



# TRANSFORMING TOMORROW TOGETHER

## Community Partnership Panel Meeting Summary

**Grant County**  
**December 14, 2016**

### **Purpose**

The [Community Partnership Panel](#) is hosted by Freeport-McMoRan to keep the community informed about operational activities and to foster open and ongoing dialogue to develop thoughtful solutions to address community issues.

### **Safety Share**

The safety and health of all Freeport-McMoRan (FCX) employees, along with our commitment to the environment, are of the highest priority. Our objective is zero workplace injuries and occupational illness.

Part of that objective is to take safety home. We encourage you all to raise your awareness at home and ask yourself, “would this be appropriate at work?” If the answer is no, re-evaluate the activity and identify a safe way to proceed.

### **Industry/Business Update**

For the most recent FCX financial information please visit: [Freeport-McMoRan Investor Center](#).

**Q:** When you talk about reducing unit cost — how much of that is labor?

**A:** Some but not a significant amount. The majority comes from the synergies of running our business. For example, haul truck idle time can play a role in unit cost, especially when the truck is left running and burning fuel for the hour between shift change.

### **New Mexico Operations Update**

#### **Employment as of December 8, 2016 — 1,419 employees**

Chino — 1,045

Tyrone — 352

Cobre — 15

Reclamation — 7

**Q:** Can you provide the County breakdown of where Freeport-McMoRan employees are from?

**A:** The majority of employees come from the Grant County area.

### **Projects**

- **Chino:**

- North Lampbright Waste Stockpile

- Addressing the New Mexico Environment Department (NMED) and the Mining and Minerals Division (MMD) questions

- 3A Waste Stockpile
  - Finalizing report on new monitoring wells for NMED
- DP-459 (Santa Rita pit and associated Stockpiles)
  - Permit renewal in progress
- Tailing Pond 7
  - Concerned citizen's call regarding tailing deposition
  - Discussed with NMED

- **Tyrone:**

- One discharge plan being renewed
  - Under NMED review and renewal
- One discharge plan up for renewal
  - Under NMED review

- **Cobre:**

- Cobre Haul Road
  - Permitting complete

**Q:** Are you mining the Chino overlook on Highway 152? Why is it closed?

**A:** We closed the overlook due to mining activity nearby and public safety considerations. We anticipate opening it in two to three months.

**Q:** Can you provide an update on tanker cars between Bayerd and Hurley, did rain take out the track? Are they empty?

**A:** Rain did take out rail track in places. The cars you see were parked by Southwest Railroad on their property. We will check with them.

**Comment:** Wish to mention that Grant County had a historic rainfall, which was recorded as a 500-year rain event (roughly four inches in two to two and a half hours). Chino's employees did a tremendous job of containing solutions and we did not have any environmental events resulting from that storm. It was recognized by Freeport-McMoRan management.

**Q:** What are next steps for the Cobre haul road? How long are the current permit approvals good for?

**A:** Capital costs, and company approval is needed to move forward. The permits are typically good for 5 years, if you go beyond that timeframe, you can apply for a renewal permit.

**Comment:** (from the CPP) Copper is valued under the Copper Production Tax Act and there is a positive value based on three year average. Grant County is unique from other state counties, in that we are the only county that assesses taxes this way. The last time the county saw a deficit in taxes from the copper industry was about eight years ago. Since then, it has been positive.

### **Financial Assurance Requirement**

- Requirement under the New Mexico Mining Act of 1993
- Company must give assurance that sufficient funds are in place to allow a third party to implement the approved reclamation plan, should the operator not be capable of doing this work
- Current financial assurance requirement for Freeport-McMoRan New Mexico operations totals \$373 million for Chino, Tyrone and Cobre

- Financial assurance can be provided with a variety of forms, including bank letters of credit, cash held in trust, surety bonds, pledged assets and third party guarantees
- Ability to provide third party guarantees is subject to certain financial tests

We are working cooperatively with the State of New Mexico agencies to maintain compliance with our financial assurance obligations

- We have applied to the agencies to reduce the amount covered by third party guarantees
- We have proposed to provide the remaining part of the third party guarantees (\$104 Million) by a different company held by Freeport-McMoRan, called Freeport Minerals Corporation
- Freeport Minerals Corporation is the former Phelps Dodge Mining Company and is a separate legal entity that owns significant mine assets
- The audited financials of this company show that it meets the financial soundness tests
- The state agencies are reviewing this proposal

## **Community Engagement Update**

### **Community Investment Fund**

- Application window closed December 1, 2016
- Received 30 application totaling over \$1.3 million requested
- Freeport-McMoRan internal review completed
- Forwarding applications to the Community Investment Committee

### **Local Funding — Q3 2016 Investment Totaled \$73,000**

Recipients: Aldo Leopold Charter Schools • Silver Consolidated Schools • Cobre Consolidated Schools • Lordsburg Municipal Schools • Deming Public Schools • National Dance Institute • Literacy Link Leamos • Grant County Fair • Silver City Grant County Chamber of Commerce

### **Donations**

- Picacho Gun Club — 10,680 pounds of scrap steel (\$1,709 valuation)
- Currently working with Silver Schools on a forklift donation

### **Wildlife Habitat Council Awards**

- Tyrone — Grasslands project award, as part of their reclamation efforts
- Safford — Avian project award for establishing Burrowing Owl habitat
- WHC awards projects in 17 categories nationwide

### **Additional Updates**

Each year Freeport-McMoRan partners with **United Way** to ensure that a range of charitable health and human service organizations — in addition to the ones employees support — have the financial resources to provide critical services to those in need. The company's 2016 campaign ran from **October 28 through November 18**. To enhance employee donations, the Freeport-McMoRan Foundation will double match the first \$1,000 donated and single match any amount above \$1,000 to United Way.

The Freeport-McMoRan Foundation is proud to partner with the Boy and Girl Scouts near our operations. In 2016, \$50,000 was invested with local councils to support personal development, leadership experiences, financial literacy, STEM, community service and outdoor activities, etc.

In Grant County, the Girl Scouts of the Desert Southwest received support for their Girl Scout Leadership program and Boy Scouts of America — Yucca Council received support for their Exploring program.

## Community Discussion Summary

### Leadership Sustainable Communities Initiative,

During the fourth quarter, the Panel welcomed the Grant County New Mexico Cohort to present an update related to their work around the selected outcome: Increasing placement in local skilled jobs.

Otto Khera (cohort leader):

- The cohort has decided to define skilled job placement as “jobs that have a livable wage”
  - These jobs may not require a college degree, but may require skilled training
- The cohort will not be developing a new report but drawing information for current reports and network to connect different groups and assets within the community
- We are using Asset Based Community Development:
  - Draws on assets that are already here;
  - Things we do well in the community already; and
  - Leverage those things — make connection between education/skilled jobs
- Some community categories include:
  - Health and community resilience (resilience — drawing on things that are here)
  - Education workforce development and training
  - Arts and livability
  - Business
  - The hospitality industry
  - Agriculture and food (locally grown/accessed)
  - Infrastructure (physical and natural, such as the Gila Wilderness)
- Cohort members will be working within these categories to develop and understand opportunities for improvement
- Some discussions include:
  - Dual enrollment opportunities/barriers
  - Fundraising (High School/Middle Schools)
  - Experiential learning, such as the Continental Divide Trails program and way finding. The Juvenile Probation Office and Youth Conservation Corp crews are involved in those programs through collaborative efforts with Aldo Leopold Charter Schools

The CPP meets on a quarterly basis — for more information please contact Kevin Cook at [kcook@fmi.com](mailto:kcook@fmi.com).