

Community Transition Advisory Committee (CTAC)
Meeting Minutes
June 10, 2010

CTAC meeting was held on 6/10/10 in the Extension Office conference room in Whitehall. *Attendees* were Tim Dimock, Justin Gibson, Leonard Wortman, Tim Mulligan, Susan Mercer, Tom Harrington, Tara Mastel and Nancy Wheeler. *Guests:* Greg Corr, Troy Smith and Jared Brown.

1. Welcome and Introductions

Tom called the meeting to order at 8:05 a.m. Introductions were made.

2. Minutes of Last Meeting

Tim D. made a motion to approve the meeting minutes from 5/20/10; Leonard seconded the motion. Minutes were approved as published.

3. Golden Sunlight Mine (GSM) Operations

a. Current Operations Update / Pit Lay Back Progress / Mill Status

Tim D. reported 167 employees, 54 contractors, eight summer students and one intern from Montana Tech at the mine. The mine had a high wall failure in the northwest corner of the pit toward the end of April and has developed a mitigation plan. The mine decided to unweight the top for long term stability so will need to step back from the top in the northwest corner 100 feet. Approval to do this is needed and the mine has submitted a current modification to DEQ. The failure caused a slight delay in production last month but the mine believes their production target can be achieved and the mill startup date is still projected in January, 2011. The mill refurbishment is on track; a couple additional contractors were brought in to help deal with the added structural work and also stepping up the compliance work.

b. Permit Expansion Update

Tim D. said the mine has a number of permits in process and recently received approval for a permit modification for the concentrator if and when that is built. A permit amendment application is submitted for the east area pit and also the modification for unweighting the high wall failure.

c. McLaren Tailings Project

GSM is involved with the McLaren Tailings Project and Mark attended a positive public meeting on the project in Cooke City Tuesday evening. Tom distributed an article where Director Opper (DEQ) talked about this being a good way of taking care of old mine tailings and the cleanup process. Tim D. commented the mine is receiving a lot of calls on processing, probably due to a combination of the article and gold prices being at their highest ever. The mine is looking at adjusting their milling contract to better represent the current market conditions and maybe develop some strategies to encourage juniors to get involved in the state. Tim D. said how to increase membership was a topic at the Mining Association Meeting held recently and said membership is increased with mining and it's important to encourage juniors back into the state to do exploration.

d. Wind Development

Tim D. had nothing new to report on wind development. Tom said he called Gamesa and the attorney JLDC has working on the wind project. There have been some personnel changes at Gamesa and will need to figure out where they're at in the project after the new people get settled in. Tim D. would like a Gamesa contact name so he can visit with them. The PSC hearing to determine the Power Purchase Agreement (PPA) is delayed in District court.

Larry and Paul Smith were awarded the contract for the tailings dam construction and is one of the few projects ahead of schedule. The crusher modification for the east area pit has gone out to tender and work is expected to begin early next month.

4. GSM Environmental Update

Tim D. reported there were no environmental incidents to report since last meeting.

5. Sunlight Business Park Overview

a. SBP Letter of Input

Troy Smith, a concerned citizen, attended the CTAC meeting and said as groundbreaking for the Sunlight Business Park draws close, he has two concerns. Troy said GSM has the only mill permitted in the state and are we really looking at our future beyond the current permit life. He asked to have two points addressed. First, he asked if satellite growth has been looked at that will occur if and when the business park is successful as there are neighboring land owners adjacent to the park that will surely sell if the real estate goes up so will have not only commercial, but residential growth, as a result of the business park. How will pushing that kind of growth negatively affect the future of an operating mine as the park was always meant for replacement of the mine in the future. Troy's second point was have we done a proper "30 year" mine life. Jefferson County has to be responsible for what we as a county want of that mine; how valuable is that permit and the mill. He said the buffer zone around the mine is very important and where will the mine be in 30 years? GSM has the only permitted mill in the entire state and the reserves in the north end of the Bull Mountains and the ounces of gold still in the mountains need to be considered as well as gold prices and the economy. Look at the history of GSM; the mine is something we can't replace and the tax base from the mine is very important. Much discussion followed. Tom offered for staff to meet with Troy and explain the history of the CTAC process and the Sunlight Business Park and how we reached this point. Tom said a lot went back to corporate responsibility. Tim D. felt now is a good time to get the business park developed and to look at the wind development as these are projects that can be done together. It's also a good point to consider that, if residential development occurred near the mine, it would make operating the mine in the future more difficult. Troy is not opposed to the business park but just asked if these two impacts, the possibility of the mine not closing and the external growth, have been looked at. Tom said that Phase 1 of the park is 48 acres; the next area that would be developed is Phase 4. The lease is structured that as long as there is mine operation going on, Phases 2 & 3 will not be developed meaning the entire central portion of the business park would not be developed as long as the mine is operating. As far as what the county can do to control private property rights surrounding the mine, they can zone it or whoever the entities are, they can buy it. The zoning would need to come from the people. Tim D. said the business park does not prevent the land from being a buffer between the mine and permit boundary and said from the social responsibility standpoint, the mine can do both, operate and have business parks and develop renewable energy on the property. Tim D. said Troy has legitimate concerns but there are benefits of generating some alternative economies in addition to the mine. Tom told Troy he appreciated him stepping forward as this is part of what the CTAC process is for; to involve the community in issues they have a concern with. Tara also commended Troy for attending the meeting and voicing his concerns as she said it's important to hear from all sides in order to do better planning.

