

February 11, 2019

The regular meeting of the Yerington City Council was held in the Council Chambers at 10:00 a.m. with the following present:

Mayor Pro-Tem John Garry
Council Members Selena Catalano, Larry Reynolds and Terceira Schunke
City Attorney Chuck Zumpft
City Manager Robert Switzer
Chief of Police Darren Wagner
Public Works Director Jay Flakus
Administrative Director/ Interim City Clerk Sheema Shaw

Absent: Mayor George Dini

Guests: Chief Scott Draper and Assistant Chief Lacey Parrott of the Mason Valley Fire District, Deb & Dave DeGrendele, Tim Dyhr & David Swisher of Nevada Copper and Amy Alonzo of the Mason Valley News

Mayor Pro-Tem Garry welcomed new City Manager Switzer to the City of Yerington.

Agenda Approval

Councilwoman Catalano made a motion to approve the agenda as presented, seconded by Councilwoman Schunke and passed unanimously.

Minutes

Councilwoman Schunke made a motion to approve the minutes of January 28, 2018, seconded by Councilman Reynolds and passed unanimously.

Business Licenses

The following business license applications were presented for review and approval:

- A. Pamela Hunewell dba Lahontan Paramedical, Onsite Drug & Alcohol Collections, 19 Sierra Street, Yerington, NV 89447 – Change of Location
- B. Philip A. Bennett dba Philip Bennett Insurance Agency, Insurance Agency, 113 N. Main Street, Yerington, NV 89447 – New
- C. Alan B. Blach dba Great Basin Beverage, Wholesale, 534 Pacific Avenue, Wells NV 89835 – Renewal
- D. Lorie LaBranch, dba Yerington Tang Soo Do Center, Martial Arts and Fitness, 400 N. Main Street #13, Yerington NV 89447 - Renewal

Councilman Reynolds made a motion to approve the business license applications as presented, seconded by Councilwoman Catalano. Mayor Pro-Tem Garry asked for public comment, there were no public comments and the motion passed unanimously.

Presentation by Nevada Copper on the Project Progress for Nevada Copper

Mr. Dyhr stated that Nevada Copper would like to open up a dialog with the City. Mr. Dyhr stated that we do have some challenges and opportunities coming our way.

Mr. Dyhr gave Council a Power Point presentation which showed maps of the facility layout and an overview of the site and plans for further building. Mr. Dyhr stated that Nevada Copper likes to say it is one project with two mines because they have two distinct deposits. Mr. Dyhr stated that Nevada Copper is currently building the underground mine and doing studies to find out how to optimize the open pit.

Mr. David Swisher, Senior Vice President of Operations for Nevada Copper stated that he is in charge of building the operation. Mr. Swisher stated that they are bringing onboard a new team to build this mine, not to continue exploring it. Mr. Swisher stated that their top priority is to execute the underground mine. If we can execute the underground mine we can produce a concentrate by the end of this year and start the cash flow. Once we have started the cash flow we will look at advancing the open pit. Mr. Swisher stated that there has been very little exploration on the remaining 9000 acres that they have and they would like to explore the rest of it. Mr. Swisher stated that they are taking this in a very methodical step by step manner, it is the responsible way to develop a project.

Mr. Swisher stated that there was a question about how much deeper Nevada Copper would be going with the shaft. Mr. Swisher stated that they have actually started a second shaft, it is called the east-north ventilation shaft. Mr. Swisher referenced the PowerPoint presentation for two building infrastructures which contain three Galloway winches and an auxiliary safety hoist for a backup. They also contain the main hoist.

Mr. Swisher stated that as of today they have begun to sink the new shaft. They have already done a pre-sink down to 127 feet and are now carrying that forward. Mr. Swisher stated that the main shaft has been sunk down another 200 feet. They have developed a second station that they call the 28/50 station and there is also a level called the 27/70 station which is where all of the material handling, conveyances and loading pockets will be erected. There is about 90 feet between the levels. Mr. Swisher stated that two new ventilation shafts were installed in January to provide more fresh air to both of those levels as they advance and to provide fresh air underground until they meet up with the new shaft. They will meet underground which will then provide flow through ventilation and will also give a secondary escape route.

Mr. Swisher stated that they are also building a large process facility to process all of the ore that comes out from underground. Mr. Swisher stated that they have two slabs poured at this time and that it is very important that all of the surface works have very deep drainage ditches and those drain into a lined storage pond.

Mr. Swisher stated that Nevada Copper envisions about 350 employees once they are up to full operations.

Councilman Reynolds asked if Nevada Copper will have a smelter located at the facility. Mr. Swisher stated that they will not, there are a limited number of smelters in the United States. The product from the Nevada Copper site will be trucked to Wabuska where it will be shipped out by rail to various places.

Councilman Reynolds asked if the ore would come up the shaft. Mr. Swisher stated that the ore would come up the shaft and would then go through the process. They will split the concentrate for shipment to the smelters. The waste will be dried and then will be stacked as a dry stack with about 50 percent of that being sent back underground and used as fill. They will add cement and a binder to it to fill the openings from the mine underground.

