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 COMMISSION ON MINERAL RESOURCES
DIVISION OF MINERALS
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RICHARD PERRY
 Administrator

Thursday, February 7, 2019

1:00 P.M.

MINUTES

CALL TO ORDER

1:00 pm by Richard DeLong

ROLL CALL

Commission	Staff
Richard DeLong	Richard Perry
Dennis Bryan	Mike Visher
Nigel Bain	Rob Ghiglieri
Arthur Henderson	Bryan Stockton
Mary Korpi	Debbie Selig
Bob Felder	Valerie Kneefel
John Snow	Sherrie Nuckolls
	Garrett Wake
	Rebecca Ely

PLEDGE OF ALLEGIANCE

Led by Richard DeLong

COMMENTS BY THE GENERAL PUBLIC

There were no comments by the public.

I. AGENDA

A. Approval of the Agenda

Motion made by: Mary Korpi

Seconded by: Nigel Bain

Unanimously approved

II. MINUTES

A. Approval of the November 16, 2018 meeting minutes

Motion made by: Bob Felder

Seconded by: Mary Korpi

Unanimously approved

III. NEW BUSINESS

A. Introduction of two new NDOM employees. Rebecca (Becky) Ely, Field Specialist, Southern Nevada, Sherrie Nuckolls, AA IV, Northern Nevada, promotion of Valerie Kneefel to Program Officer II. Each employee introduced themselves and told a little about their backgrounds.

B. Delivery of the 2017 Mineral Industry Report and progress on the 2017-2018 Exploration Survey Jim Faulds talked about the Mineral Industry report, Exploration Expenditures through a PowerPoint presentation.

John Snow: On your first slide, the table with funding amounts, are those the costs incurred?

Jim Faulds: This is just an example of the support for one year of the last biennium.

John Snow: Fringes, is that employee's costs or the rate the university takes on?

Jim Faulds: Yes, that's the fringe benefits, etc. on the salaries that are allocated. It's like 43% unclassified, 27% for faculty.

John Snow: So it's for actual people doing the work, not taken off the top?

Jim Faulds: Correct, right. There's no University overhead by agreement of any monies we've received from the Division, or the Commission, we have an agreement with UNR they do not take any indirect costs overhead and so that's zero percent.

John Snow: When I look at that amount it seems steep.

Jim Faulds: It may seem that way, but compared to many other state universities it's actually lower.

Rich Perry: I just want to make a comment that the section on geothermal is much improved, and I would suggest that "it's partially funded by the Commission on Mineral Resources" be noted somewhere, maybe on the back page and maybe the Division logo.

Jim Faulds: I apologize; I thought we were doing that, I will make a note of that.

C. Plans for a trade booth and presence at the Prospectors and Developers Association of Canada annual convention on March 3-6, 2019

Garrett Wake gave an update of the Nevada booth using a PowerPoint presentation. The Division of Minerals and our partner agencies wanted more of a presence at this year's booth. USB flash drives with the State seal with data containing exploration resources for the State of Nevada will be handed out along with updated brochures and other materials. There will be short presentations by Rich Perry, Garrett Wake, Commissioner Bob Felder and Joel Lenz with Economic Development.

Bob Felder: Are these talks going to be four in a row or spread out?

Garrett Wake: Spread out between Sunday afternoon and Tuesday afternoon there will be one in the morning and one in the afternoon with five total.

Richard DeLong: I have something for the Commission to think about, we're attending the PDAC meeting which is more of an International meeting with other countries and other provinces. There's also a meeting in Vancouver in January called Roundup that focuses more on western North America and I think we should discuss or think about going to that one also.

Bob Felder: It's a good idea, because PDAC is an investor show, there are people there who are interested in bringing their investment money to Nevada. Roundup is more focused in terms with our missions and what we're doing with our booth.

Dennis Bryan: I haven't been to Roundup in quite some time, how many people attend that?

Bob Felder: PDAC is large, maybe 25,000 -30,000, whereas Roundup is maybe 3,000-5,000 but it has a large number of technical sessions. Our company gets much more traction at Roundup than PDAC; more of a boots on the ground crowd vs. suit and tie crowd.

