The West Wendover City Council met for a regular meeting on October 15, 2013. The meeting was held at the West Wendover City Hall, Council Chambers #137. Mayor Carter presided.

Council Members Present: Saul Andrade, Roy Briggs, Johnny Gorum, Izzy Gutierrez and Gerardo Rodriguez

Others Present: Dixie Melville, Craig Neeley, Dan Anderson, Glenn Wadsworth, Mike Crawford, Brett Shelton, Paul Pettit, Rhonda Zuraff, Leecanna Briggs, Gary Di Grazia, Burdel Welsh, Paul Taggart, Bryce Kimber, Pamela Smith, John Hanson, Jeff Knudtson, Chris Melville and Anna Bartlome

The following proceedings were had.

1. CALL TO ORDER AND ROLL CALL
   Mayor Carter called the meeting to order at 7:00 p.m. All those present and excused are noted above.

2. PLEDGE OF ALLEGIANCE
   Mayor Carter led those present in the Pledge of Allegiance.

3. COMMENTS FROM THE GENERAL PUBLIC:
   None offered or received.

4. *APPROVAL OF THE MINUTES:
   Council Member Gorum made the motion to approve the minutes of the regular meeting of October 1, 2013. The motion was seconded by Council Member Gutierrez and passed unanimously.

5. NEW BUSINESS
   *a. Discussion and Decision with Regard to the Acceptance and Approval of the Johnson Spring Transmission System Surplus Water Determination Prepared by Aqua Engineering, Inc., for the City of West Wendover, Nevada, and the City of Wendover, Utah and Approval or Disapproval of the Surplus Water Service Agreement Among Newmont USA Limited, the City of West Wendover, Nevada, and the City of Wendover, Utah, and Other Matters Appropriately Related Thereto
      Chris Melville explained that there are two parts to the agenda item; the first is the surplus water determination and the other is the agreement. The determination of the water surplus would be explained by Craig Neeley and the agreement would be explained by Chris Melville (see attached). Craig Neeley explained that the water surplus determination was required by Utah law.

   Agenda taken out of order, Public Hearing heard next, see below.

   General discussion was had regarding the agreement and all the work to get the agreement ready to approve. Council Member Gorum made the motion to accept and approve the Johnson Spring Transmission System Surplus Water Determination prepared by Aqua Engineering, Inc., for the City of
West Wendover, Nevada and the City of Wendover, Utah and approval of the Surplus Water Service Agreement among Newmont USA Limited, the City of West Wendover, Nevada, and the City of Wendover, Utah. The motion was seconded by Council Member Briggs and passed unanimously.

*b. Discussion and Decision to Release the Irrevocable Letter of Credit Issued by Celtic Bank of February 14, 2011 Related to the Completed Public Improvements at Interstate 80 Exit 410 (Rusty Palm Project) and Accept the Issued One Year Irrevocable Letter Credit by Celtic Bank for Maintenance Guarantee of Such Improvements and Other Matters Appropriately Related Thereto

Chris Melville explained that the public improvements have been completed and the original letter of credit can be released with a one year letter of credit issued for a maintenance guarantee. Chris stated that this would be conditional upon approval of the improvements from NDOT. Council Member Briggs made the motion to release the irrevocable letter of credit issued by Celtic Bank of February 14, 2011 related to the completed public improvements at Interstate 80 Exit 410 (Rusty Palm Project) and accept the issued one year irrevocable letter of credit by Celtic Bank for maintenance guarantee of such improvements conditional upon acceptance of the improvements by NDOT. The motion was seconded by Council Member Rodriguez and passed unanimously.

6. PUBLIC HEARING

NOTICE, The City of West Wendover will hold a public hearing for the purpose of considering which projects to pursue funding through the Community Development Block Grant Program. The hearing will be set for Tuesday, October 15, 2013 at 7:30 p.m. at the West Wendover City Hall, Council Chambers #137. All persons may attend and be heard. Prior to the meeting, written comments may be filed with the West Wendover City Clerk and will be considered at the hearing.

The Community Development Block Grant Program, (CDBG) is a Federally Funded Program that is administered by the State of Nevada. The national objectives of this program are:

1. To benefit the low and moderate-income persons.
2. To aid in the prevention of and elimination of slums or blight.
3. To meet the Community Developments needs of having a particular urgency when other sources of funding are not available.

In addition, it is the State’s goal to give extra consideration to projects addressing documented public health or safety needs or needs identified through a Community Planning Process.

It is anticipated that no displacement of persons will occur as a direct result of these projects: Project Descriptions, Housing Needs Statement, CDBG Requirements, and Past CDBG Project Grant Performance is on file at the City offices and is available for public inspection during normal business hours, from October 1, 2013 to November 5, 2013.

The City of West Wendover does not discriminate on the handicapped status in the admission of access to, treatment, employment or activities in it’s federally assisted programs.

Persons with disabilities who require special accommodations or assistance at the meeting should notify the City Clerks Office at 775-664-3081 or at 1111 N. Gene L. Jones Way, West Wendover, Nevada, 89883.