Councilman Reynolds asked what are the capabilities of the hoisting mechanisms? Mr. Swisher stated that each skiff will be able to hoist 14-tons. Mr. Swisher stated that right now in the development stage they have 10-ton skiffs, but once they reach the operational stage they will have 14-ton skiffs.

City Attorney Zumpft asked what the time frame is for full operations. Mr. Swisher stated that by the 4th quarter they will be running the mill and mining underground. They will be producing a concentrate by the end of the year.

Mayor Pro-Tem Garry stated that he had heard that they might produce enough silver and gold to pay some substantial overhead. Mr. Swisher stated that there is some truth to that. Mr. Swisher stated late last year there was some refinancing with their current debt holder and Nevada Copper is currently working on a new financing possibility to refinance or take over the existing debt holder to favorable terms. Mr. Swisher stated that earlier this year they were able to raise one-hundred and ten-million Canadian in equity; however, in order not to dilute their shareholders Nevada Copper also did a seventy million dollar streaming deal. All the gold and silver credits go to them. Mr. Swisher stated that they do have an option to buy back a portion next year and they might consider that.

Mr. Swisher stated that even though the current copper prices are around \$2.80 a pound, which a lot of people consider to be low, Nevada Copper is in a unique situation where they have already raised all of their funds for construction. You want to be constructing while the price of copper is low.

Mr. Dyhr stated that when Nevada Copper first came to Yerington, former City Manager Newell asked what the three main issues would be. Mr. Dyhr stated that water would be the main issue; shortage of water, how to manage water and that you do not pollute the ground water. Mr. Dyhr stated that at that point Nevada Copper went on an endeavor to reduce their water consumption and made a deal with the City to purchase water as a customer.

Mr. Dyhr stated that one of the key things will be traffic. Nevada Copper is monitoring how much traffic goes out to the site. Mr. Dyhr stated that when the property was still in the

county they did a traffic study and they are still under those projections. Mr. Dyhr stated that Nevada Copper has designated a route of travel for their deliveries; 339 on Mason Road to Cremetti, MacKensie Lane and then to Pursel Lane.

Mr. Dyhr stated that the question he receives the most is when will Nevada Copper start hiring. Mr. Dyhr stated that they have launched their advertisements and will be advertising all of their jobs on their website. Primarily hiring senior technical staff at this time, people that are very experienced in mine operations and as they go forward they will start hiring the workforce that does the underground mining. Presently Nevada Copper has a direct workforce of 22 employees and about 32 percent are local residents. Mr. Dyhr stated that Segmen's is the Engineering Contractor that is in charge of construction and they employ about 200 people depending on what is going on.

Mr. Dyhr stated that Nevada Copper considers their relationship with the city as a partnership. The collaboration with the city for the land conservation was critical. Mr. Dyhr stated that the city has the most to gain from it; direct and in-direct jobs, tax revenue, increased business, motels. Mr. Dyhr stated that the challenges include tax revenues will be lagging for services and Nevada Copper hopes we can work together on that issue. Public services, housing, police, the city will have added need for police and fire. Nevada Copper expects to be working very closely with the City Manager and Council going forward.

Mr. Dyhr stated that because of the land transfer from BLM to the City of Yerington the City will benefit by receiving net proceeds and mines. Mr. Dhyr stated that the city also receives property taxes and building permit fees. Nevada Copper is currently paying substantial fees and is working with Public Works Director Flakus. Mr. Dyhr stated that there is also the potential to develop other economic opportunities.

Mr. Dyhr stated that the significant hiring will happen in the 4th quarter and they hope to begin workforce training in the meeting on February 20th. Aubree Barnum is the Human Resource Director and the careers will be on the website.

Mayor Pro-Tem Garry stated that "Your success is our success" and thanked Mr. Dyhr and Mr. Swisher for their presentation.

Notice of Lien for John Mouchou, Owner of a 1944 Beech Twin-Engine Aircraft, Registration N-41780, Located at the Yerington Municipal Airport

City Attorney Zumpft stated that we have identified the process to assert and foreclose on the lien on the Beech twin-engine Aircraft and have it removed.

City Attorney Zumpft stated that he has spoken with Administrative Director Shaw and Mr. Mouchou also had a house that was declared a nuisance at least 15 years ago. City Attorney Zumpft stated that if we foreclose on the aircraft he would also like to satisfy the debt owed to the city on that lien at the same time. The City will only be entitled to the amounts owed to the City and the remainder of what is collected must be sent to the State of Nevada

City Attorney Zumpft stated in order to do that, the process will be to do an action against Mr. Mouchou for those costs and reduce that to a judgement. The Sheriff would be the one holding the money for the sale and we could square at least to the date of those satisfactions.