D. Commission Study and Report by the Nevada Bureau of Mines and Geology (NBMG).

Jim Faulds presented a proposal for 3 projects using a PowerPoint presentation. Project 1: Publish Database of Structural Setting of Geothermal Systems and Young Epithermal Mineral Deposits in Nevada (Total Cost: \$35,000.) Project 2: Trends in Mineral Production – Analysis of Mineral Industry Datasets (Total Cost \$35,000.) Project 3: Assessment of Critical Minerals in Nevada (Total Cost \$35,000.) all for FY20.

Richard DeLong: I have a question for Rich, what did we put in the budget for this year?

Rich Perry: What Jim is proposing would start July 1, 2019 for FY20. We requested \$90,000 that still needs to be approved by legislature. Then we would have to redo the contract with NBMG. But, I don't see that being a problem.

Richard DeLong: Thanks, I just wanted to refresh what we have budgeted.

Mary Korpi: Good info. My question is based on which one do you get the most questions about wanting that data and what ultimately is the best payback to Nevada?

Jim Faulds: I think they all do, depends on who you talk to. I think the geothermal industry would like to see more data come out.

John Snow: I would just like to point out that Jim's being a little modest here on the geothermal side and I want to toot the horn for all their efforts.

Richard DeLong: I actually would like to hear more from Commissioner Snow and Commissioner Felder from your perspective, if you see an advantage to either of those projects?

Bob Felder: If you're asking me to vote, the first proposal seems like we'd have the most immediate effect on bringing investment and helping Nevada's economy and I'd like some input maybe from Rich, the second one seems to overlap the open data site, so from my perspective proposal one is the best proposal.

John Snow: I would agree.

Richard DeLong: I happen to agree with Commissioner Felder, the first project looks like it's providing the biggest bang for our buck but I think the second project is interesting.

Jim Faulds: From the perspective of the Bureau and all of the soft-funding that we need to bring each year for our support staff, either project would be greatly appreciated and would work to fill the void. Any project, each year, we get funded from the Commission is helpful and keeping that support staff going and hopefully we're producing valuable products everyone appreciates.

Dennis Bryan: All 3 projects have merit; I agree project 1 has the biggest bang for our buck. Down the road how would we go about increasing funds for the other projects?

Rich Perry: We would require IFC approval and/or a work program. There are hoops to jump through but it's feasible to do. The Commission can initiate that process with us and after the budget has been approved, we can start working on that as of early July, after Legislature closes its session.

Richard DeLong: I think we have a couple of ways to proceed here and get a sense of the Commission. We could defer this item until after the budget discussion and vote on 1 or more of these if we want, we certainly budgeted for at least one of them and we could vote on that now.

Motion made by: John Snow made a motion to provide funding of approximately \$35,000 for proposal 1.

Seconded by: Nigel Bain

Unanimously approved

Richard DeLong: Is it the sense of the Commission that they would like to revisit proposal 2 to be discussed later in this meeting?

Mary Korpi: Jim, Is there enough manpower on your end to do more than one project?

Jim Faulds: Yes, to be honest we couldn't do project 2 or 3 in the same year because it would be the same personnel but we could do project 1 and one of the others in the same year.

Richard DeLong: I get the sense of the Commission we'll leave this item open and revisit it in IV A.

E. 2019 Legislative Session (80th Session of the Nevada Legislature)

Rich shared the presentation given to the Legislature as background video, he went over the cycle of the session, any Bills that the Division is tracking and that may have impact to the Commission, there aren't any Division bills this year. New reporting structure for the Governor's office including the Cabinet agencies members, Non-Cabinet agencies and Constitutional agencies, all appointed by the Governor. The Commission on Mineral Resources is a Non-Cabinet agency in the Executive Branch. Rich reports to the Governor's office, his direct contact is Scott Gilles, Senior Advisor, recently hired and comes from City of Reno as a legislative Liaison and worked on special projects. Rich shared the new NDOM brochure and explained we're using this to explain what the Commission of Mineral Resources and Division of Minerals does and how we operate.