Mayor Carter closed the regular portion of the meeting and opened the public hearing portion of the meeting.

Chris Melville explained that there has been no public input at this time and the acceptance of public input would close on November 1, 2013. Chris stated that at a future meeting a presentation of projects would be made with a selection of a potential project to be submitted for.

There being no public comment Mayor Carter closed the public hearing and opened the regular portion of the meeting.
Agenda taken back in order, New Business continued, see above.

7. COMMUNICATIONS
Burdel Welsh stated that the process to select the new Police Lieutenant has begun.

Council Members Gorum, Gutierrez, Briggs, Rodriguez and Andrade thanked everyone for their work on the Newmont Agreement.

Mayor Carter thanked everyone for the work on the Newmont Agreement. Mayor Carter stated that Wells Rural Electric Company was sponsoring a barbeque dinner at the West Wendover High School on October 21st with proceeds going to the West Wendover Booster Club.

8. *APPROVAL OF THE CLAIMS:
Council Member Gorum made the motion to approve the claims of October 15, 2013, September hand checks, August insurance and September insurance. The motion was seconded by Council Member Briggs and passed unanimously.

9. COMMENTS FROM THE GENERAL PUBLIC:
Pamela Smith, representing Newmont, stated that the agreement took a long time, there was a lot of diversity and passion on all sides, and appreciates the effort of everyone. Pamela stated that the agreement is the best for all parties. Jerry Farr thanked everyone for their impressive collaboration on the agreement.

10. *NEXT MEETING DATE AND ADJOURNMENT
The next meeting date is a regular meeting on November 5, 2013 at 7:00 p.m. at the West Wendover City Hall, Council Chambers #137. Council Member Gorum made the motion to adjourn at 7:57 p.m. The motion was seconded by Council Member Briggs and passed unanimously.

ATTEST:

Anna E. Bartlome
City Clerk/Records Officer
JOHNSON SPRINGS TRANSMISSION SYSTEM
SURPLUS WATER DETERMINATION

SURPLUS WATER SERVICE AGREEMENT
among
NEWMONT USA LTD
CITY OF WEST WENDOVER, NV
CITY OF WENDEOVER, UT
1. The Duty Limit of the JSTS water rights is 5,058.954 AFA in the Goshute Valley (Nevada Division of Water Resources Groundwater Basin 187). These water rights are jointly held by West Wendover and Wendover.

2. There are sufficient water rights in the JSTS to support a declaration of surplus for all 723,95351 AFA under Certificate 12918.
3. There are sufficient water rights in the JSTS to support a declaration of surplus for 579.17 AFA of the 1,445.0 AFA under Permit 78451.

4. If a water right surplus were declared by West Wendover and Wendover the JSTS water right capacity would temporarily reduce from the Duty Limit to a Residual Capacity Limit of 3,755.830 AFA which is sufficient to support the Cities’ water right demand to the year 2029.

5. The Diversion Limit for the JSTS is 5,058.0 gpm. The JSTS currently owns and operates seven drinking water sources with a capacity of 3,689.0 gpm. These sources are jointly owned by West Wendover and Wendover. If, per the Agreement, two wells are drilled, completed, and equipped to each divert 448.8 gpm in exchange for the Johnson Spring source (448.8 gpm), the JSTS source capacity would increase to 4,137.8 gpm which is sufficient to support the Cities’ source demand to the year 2029.
6. Typically, when determining source capacity, it is customary to eliminate the highest producing source to account for mechanical failures and pumping/rest intervals during periods of peak demand. However, the highest producing source, Shafter Well # 4, was included in the JSTS source capacity for the following reasons.

- The Diversion Limit of 5,058.0 gpm is greater than the JSTS source capacity of 4,137.8 gpm so an increase in diversion rate is allowed. This could be accomplished by drilling additional wells and/or reequipping existing wells to increase production. Drilling additional wells would require NDWR approval of change applications to change the point of diversion of a portion of the approved water right permits.

- The new wells provided by Newmont under the agreement would each have a minimum capacity of 897.6 gpm but would be initially equipped to produce 448.8 gpm. An additional 897.6 gpm, roughly the capacity of Shafter Well # 4, could be readily produced by reequipping these wells.

7. If the populations grow as predicted it would be prudent for the JSTS to begin increasing source capacity by the year 2020 or when the source demand reaches 3,200 gpm which is the approximate JSTS source capacity excluding Shafter Well # 4.
8. The actual unit water right demand of 0.8656 AFA/ERC (772 gpd/ERC) exceeds the Nevada regulatory minimum requirement of 0.7842 AFA/ERC (700 gpd/ERC) and exceeds the Utah indoor minimum requirement of 0.448 AFA/ERC (400 gpd/ERC) leaving the balance of 0.4176 AFA/ERC (372 gpd/ERC) for outdoor watering.

9. The actual unit peak day demand of 0.984 gpm/ERC (1,417.5 gpd/ERC) exceeds the estimated Nevada regulatory minimum unit peak day demand of 0.972 gpm/ERC (1,400 gpd/ERC) and exceeds the Utah indoor minimum peak day requirement of 0.556 gpm/ERC (800 gpd/ERC) leaving the balance of 0.429 gpm/ERC (617.5 gpd/ERC) for outdoor watering.