City Attorney Zumpft stated that would be our tentative direction if that is what the council chooses. City Attorney Zumpft stated that we will also include attorney costs as well.

Mayor Pro-Tem Garry asked how we arrived at the past due amount of \$2,063.73 on tie down fees. City Attorney Zumpft stated that Mr. Mouchou was current until a couple of years ago.

Councilman Reynolds made a motion to approve the foreclosure of the lien for John Mouchou owner of the 1944 Beech Twin-Engine Aircraft N-41780, located at the Yerington Municipal Airport and the collection of other monies owed to the City by Mr. Mouchou, seconded by Mayor Pro-Tem Garry. Mayor Pro-Tem Garry asked for public comments, there were no comments and the motion carried unanimously.

Review Bills Previously Submitted for Payment

Bills, Salaries and Vouchers:

Accounts Payable Checks	1-23-2019	30462 through 30494
	1-29-2019	30502 through 30525
	2-5-2019	30526 through 30552
Payroll Vouchers	1-28-2019	1311901 through 1311917
Payroll Checks	10-10-2016	26999 through 27003
Transmittal Vouchers	1-28-2019	1281901
Transmittal Checks	1-28-2019	30499 through 30500

Councilwoman Schunke made a motion to approve the bills as submitted, seconded by Councilwoman Catalano. Mayor Pro-Tem Garry asked for public comments, there were no comments and the motion passed unanimously.

Public Participation

Councilman Reynolds asked if anyone from the public had received a letter from Farr West Engineering regarding the upcoming water and sewer project.

Mr. Dave DeGrendele stated that he had received a letter along with a map of his property. Farr West Engineering had requested that he make corrections to the map of his property and return the map to them. Mr. DeGrendele stated that Farr West Engineering would like to go through their landscaping; however, Mr. DeGrendele would prefer that they go along

his driveway to connect to their home. Mr. DeGrendele stated that he disagreed with most of the information on the map that Farr West Engineering provided and he has submitted the corrections to Farr West Engineering.

Department Reports

City Attorney Zumpft stated that Farr West Engineering has submitted a packet with some easement issues. City Attorney Zumpft stated that he has not heard back from the Bureau of Indian Affairs (B.I A.) regarding the packet Farr West Engineering had sent to them. City Attorney Zumpft stated that the colony is no further along to his knowledge; however, they are on the right course.

Public Works Director Flakus reported that he is going to propose to City Manager Switzer that they have weekly meetings regarding Nevada Copper. There is a lot of activity now and a lot to discuss.

Public Works Director Flakus reported that he has spoken with Desert Engineering regarding completion of the roof on the Reviglio Field dugouts as we are receiving complaints from those that play and baseball season starts very soon.

Councilman Reynolds inquired as to where we are with water at the cemetery. Public Works Director Flakus stated that he submitted an invoice to Rob Dunbar at Lyon County to have the well fixed.

City Manager Switzer reported:

- He will be meeting tomorrow with our contact at the USDA on the water and sewer project to discuss the finances of this project.
- There is a proposed change order by the contractor on the sewer sludge removal project and he has met with Farr West Engineering and Greg Lyman (via telephone).
- This Friday, February 15, 2019 we should have a preliminary draft of the financials from the State of Nevada. Those financials will formally begin the budget process.
- Met with Lyon County Manager Jeff Page twice last week.
- Is a member of the Lions Club and will be attending their next meeting.
- Will be attending a Rotary meeting in the future to give a speech.
- Met with Public Works Director Flakus and toured the Public Works offices. They have made plans to tour the water treatment plant and the sewer treatment plant.
- Reviewing the billing process and exploring the possibility of changing our billing to postcards. Currently we are mailing our utility bills by envelope. Even if we stay with the current billing method the vendor is offering us a savings that could be as much as \$75.00 per month.
- Will be meeting with Farr West Engineering regarding the Broadway Well.

Mayor Pro-Tem Garry reported that tomorrow, February 12, 2019 is Abraham Lincoln's birthday. Mayor Pro-Tem Garry stated that he took a trip to Washington D.C to the Ford Theatre and highly recommended seeing it should you find yourself in Washington D.C. Below ground there is a mannequin dressed with the last clothing that President Lincoln wore and the 44

derringer that he was shot with is on display. When President Lincoln left the Ford Theatre he crossed 10th Street. On 10th Street there is cobblestone where they momentarily lowered him onto the street, that portion of the street is now regarded as hallowed ground.

Mayor Pro-Tem Garry reported that in October 2018 Chief Wagner emailed council and requested approval for a Yerington production of a film in our city using our police vehicles and the equipment of the Mason Valley Fire District.

Mayor Pro-Tem Garry stated that it is a patriotic video that is a salute to the military and first responders and school teachers.

Chief Wagner reported that they spent 10 hours working on the video. Most of the video was filmed in front of the Buckboard in Smith Valley.

There being no further business the meeting was adjourned.

Mayor of the City of Yerington

ATTEST:

City Clerk & Clerk to Council