Dennis Bryan: What's Scott Gilles background, where does he come from?

Rich Perry: He's a UNR grad with a background in, I believe, political science, not sure if he's a lawyer or not. He went to school with Paul Enos who is one of his friends. That's about all I know so far.

John Snow: Would he be the new Pam, so to speak?

Rich Perry: He is the new Pam, that's who I reported to before, my handler in the Governor's office.

John Snow: Is there a change in the State Energy Office?

Rich Perry: Yes, there were a number of changes in the direct departments, in energy, Angie Dykema left and David Bobzien was appointed as the Administrator or director I'm not sure for the Governor's office of Energy. We actually invited him over last week for a meeting, as we do a number of things together and wanted to help get the process off to a good start. Things we crossover are the GRC Conference and some things in geothermal. There's not a new head of AG yet. Wildlife and DCNR are the same people Brad Crowell with DCNR Tony Wasley who's at Wildlife was reappointed, Jason King retired several weeks ago and Tim Wilson was appointed the acting State Engineer.

Rich went over the 2019 Legislative Session 120-day calendar and talked about the different dates for tracking bills and new bills. One direct bill that impacts us is Senate Bill 53, it's a bill that has a primary sponsor of Division of Environmental Protection regulatory changes supported by us, it's a language change with a limit amount of days that the Mining Oversight and Accountability Commission has to review regulatory changes.

Rich presented the Commissioners with the Guide to Legislature pamphlet which explains the history of the Legislature and the building layout, pictures of the Legislatures and what they represent for both the assembly and senate, Rich referred to page 20 that has two pie charts which are very informative and explains where the revenue comes from, showing revenues from the last biennium. Net proceeds of mines fit in the Non-Tax Revenues section or other taxes.

Discussion of the budget related to the Legislature, Governor's Finance Office in the Nevada executive budget system. The first pie chart is for funding sources, federal funds, and transfers.

John Snow: Rich will you be participating in Mining day?

Rich Perry: Yes, there are three dates that relate to us at the legislature, I will be participating in but not doing any jobs or talks. The dates are; Mining Day at the Legislature sponsored by the Nevada Mining Association February 13, 2019. UNR Public Agency Day on February 25, 2019 and Mineral Exploration Day on April 24, 2019.

F. Reimbursement Policy for professional organizations and meetings and for Safety Gear

Rich stated necessary updates to two agency policies for reimbursement required in order to match language in the State Administrative Manual and stay current with industry practices. Rich made a recommendation to approve the reimbursement policy for professional organizations.

Motion made by: Nigel Bain made a motion to approve as recommended.

Seconded by: Dennis Bryan

Dennis Bryan: Just because it's listed here doesn't mean that organizations outside this list would be reimbursed as well.

Rich Perry: Actually that is the intent that these are the ones that could be reimbursed based on our query, all of our employees.

Dennis Bryan: What about the NMEC annual meeting?

Rich Perry: Annual meetings are not covered; these are just the association dues. We cannot be a member of NMEC because it's a political organization but the meetings we go to we do pay for the convention if we're not a speaker.

Unanimously approved

Reimbursement Policy for Safety Gear:

Relates to our interns and employees, we've always given some money to our interns to buy boots and Carhartt's so that they're adequately prepared with proper PPE. This is to formalize the policy with a limit of \$200.

Motion made by: Mary Korpi to approve as recommended.

Nigel Bain: If we brought on a student for a week or two would they get this as well?

Rich Perry: Yes, they would get this once a year, winter interns must go thru a summer internship before being able to be a winter intern so it's once a year. Now if they started with us and they got their gear and two or three weeks later they quit or were terminated then I guess we probably won't get it back, we wouldn't ask for it back.

Nigel Bain: It might be worth some language and a timeline on it.

Rich Perry: We can if you amend your motion.

Richard DeLong: Let me ask a question, have we ever had a situation or how often have we've had situations where you've hired someone and they're only around for a week or two?

