

Jefferson Local Development Corporation (JLDC)

Meeting Minutes, February 17, 2010

Board members present: Barbara Sunderland, Tom Lythgoe, Chris Rehor, Byron Stahly, Darrell Miller, Ed Handl, Barbara Reiter, Colleen Teeling, John Brower, Sheila Hogan, Tara Mastel, Tom Harrington, Nancy Wheeler. *Board members absent:* Dick Norden and Mark Fries.
Guest: Howard Skjervem. A quorum was present.

1. Call Meeting to Order

The meeting was called to order at 2:02 p.m. by President, Barbara Sunderland at Boulder City Hall. John B. made a motion to approve the meeting minutes from 1/20/10; Colleen seconded the motion. Minutes were approved as published.

2. Veteran Home Update

Tom said the Veterans Home packet for Jefferson County has been submitted and said five of the six competing counties submitted proposals. The site selected for the facility in Jefferson County is the big vacant lot just north of the MDC campus in Boulder. A walk-through of each of the communities will be held the first part of March and the six-member committee will convene in Helena March 15-17 to decide which packet to recommend to the Governor. Tom said Jefferson County has a good, strong packet.

3. Boulder South Campus

a. Discuss Execute Lease Option

Tara said a decision is needed on the South Campus lease as discussed at the last JLDC meeting and distributed a sheet to board members listing a summary of the Current Situation, Considerations and Conclusions on the lease. The 10-year lease period ends in May, 2010. JLDC needs to either extend the lease or execute the purchase option. The purchase price is \$13,510 based on the appraisal by the State when the property was transferred to the county; the value of the buildings was determined by State appraisal based on the cost to demolish the buildings. Tara discussed the considerations available if JLDC did purchase the property and stated the biggest concern JLDC had with exercising the lease option to purchase was the cost of insurance. Currently, JLDC has insurance through the county with Montana Association of County Organization (MACO). JLDC has in the past solicited other insurance rates and was not able to find an affordable rate. Jefferson County has determined that, because Jefferson County has a reversionary interest in the South Campus, JLDC could retain insurance with MACO even if the lease option to purchase is executed. Much discussion followed. Ed made a motion for staff to prepare the draft buy-sell agreement to purchase the property and recommend appropriate allocations for a future sale. Barbara R. seconded the motion. Discussion followed. Motion carried.

b. Update on Culinary Campus

Tom and Tara met with Department of Corrections' officials and the Director of Riverside to confirm a letter commitment JLDC received to use the warehouse type buildings on the South Campus between the buildings JLDC controls and Riverside for the Culinary Campus. Staff will meet with Blair next Tuesday and Missoula campus officials will look at the South Campus facility and talk more in detail early March. Tara said there is a possibility the Culinary Campus may be an extension of the Missoula College of Technology's Culinary program and said an engineering firm is working on developing the project.

c. Painting Request for Building 7

Tara said at last month's meeting, there was concern for the local painter in Boulder to have an opportunity to bid on the painting project. AYA personnel have talked with the painter and Tara spoke with him as well. As no bid was submitted, AYA will proceed with the painting.

d. Historic Preservation Grant Update

Tara said the grant status hasn't changed since last month. Grants are still being reviewed and JLDC does not expect to hear on the grant until March.

4. Borden's Acquisition

Tom said JLDC closed on the Borden's Friday, February 12 and paperwork was filed Tuesday. Now that JLDC has assumed ownership of the building, there are a couple outstanding actions on the roof and the building clean-out based on last month's board meeting. JLDC received three proposals on the roof and three proposals on the clean-out; proposals were emailed to board members. A public meeting was held with about 30 people in attendance and good input was received from the community.

a. Roof Bids

Tom said the roof contractors had questions and, as a result, staff has asked the contractors for additional information. Tom circulated pictures taken of the roof showing some existing challenges such as an excess of old swamp coolers and junk such as vent pipes, etc. that has accumulated over the years. Staff is waiting for the additional information requested and will reassess and come back to the board with roof proposals.

b. Clean-out Bids

Each of the three proposals had a different take on cleaning out the building, the sale of the items and costs involved. Staff prepared a summary "pros and cons" list of each proposal that was emailed to the board along with each of the proposals. The Board discussed the proposals, concerns, ideas, etc. in length. Barbara R. made a motion that JLDC accept Heather Dove's proposal for the Borden building clean-up with modifications discussed. John seconded the motion. More discussion followed. Motion carried with Tom Lythgoe and Byron Stahly voting "no".

5. Golden Sunlight Mine (GSM) / Community Transition Advisory Committee (CTAC)

Tom reported GSM has 150 employees and 58 contractors and three new haul trucks have been received at the mine. The mill startup date will be January, 2011, contingent on the east area being permitted in time. One of the mine's strategy changes is to look at third party ores for additional ore for processing when back in production. Tara and Tom attended GSM's Safety Award ceremony where the Vice President of Operations from Barrick and the CEO from North American Operations presented one of the mine employees with a prestigious *Safety Champion Award*. Barrick has about 30,000 employees and only 80 Safety Awards are presented annually. GSM received an award for "*Most Improved Small Mine*". Tom said the CEO talked about the sustainability of the operation at the mine and some drill money has been approved for exploration to continue operations.

a. Infrastructure Timeline Construction

Staff met with the engineers on the project and they are expecting DEQ approval very soon. JLDC expects to break ground at the park in June; will solicit bids, select the contractor and start construction. Staff continues working through the paperwork required for the EDA grant as well as the paperwork for the special Congressional Appropriation grant for the business park infrastructure.

