

Jefferson Local Development Corporation

Meeting Minutes, January 25, 2006

Present: Jan Speirer, Joe Calnan, Ed Handl, Bob Marks, Darrell Miller, Pat Lewis,
Barbara Sunderland, Byron Stahly, Tom Lythgoe, Tom Harrington, Nancy Wheeler.
Guests: Mike Ruppert, Dick Norden, Caroleen Vaughan.

1. The meeting was called to order at 2:03 p.m. by President, Joe Calnan, at the Boulder City Hall. Pat made a motion to approve the December 8th meeting minutes as published; Joe approved with no objections from the board.

2. Manager Position Status

Three final applicants gave a public presentation December 12th, 6:30 p.m. at the Extension Office Conference Room in Whitehall where the public was given the opportunity to meet the candidates, ask them questions, and offer input to the committee. December 13th, the three applicants were interviewed by the Interview Committee consisting of Steve Siegelin, Joe Calnan, Barbara Andreozzi, Ken Weber, Tom Harrington, and Nancy Wheeler. Tara Mastel was offered and has accepted the position of Jefferson County Economic Development Agent and JLDC Manager; she begins her duties February 13th.

Village of 100 – Tom H. distributed an interesting exercise to board members on their knowledge of Jefferson County. After completing the exercise, responses were compared to correct answers. The exercise dealt with various facts concerning Jefferson County on census, employment, wages paid in various industries, property ownership, etc.

3. Treatment Center Land Transfer

a. Competing Bids

Mike Ruppert gave an update on the proposal submitted by Boyd Andrew to the Department of Corrections for a 60-bed women's methamphetamine treatment facility they would like to build on property adjacent to the South Campus. Mike said four proposals were submitted by three entities. DOC's decision will be made by March 1st. A committee will meet next week to start procedures. The meeting is open to the public and Mike plans to attend.

b. Land Transfer

Tom attended and provided input to the Land Board December 19th on the proposed land trade that would support the meth treatment facility in Boulder. Bob asked Tom L. if JLDC's lease option agreement with Jefferson County for the South Campus could be extended to include the seven acres for a treatment facility. Tom L. said Jefferson County could expand the lease option to include the seven acres. The land trade from DOC to Jefferson County is contingent on Boyd Andrew being successful in their bid for the meth treatment facility. A 60-day land public comment period is open until March 7th.

c. JLDC Support

Public meetings will be held to inform the Boulder residents and others interested of the Boyd Andrew Community Services proposal to the DOC to build a minimum security methamphetamine treatment facility in Boulder and to answer any questions and concerns regarding the issue. Mike Ruppert explained to the board the multiple layers of security measures and limited visitation after background checks, etc. that will be in place at the center. The facility would deal with women convicted of meth abuse. Offenders would be sentenced to complete a six-to nine-month treatment program at the center. Information the public may be interested in was discussed.

The first public meeting is scheduled for January 31, 7:00 p.m. at the Boulder City Hall. A second meeting is scheduled for February 8, 7:00 p.m. at the Boulder City Hall and another meeting will be scheduled either the end of February/first part of March.

Joe asked Mike what the JLDC can do to help advance the treatment facility in Boulder. Mike said he would appreciate attendance at the upcoming public meetings and JLDC's support for Boyd Andrew and a meth treatment facility in Boulder.

4. South Campus

a. Appraisal / Maintenance / Rent – Tom H. met with Peter and some AYA staff regarding the maintenance arrangement between AYA and the JLDC. AYA staff has been very helpful with maintenance repair diagnostics and repair oversight, landscaping, mowing in areas outside their boundary, etc. Peter presented a list to Tom detailing what he considers AYA's responsibility vs. what he believes should be JLDC's responsibilities. Tom agreed with the responsibilities as presented.

Peter is still interested in a lease option on the facility and depends on our obligations with EDA and the final property appraisal.

The appraisal report is pending based on Building 8 boiler and roof upgrades. One of the challenges that faces the appraiser is the rent rate that is below current market rent prices, the long term lease, and the lack of a rent increase since June, 2004; this detracts from the appraisal. The appraiser feels a regular annual rent increase is needed. A breakeven appraisal on the project will be in the range of \$875,000.

Tom distributed to the board a proposal that included rent and maintenance issues between the JLDC and AYA. Discussion followed. It is a benefit to JLDC to have a full-time maintenance individual at AYA that assists with maintenance repair diagnostics and repair oversight. Discussion followed on a possible maintenance rent concession to compensate for the duties being performed by AYA staff that are JLDC's responsibilities.