Rich Perry: I can answer just that in the last five years, since I've been here, the only time we have lost employees is when we terminated them for some reason and generally that was in their first month and that's rare. That has not happened in the last two years.

Nigel Bain: I think that the Division has a great history of safety, considering all the things you are doing for the interns but there could be an incident.

Rich Perry: If they do that they don't get a letter of recommendation. It's a great program, we don't really lose people that decide this isn't for me, our program is kind of like a boot camp and if you make it through that, you get a letter of recommendation. I think they're 90% placed with a company the following year when they live through our program, people know that they have safety training.

Seconded by: Bob Felder

Unanimously approved

IV. OLD BUSINESS

A. Update of Commission/Division Financials Fiscal year 2018

Mike Visher went over the highlights with total revenue of \$2,566,589, a 7.9% increase over FY17. Mining claim filing fees totaled \$2,032,980 with a 10% increase over FY17 and 79.2% of total revenue, including \$150,000 from Clark County for partial cost of Arden Mine AML project. Total expenditures of \$2,602,529 with a 27.3% increase over FY17 and \$507,677 on contracted AML and an increase of 274% over FY18. The reserve balance of \$1,358,743 forwarded to FY19. The guidance from the Commission is that we maintain a minimum of \$950,000 as a reserve balance which is roughly six months of expenditures for the agency.

Mike presented a PowerPoint presentation with Mining Claim Fee Revenues, FY19-FY21 Mining Claim Revenue Forecast, and Financial Forecasts through FY21, Base and Alternate Forecasts thru FY21, Mining Claim Fee Reduction Analysis and Proposals. Mike talked about Jim's proposal number 2 and how valuable it would be.

Art Henderson: I've been on the record about this a number of times, the reserve was set by the Commission several years ago so as I look at that even if we had a 5% increases per year we would be around 1.15 million. If we take your expenditures for FY19, FY20 and FY21 take an average 50% of that is a 1.18 million, I'd like to recommend we increase the minimum reserve to stay at 50% of our proposed expenditures that doesn't change it a lot, about 200,000, but it does allow the AML program to continue we had concerns that we put more money into the AML that we would lose efficiency, that hasn't been true. The more money we put in, the more mines are closed and we should still consider a reduction in fees.

Richard DeLong: I agree with you Art, it's something worth considering; we should do that in an agenda action item at the May meeting along with what Mike has proposed. Changing our revenue source is a very meaningful action. I'm more of an advocate to increase expenditures which is something we can manage on a year to year basis.

John Snow: I agree with the Chairman.

Dennis Bryan: The increase in mining claims is mostly due to lithium, correct?

Mike Visher: Only in part.

Dennis Bryan: I think the lithium claims have peaked.

Rich Perry: If we look at the bigger picture, 5 years ago we were at 163,000 claims and just this last year we finished at 198,000. We increased our AML expenditures to put that money to use, but we also leveraged that to include money from the counties to get more AML work accomplished. We're about at the limit of what we can handle for AML work unless we hire more people. I think it is time to consider a fee decrease and it sends a good message to the industry.

Dennis Bryan: If we reduced the claim fee by a dollar and five years down the road the number of claims spiraled down, how easy would it be to increase the fee by a dollar?

Rich Perry: Same rulemaking process as reducing it a dollar. The cap at \$10 can only be raised by the legislature and that would be much more difficult.

Art Henderson: If we have an extraordinary event, like we did with lithium, is there a means by which we temporarily reduce the fee for a set period of time?

Rich Perry: It would still require going through the rulemaking process.

Bob Felder: Do you have a statewide inventory and will the AML program ever be done?

Rob Ghiglieri: We've been inventorying for 30 years, we think we're maybe halfway though. Out of 22,500 sites that have been inventoried only roughly 6,500 have been hard closed, remaining 14,000 sites have been safe guarded or temporarily fenced, so to answer your question, as of right now, no.

Richard DeLong: Before we leave this item lets circle back to Jim's request for proposal 2, do we want to revisit it here?