b. Tax Increment Financing District (TIFD) Concentrator Project

Tom said the mine has been doing a feasibility study on putting a Concentrator at GSM. The project is about a \$35 million build-out with a 25-30 year life and 12-15 good paying jobs. Part of the project includes conducting a rail head feasibility analysis to look at developing a rail head spur as one of the key parts of the project is rail transportation of the concentrate from GSM to the mine in Nevada. A final decision is expected from Barrick within the next couple months. Barrick has invested \$2.5 million into detailed engineering on the project and GSM will need approval soon to start the permitting process as they would like to break ground this spring if approved. This would put a significant amount of dollars in the TIFD for infrastructure to help with rail heads, road development and infrastructure for the Concentrator.

c. Wind Development

Tom said the Supreme Court ruled in favor of Whitehall Wind LLC and are waiting for PSC to set a rate on the Power Purchase Agreement (PPA). Staff met with Gamesa (company who purchased Navitas) who also made due diligence calls at the county and GSM. Sea Wind, who leases the land from GSM for wind

development, and Gamesa are in the process of connecting to talk. Gamesa personnel told staff there would be an Operations Maintenance Facility in the business park near the power substation that would result in about 20 jobs with a 20-25 year initial time line for the program. It would be a 50 megawatt facility which could be an \$80-\$100 million build-out; a significant amount of money for the tax base and good sustainability for mine operations. JLDC started the wind development at GSM in 2002 and has a vested interest in the wind project.

6. Tax Increment Finance Industrial District (TIFID)

Tara said all the paperwork has been completed and is at the State and a required TIFID Advisory Board has been established. The board will advise the Commission on how to administer the TIFIDs. The first Advisory Board meeting was held last week. Janet Cornish presented a thorough overview on what a TIFID is, how the money can be spent, how the increment is calculated, etc. Janet was funded by the county through JLDC to administer the north end of the TIFID and has a balance on her contract. JLDC will request that the Commission transfer the balance of Janet's present contract and modify her contract to have Janet as a technical assistant to the TIFID Advisory Board for the next year as the board will need direction, especially for financing options. The next Advisory Board meeting will be held March 10th, 3:00 p.m. at the Boulder City Hall. The next order of business will be to create a plan, identify some projects and start expending money for infrastructure as needed for industrial development.

7. Montana Tunnels Advisory Group (MTAG) Update

Tom said a Letter of Intent between Apollo Gold and Elkhorn Goldfields, LLC was signed transferring ownership of Montana Tunnels and Elkhorn, Inc. to Elkhorn Goldfields, LLC. Elkhorn Goldfields, LLC is a subcomponent of a very large investment organization called Black Diamond. Staff has been meeting the last month with Elkhorn, Inc., the mine near Boulder, working with them on their Business Plan. A bank has been approached for some initial financing with positive response and there are opportunities with USDA for some guaranteed funding through them. Pat Imeson from Black Diamond was at Montana Tunnels last week and visited with the Governor's office and DEQ, pursuing potential financing options. Pat attended the MTAG meeting and provided an overview of the strategy to get Montana Tunnels and the Elkhorn, Inc. mines back into operation. The two projects could create in excess of 300 jobs and contract opportunities.

The 74.15 acres donated by Apollo Gold and Elkhorn LLC to JLDC has been finalized and recorded. One item of discussion at MTAG was capturing the intent of what the mine has done on their sustainability and putting a deed restriction on the land, basically linking the donated land with Montana Tunnels and sustainability and what the intent of the land was so the thought process isn't lost in the future. A draft of an incomplete form of restrictive covenants was emailed to JLDC board members and MTAG to provide edits and further input on restrictions that should be applied to this property. A final version of restrictive covenants must be approved by JLDC staff and board members prior to filing. The JLDC will then file the document with the Clerk & Recorder and it will be attached to the deed to the property.

8. Comments & Questions

a. Howard Skjervem from NorthWestern Energy said NW Energy became a JLDC member last year and plan on continuing to participate. Tara said both the Boulder and Whitehall Chambers appreciate NorthWestern Energy becoming a member of their organizations also and thanked him.

b. Darrell thanked Tara and Tom for the fine job they are doing and said summarizing the pros and cons on the Borden building RFP's Clean-Up Proposals was helpful and appreciated.

c. Barbara R. announced the Jefferson County DUI Task Force is having another March Madness Basketball Tournament at the Whitehall High School on March 27th and are looking for teams, can be high school, college, adult teams, etc. The emphasis being that a good time can be enjoyed without using alcohol.

d. Ed said as a member of the Rotary Club in Whitehall, the Rotary Club endorses closing down the traffic area around the downtown Fish Pond in Whitehall. Ed wrote a "*Letter to the Editor*" to respond to the Council's decision and if any are so inclined, he'd appreciate if you'd read the letter and, if you have a chance

to voice an opinion in favor of closing the area, highly consider the public safety enhanced by closing that area off and not having traffic and kids in conflict.

9. Adjourn

The next meeting has been scheduled for Wednesday, March 24th, 2010 at the Elkhorn Mountain Inn, Montana City. Darrell made a motion to adjourn; Chris seconded the motion. Motion carried. The meeting adjourned at 3:40 p.m.

Respectfully submitted,

Nancy Wheeler