade for EMT-1: Mr. Larson stated that the EMT-1 position was recently approved at range 108 on the County wage and salary scale. Upon closer evaluation of the duties attached to this position, Mr. Larson recommended upgrading this to a range 111. Commissioner Ithurralde motioned to approve upgrading the EMT-1 position from a range 108 to a range 111 on the County wage and salary scale; Commissioner Page seconded the motion; motion carried 3-0.

Advertisement for Upcoming Vacancy: Mr. Larson requested direction from the Board regarding commencement of advertising the upcoming vacancy for the Cultural, Tourism, and Economic Development Director position since the current Director is planning on retiring. The Board concurred that advertising should not begin until a letter of intent is received from the current Director. They also indicated they would like to have a Selection Committee for this position. Commissioner Page felt this was the appropriate time to address the issue of separating Economic Development and making it a stand-alone department. This item will be addressed at the next meeting.

SENIOR CENTERS

Update Report: Senior Center Site Directors, Millie Oram and Adell Panning, reported on their respective centers. For the month of August, the Eureka Senior Center served 1,014 meals and the Fannie Komp Senior Center served 659 meals. Shirley Chantrell from the Nevada Aging and Disability Services Division was in Eureka on August 31st to conduct an inspection and the results were favorable. Desk audits were also received regarding a nutrition grant and two transportation grants and the findings were that the money was spent appropriately. Deposits for August totaled \$9,920.98. The Fannie Komp Center was closed the last week in August for installation of the industrial stove. Seniors from both Crescent Valley and Eureka traveled to Las Vegas to attend the Miss Senior Nevada Pageant.

Notice of Grant Awards: Commissioner Ithurralde motioned to approve signing the notification of grant awards and associated confidentiality agreements for a congregate meals grant in the amount of \$17,043.00 with a County match of \$1,733.00; and a home delivered meals grant in the amount of \$22,659.00 with a County match of \$3,255.00; Commissioner Page seconded the motion; motion carried 3-0. Upon recommendation of the District Attorney,

Commissioner Ithurralde made a follow-up motion that the Site Directors also sign the confidentiality agreements as they will be the ones accessing the State database; Commissioner Page seconded the motion; motion carried 3-0.

Authorization to Fill Vacancy at Fannie Komp Senior Center: Site Director, Adell Panning, requested approval to fill the vacant position at her center; this position is budgeted. Commissioner Ithurralde motioned to approve hiring a part-time benefited Kitchen Aide at range 105 on the County wage and salary scale to fill the current vacancy at the Fannie Komp Senior Center; Commissioner Page seconded the motion; motion carried 3-0.

CRESCENT VALLEY TOWN ADVISORY BOARD (CVTAB)

Water Rate Study: The CVTAB requested that this item be tabled until the contractor for the arsenic treatment plant is in place.

F.I.N.D. Project: The CVTAB submitted a letter to the Board informing of their support and interest in the F.I.N.D. project. The letter stated their interest in being involved in future F.I.N.D. projects in the area.

PUBLIC POLICY INNOVATIONS, LLC

Renewal of Lobbyist Contract: This item was tabled to the September 20th meeting.

Bill Tracking Subscription: Bjorn Selinder, Lobbyist and proprietor of Public Policy Innovations, LLC, requested that Eureka County cost-share in the online Bill Tracking subscription in order to follow the 2011 Nevada State Legislature. Overall cost is \$600.00 which will be equally shared by Elko County and Churchill County as well. The Board decided to table this item pending approval of the lobbyist contract.

EUREKA COUNTY FAIR BOARD

Resignation of Betsy Barker: Commissioner Ithurralde motioned to accept the resignation of Betsy Barker from the Eureka County Fair Board; Commissioner Page seconded the motion; motion carried 3-0.

EUREKA COUNTY CLERK & TREASURER

July Treasurer's Report: The Treasurer's Report was submitted for review by Clerk & Treasurer, Jackie Berg, with an ending balance for July 2010 of \$59,497,063.31. Ms. Berg explained that sometimes market gains are reported in the investment section of the report, but a reconciling item is created so that these amounts are not included in the month's ending balance. This ensures that the ending balance reported to the Board is a true cash balance.

APPROVAL OF MINUTES

Commissioner Page motioned to approve the minutes of the July 15, 2010, quarterly meeting; Commissioner Ithurralde seconded the motion; motion carried 3-0. Commissioner Ithurralde motioned to approve the minutes of the special meeting with Nevada Rural Housing Authority on July 21, 2010; Commissioner Page seconded the motion; motion carried 3-0. Commissioner Ithurralde motioned to approve the minutes of the August 6, 2010, Commissioner meeting; Commissioner Page seconded the motion; motion carried 3-0. Commissioner Page motioned to approve the minutes of the special meeting with Nevada Rural Housing Authority on August 12, 2010; Commissioner Ithurralde seconded the motion; motion carried 3-0.

CORRESPONDENCE

Correspondence was received from: Betsy Barker; Conley Land & Livestock, LLC; Donald F. Palmore; Mark Moyle Farms, LLC; Diamond Valley Hay Co., Inc.; Simpson Creek Ranch; Eureka Moly, LLC (3); Mt. Wheeler Power; Recorder/Auditor, Mike Rebaleati; Clerk & Treasurer, Jackie Berg (2); Public Works Director, Ron Damele; Human Resources Analyst, Jerry Larson; Eureka County Planning Commission; Eureka County Economic Development Program; Crescent Valley Town Advisory Board (6); Summit Engineering Corp.; Research & Consulting Services, Inc., Rex J. Massey; NWOP Consulting, Inc.; Latir Energy Consultants; Richard C. Moore, PE; Ganthner Melby, LLC; Russell E. Turner; Elko County Board of Commissioners; Central Nevada Regional Water Authority; Humboldt River Basin Water Authority; Nevada Health Centers, Inc.; Home Health Services of Nevada; Nevada Rural Housing Authority; Nevada Aging & Disability Services Div. (4); Nevada Dept. of Transportation; Nevada Div. of Environmental Protection (3); Nevada Gaming Control Board (2); Nevada Dept. of Motor Vehicles; Nevada Geothermal Payment Report; Nevada

Dept. of Taxation; Economy in Brief newsletter; NHD Reporter; US Congressman, Dean Heller; US Senator, Harry Reid; US Dept. of the Interior-BLM (5); and ICHO Gazette.

PUBLIC COMMENT

Chairman Fiorenzi called for public comments; there were none.

ADJOURNMENT

Commissioner Ithurrealde motioned to adjourn the meeting at 3:05 p.m.; Commissioner Page seconded the motion; motion carried 3-0.

Approved this 6th day of October, 2010.

/s/ Leonard Fiorenzi
Leonard Fiorenzi, Chairman

Attest: /s/ Jackie Berg
Jackie Berg, Clerk