10. Accepted methods to establish unit demands for typical systems that are dominated by residential consumers don’t work well for West Wendover and Wendover because much of the water demand is generated from the hospitality sector. Unlike residential demands where annual indoor and outdoor uses are generally predictable and balanced, hospitality sector outdoor demands are less predictable and the outdoor demands are very low when compared to the indoor demands. Thus, per capita demands were used for the projections to provide a consistent, repeatable measure for demand projections.

To the extent possible this report confirms that Nevada and Utah regulatory minimum demands, which are used to establish water system capacities, are exceeded by the actual demands. Thus, the demand projections, which are based on the actual demands, are valid.
SURPLUS WATER SERVICE AGREEMENT
among
NEWMONT USA LTD
CITY OF WEST WENDOVER, NV
CITY OF WENDOVER, UT
5 PERIODS OF THE AGREEMENT

- EFFECTIVE DATE
- PERMITTING PERIOD (up to 5 years)
- INITIAL OPERATING PERIOD (begins with the Approval Date)
- OPERATING PERIODS 2 to 4
- TERMINATION
1. Johnson Springs Water (after the approval date)
   a. The Cities will disconnect from use of Johnson Spring water (724 acre feet, Section 4.6);
   b. Newmont will connect and use the Johnson Spring water (Section 4) and;
   c. Newmont pays $2,177,000 for the first ten year term (Section 4.3.1) to the Johnson Springs Transmission System Enterprise Fund to compensate for debt.
   d. Subsequent 10 year periods require Newmont to pay $387,504 per year with CPI adjustments each 5 years. Payment to be divided equally between cities (Section 4.5)
Timeline of Surplus Water Service Agreement
Among Newmont USA Limited, the City of West Wendover, NV, and the City of Wendover, UT

2. Surplus Ground Water
   a. The Cities to provide surplus groundwater (549 acre feet) to Newmont for Newmont's use (Section 3) and;
   b. Newmont pays $310,000 per year with CPI adjustments every 5 years. Payment to be divided equally between the Cities (Section 3.4.1).
3. New Water Wells
   a. Newmont constructs and conveyes to Cities Two New Wells with related infrastructure, connecting to the transmission system (Section 2).
Timeline of Surplus Water Service Agreement Among Newmont USA Limited, the City of West Wendover, NV, and the City of Wendover, UT

**Effective Date**
- Section 3.3.1

**Approval Date**
- Section 3.3.3
- 60 days After Approval Date
- 1 Year After Approval Date

**Initial Operation Period**
- 5 Years
  - Permitting Period
  - 10 Years

**Operational Period Term 1**
- 10 Years
  - Newmont can build and use Production Well
  - If no Approval, Newmont pays Reimbursement & Reservation Fee
  - Newmont begins payment of $310,000/yr for City Surplus Water
  - Newmont pays $2,177,000 for Johnson Spring Surplus Water
  - Construct two new wells
  - Begin use of Johnson Spring by Newmont
  - Newmont Begins $12,000/yr payment for road maintenance
  - CPI Adjustment
  - Section 3.3.2
  - Section 4.2
  - Section 2.7.1

**Operational Period Term 2**
- 10 Years
  - Newmont notice to extend Johnson Spring
  - Newmont Notice to Extend City Surplus Water
  - Surplus Determination remade
  - Price for Johnson Spring: $387,504/yr
  - Price for City Surplus: $310,000/yr with CPI

**Operational Period Term 3**
- 10 Years

**Operational Period Term 4**
- 1 Year
  - Reconnect Johnson Spring
  - Contingency Action: If Johnson Spring flow rate is less than 1 cfs, Newmont conveys 1 cfs

4. End of mining activity
   a. Cities retain the Two New Wells and Surplus Water, and are guaranteed return of water from Johnson Spring or contingency water rights (Section 4.9).
Timeline of Surplus Water Service Agreement
Among Newmont USA Limited, the City of West Wendover, NV, and the City of Wendover, UT

5 Years
Permitting Period

10 Years
Initial Operation Period

10 Years
Operational Period Term 2

10 Years
Operational Period Term 3

10 Years
Operational Period Term 4

1 Year

5. End of Term
   a. Newmont conveys to Cities the Newmont Production Well (Section 10.1) and;
   b. Associated water (Section 4.9) if contingencies have occurred with Johnson Springs which required the Cities to exercise a decision on options. The contingencies are:
      i. Johnson Springs does not recover to 724 acre feet flow, meeting the Cities water right
      ii. Johnson Springs water does not meet regulatory safe drinking water standards
6. Cities waive any right to protest Newmont water right change applications (Section 9).
JOHNSON SPRINGS TRANSMISSION SYSTEM
SURPLUS WATER DETERMINATION

SURPLUS WATER SERVICE AGREEMENT among
NEWMONT USA LTD
CITY OF WEST WENDOVER, NV
CITY OF WENDOVER, UT

THANK YOU