After discussion, Bob moved JLDC increase the current rent by five percent or \$205.82 per month. Monthly rent will increase from \$4,116.47 to \$4,322.20. Pat seconded the motion, motion passed.

Pat made a motion to provide AYA a monthly maintenance agreement of \$300.00 per month, track expenses, and re-evaluate this amount at the end of each year. Monthly cash flow to the JLDC would be \$4,022.29. Ed seconded the motion, motion passed.

Tom will discuss the changes with YDI and get their input prior to the above changes taking effect March 1st, 2006.

b. Tom H. met with a person possibly interested in relocating his business to the South Campus. They toured Building 6. The prospective business is currently located in the mid-West and has a one-year lease; he will get back to us.

c. Tom met with Peter D.; he has an interest in expanding AYA's operation to include Building 6. He is planning a prototype back country program in Boulder.

d. Building 8 Roof / Boiler

Joe followed up on an item discussed at last month's meeting regarding a list of alternatives available for a course of action against the contractor who installed the boiler and the manufacturer of the boiler at AYA. No new action has taken place since last month's meeting. All old boiler parts will be kept when the boiler is replaced at AYA and the issue further pursued after the new boiler is purchased and installed.

e. Land Plan – Limited progress has been made on the subdivision and will get more attention once the new manager is on-board.

5. MTMI MTAG Report

Darrell reported MTAG has not met since last JLDC meeting. MTAG will be meeting tomorrow evening. He distributed a handout to update the board on items he's aware of since the last meeting.

a. Dave Russell is raising funds to proceed with the pit wall stabilization. A little over 100 of the approximate 200 employees are still on temporary layoff.

b. The mill is still in operation using waste dumps for feed stock.

c. Tom H. coordinated a meeting with Evan Barrett and Pam Haxby-Cote from the Governor's Office of Economic Opportunity and Dave Russell, CEO of Apollo Gold, as well as other Apollo Gold and Montana Tunnels staff, and some JLDC / MTAG committee members to discuss what kinds of help and financial funding options the State might have available for Montana Tunnels. Montana Tunnels is still waiting for the Record of Decision from the DEQ. Evan and Pam encouraged communication between Montana Tunnels and the Governor's office; they invited Tunnels to let them know what they can do to help keep business open at Tunnels. Darrell will bring an updated report on Montana Tunnels to the next JLDC meeting.

d. Darrell submitted a MTAG position paper and testimony in opposition to a proposed amendment of ARM 17.24.116 at the Board of Environmental Review public meeting Jan. 10th in Boulder. About 100 people were present in opposition of this amendment; only one proponent was present that gave testimony. This proposed amendment was drafted by MEIC and would essentially stop future hard rock mining and could shut down existing operations by requiring the reclamation plan in the permit application to "conclusively demonstrate that after a period of two years no treatment of surface or ground water for carcinogens or toxins will be required to meet the water quality standards at the point of discharge."

The amendment was reworded and the comment period extended.

e. JLDC needs to continue helping Montana Tunnels get back in full operation. A lease agreement for the Spring Creek properties is needed. Jeff is reviewing a copy of the GSM business park's pending lease. Tom H. feels the lease with GSM is more complicated than the lease with Montana Tunnels needs to be due to the business park land at Montana Tunnels is not in a mine operating permit area as GSM's business park land is.

An inventory and assessment on the other assets that Montana Tunnels will turn over to JLDC at mine closure is also needed. The assessment needs to be done to determine what is and isn't to be transferred to JLDC at the end of Tunnels' mine life; assess what Tunnels has for land, access rights, road issues, easements, potential uses, types of business potential for each building, square footage, etc. JLDC has funds reserved for this assessment.

Bob made a motion for the JLDC staff to prepare an RFP for a Facility Assessment at Montana Tunnels and get approval from the Executive Committee before publishing. Pat seconded the motion. Motion passed.

6. GSM / CTAC Report

a. A&E Grant Status / Sunlight Park

Ed and Tom met with the architect and engineer recently in Boulder to review the current status of the scope of work. JLDC has scheduled another meeting with the architect and engineer February 1st at 9:00 a.m. at which time all draft documents will be brought for review. After the review is completed by the JLDC, the documents will be forwarded to the DEQ for approval for construction. Timeline for DEQ approval is expected to take 60 days. Plans are for a 500,000 gallon tank. DEQ permits have been approved for the tank site. Soil sampling to support the weight of the tank has been completed. Perk tests for the drainfield are being done and results will be submitted to the DEQ.