Art Henderson: We should find a way to fund proposal 2 because in May we're going to find new programs that we don't know about and we already know about this one so I think we need to find a way to fund this program now. I think we should approve the 2nd proposal today.

John Snow: \$35k seems a little light to get all the work done.

Jim Faulds: A slight increase might be more appropriate but we appreciate any amount.

Motion made by: Dennis Bryan moved to direct staff to develop a plan to fund and execute proposal 2 in FY20 not to exceed \$40,000.

Seconded by: Art Henderson

Unanimously approved

B. 2018 Annual Report for NDOM's AML Program, plans for 2019 and possible approval of additional projects

Rob shared a Powerpoint presentation regarding the 2018 Abandoned Mine Lands program review with preliminary statistics, Intern statistics and Hard Closures.

Art Henderson: How old are the explosives, could they tell?

Rob Ghiglieri: They don't know but the mines were operational in the 50's and the 60's, they wrapped det cord around them backed up and detonated them.

Art Henderson: Did the Federal government shut down slow you down any?

Rob Ghiglieri: It did for the Como and Mullen Pass projects but it shouldn't for this winter, we just have to push a little harder to get that CXs pushed through, it's mainly waiting for their data from last year that they normally have to me by now. I don't see an issue yet but that doesn't mean if they get shut down again it may affect us a little bit.

Dennis Bryan: Are you utilizing the drone to inventory these?

Rob Ghiglieri: Yes, it's extremely helpful.

Mike Visher: I just wanted to make note that on the last item that was for possible action to increase the spending authority and work programs to increase the expenditures for AML that was a possible action item on Rob's presentation.

Rob Ghiglieri: We have a remaining \$133,118 and roughly \$255,000 of projected expenditures that leaves us right around \$120,000 short and that's without having a couple of projects.

Richard DeLong: Are you looking to increase the budget to occur between now and the end of this current fiscal year?

Rob Ghiglieri: Yes.

Richard DeLong: Is that within our current budget?

Mike Visher: It's not in the base budget as far as a work program but it was presented in the alternate forecast.

Richard DeLong: How would we get a work program approved?

Mike Visher: The work program goes through the normal process, we submit it to the Governor's Finance Office then it goes to the Interim Finance Committee. While the Legislature is in session it's not the Interim it's just the Finance Committee so it goes through that same process.

Richard DeLong: There is a process?

Mike Visher: Yes.

Richard DeLong: I wasn't aware of it.

Motion made by: Nigel Bain moved to approve an additional \$137,457 in spending for Category 39 to finish the proposed hard closure projects.

Seconded by: Mary Korpi

Unanimously approved

C. Southern Nevada Education Outreach Update for 2018

Garrett Wake presented a PowerPoint presentation regarding all of Nevada Education Outreach by category which included K-12 schools, trade shows, conferences and workshops, civic, government, and professional organizations and clubs, public events, Boy Scouts/AML. He talked about the new NDOM K-12 classroom presentations, NDOM agency brochure, and 2019 Teachers' Workshops.

D. Las Vegas Natural History Museum Exhibit Update

Garrett Wake gave an introduction and talked about current concepts and design, fabrication of exhibit, and timeline through a PowerPoint presentation. The museum is moving across the street to a bigger location and should open late 2019 or early 2020. We need to start the RFP process for an exhibit contractor soon.

Mary Korpi: Is the Mining Association anteing up the same amount of money or are they providing any support financially?

Garrett Wake: I believe they chose not to allocate any money towards it, however, they are willing to help us build a display like the one they have at the Reno airport with a monitor on a stand displaying a virtual mine tour.

COMMISSION BUSINESS

A. Determination of time and place of next CMR meetings

May 9, 2019 afternoon 1:00 pm Reno, NV and August 15, 2019 afternoon 1:00 pm Winnemucca, NV with a tour on Friday, August 16, 2019.

COMMENTS BY THE GENERAL PUBLIC

No public came forward for comment.

ADJOURNMENT

5:04 pm