b. Phase II Grant Status, Subdivision Update

Tara said the Economic Development Administration (EDA) grant funds one-half of the infrastructures of Phase 1, which is the far western side of the park. Staff continues working on the title opinion and clearance on using the engineering plans for EDA. The EDA also had some comments on the bid documents that were prepared for the construction and those amendments are being made this week. The EDA will then review the documents again and, after approval, the bids will go out for advertisement. Groundbreaking for the business park is expected by August.

c. Tax Increment Finance Industrial District (TIFID) Update

Tara said the TIFID is a tool that can be used locally to fund public infrastructure that helps further development in the district. The application for the TIFID was submitted to the Department of Revenue (DOR) in December and has now been reviewed by the DOR. There are some challenges with the boundary as some section lines are bisected and not contiguous. Staff has been working with the DOR and talked with the Commission Tuesday. The Commission will send a letter to the DOR proposing an amendment. A revised legal description is needed from GSM to be included with the Commission letter.

6. Montana Mining Association Meeting

Tim D. said the annual Montana Mining Association Meeting held May 25-26 at Fairmont had a good turnout. The focus of this year's session was on safety and a gentleman from Barrick's regional office gave a presentation on what Barrick focuses on from the safety prospective. The regional MSHA director out of Colorado spoke on MSHA's take on safety and the increased level of scrutiny they are giving to mines since the incident in West Virginia. Another issue at the meeting was how to stimulate mining growth in the state and get the juniors and exploration companies back into Montana. Tim D. said if a good junior exploration company can tie themselves to a major, it increases the ability to raise money.

A copy of the presentation Mark gave at the Mine Design, Operation & Closure Conference at Fairmont earlier in May was circulated. A summary of Mark's presentation was published in the Montana Mining magazine.

7. Boulder River Ground Water Study

Tom said he mentioned at last month's meeting that he was working with the School of Mines and the Water Assessment Committee on a Conservation Innovation Grant to USDA/NRCS. The Watershed Group was interested in assessing groundwater. What the watershed group wanted to do didn't fit into the grant criteria but submitted an application anyway as was told from NRCS they had some flexibility in terminology. Received a letter back from NRCS stating the application didn't meet the criteria for this year but would look at this criteria being incorporated into the grant next year. An individual from the Watershed Council went to the Commission and Commission supported this project with a grant match of \$37,500. The grant is for \$75,000 for three years to do groundwater assessment. The School of Mines is very interested because the Boulder Valley is a unique basin with limited tributaries and thought it would be a good demonstration project for doing groundwater study. The Water Assessment Committee will meet on June 17th and Tom will attend the meeting. Tom said this would be a beneficial conservation project for GSM to consider being involved with to get a baseline idea of what aquifers are doing since the Boulder River/Jefferson River is part of the mine's ranch property. Tom will send Tim D. information.

8. Mountain States Transmission Intertie (MSTI) Update

Commissioner Leonard Wortman gave an update on MSTI. The Jefferson County Commission received a draft of the EIS showing the preferred route for the line coming across the lower Boulder Valley north of the interstate highway, into the south portion of Jefferson County, crossing over to Pipestone and dropping straight south toward Silver Star. Jefferson County passed a resolution that requires energy corridors be located on public ground as much as possible. The only route that complies with that resolution would be north of the existing power line by Boulder. The south route is almost exclusively on private land. Private property rights are very strong as property would be devalued as well as concerns for the health of citizens. Leonard feels the line would not be a tax advantage to Jefferson County and that private property rights need to be protected. Leonard's position is preferably the need for the line would go away as, according to the EIS, the need for the line is weak and he feels the line would mean a devaluation of private properties and a substantial increase to electric rates. A lot of discussion followed. Leonard said MSTI is on the Commission Meeting Agenda for next Tuesday at 3:00 p.m. Tentatively, NorthWestern Energy will talk about the MSTI from their prospective. The Commission has a court hearing in Virginia City on June 21st for arguments on the lawsuit Jefferson County filed to stop the DEQ from officially releasing the EIS. The five counties being affected by the MSTI, including Jefferson County, will attend a meeting in Helena tomorrow.

9. Pavilion Status – GSM Assistance

Tom said approval was received from MRL and will present to the Town Council Monday evening. The plan for the pavilion was circulated. There was discussion on the financials for the pavilion. The goal is to have the pavilion completed for use at Frontier Days this summer.

10. Next Meeting Date/Time

Next meeting is **Thursday, July 8th, 2010** at the Extension Office Conference Room in Whitehall at **8:00 a.m.** Meeting adjourned at 9:45 a.m.

Respectfully submitted,

Nancy Wheeler