CTAC met last week with GSM and discussed current mine operations and issues. Mark said GSM met budget and production goals last year due to increased gold prices. The mill produced a record number tons of ore last year. Tom H. emailed an article to the board members on the Barrick takeover. Barrick personnel are at GSM this week. The mine will now transition between Barrick and Placer Dome. Mark thinks operations at GSM will not change. The Sunlight Business Park lease is still pending and needs to be finalized. The Upper Park Term Sheet is also pending final review. Tom H. will talk with Mark on Sustainable Development with Barrick vs. Placer Dome.

b. Lease Update

The Sunlight Business Park lease is still pending. Tom said the EDA grant has been extended to March 31; it would be good to have the lease finalized before the grant closes out. The big issue on last EDA reports has been the lease. The lease needs to be finalized to proceed with Phase 2 & 3 funding.

c. Upper Industrial Park Facility – Term Sheet

The Upper Park Term Sheet is also pending final review.

Mark said the lower Business Park should not present a difficulty with the possible Barrick purchase; however, the upper facility may need to be an educational process. Mark will discuss these issues with Barrick in January when they visit GSM.

d. Wind Project

The wind energy developer is moving forward. One anemometer wind tower was erected in December and the second tower was erected this month.

e. Whitehall Wind

Whitehall Wind LLC's transfer to the JLDC from Navitas is still waiting to be finalized. Mike Uda is working on the PSC hearing; an expert witness will go forward at this hearing. Wind Hunter is still interested in receiving the wind data after JLDC receives it. Tom H. will contact Mike on the contract status and will contact Navitas to expedite the transfer.

7. Annual Audit

Tom H. asked the board if JLDC would like to give approval to proceed with the auditor used in the past or seek competitive bids. JLDC decided to rely on the Audit Committee's recommendations. Nancy will email information on who's currently on the Audit Committee.

8. Staff Reports

a. Pipestone Ditch – Met with the water users and project engineer to finalize the gravity irrigation project. The engineer still has work that needs to be completed on the project and the grant match from the users needs to be finalized as part of the process. Plans are to close out the DNRC assessment grant the end of January/beginning of February and work to develop a future project plan.

b. MSD Metal Mine Loan – The metal mine loan with MSD in Whitehall has been finalized. The finances were close with the BEAP projections. He has hired two new employees; all is going well.

c. Roadless Public Meeting – Some JLDC board members attended and provided input at the meeting.

d. Tom H. met with Lance Edwards, Montana Tech, to coordinate a Montana Tech project on the Sunlight Business Park with some of his Senior Entrepreneurial Class students. All parties will meet next week. The project will include a marketing and management strategy for the Sunlight Business Park. They will also learn about Sustainable Development projects with GSM.

e. The 2006 Montana Economic Outlook Seminar is a half-day seminar and will highlight the latest economic trends and explain what they mean for Montana. Recent trends and the outlook for Montana's important industries – nonresident travel, health care, agriculture, manufacturing, and forest products will be examined. The seminar will be held February 1st in Bozeman and February 2nd in Butte. Tom H. plans to attend the February 2nd seminar in Butte. Contact Tom H. if anyone from the JLDC would like to attend.

f. Representative Rehberg visited the JLDC office and spoke with Tom H. last week. An overview of current projects in Jefferson County was provided and he indicated if JLDC needed any help, he would be happy to assist.

9. General Comments & Questions

a. Bob met with a person from Montana PTAC. This organization is sponsored by the Department of Defense and helps people/organizations understand and secure government (Federal) contracts. PTAC will be coordinating with Headwaters RC&D.

b. Tom L. reported there will be a roadless area meeting with the Forest Service and BLM regarding all the roads being shut down. The Jefferson County Commission has challenged their legal right to do this. The meeting is scheduled for January 31st, 1:30 p.m. in the Courtroom of the Boulder Courthouse. This meeting does not pertain to the Governor's roadless issue.

c. Joe said he attended a public meeting recently in Montana City regarding the roundabout that the MDT will begin construction on in 2007 at the Montana City intersection, where Hwy. 518 meets Hwy. 282. The public was not allowed input at this meeting. The roundabout will be the first in the State. Tom L. discussed the decorative lighting issue. He was told it would cost Jefferson County \$21,000 for the decorative lighting and Jefferson County would have to maintain it. Prior to construction, The MDT will do a layout using cones at the Helena airport to assure fuel trucks and other large trucks will have no turning movement problems.

d. Joe would like to plan a North County Business Roundtable soon after Tara begins her new duties.

Next meeting will be Thursday, February 9, 2:00 p.m. in the Jury Room of the Boulder Courthouse. Meeting adjourned at 4:00 p.m.

Respectfully Submitted,

Nancy Wheeler
Notetaker