

Community Transition Advisory Committee (CTAC)
Meeting Minutes
January 21, 2010

CTAC meeting was held on 1/21/10 in the Extension Office conference room in Whitehall.

Attendees were Tim Dimock, Mark Thompson, Paula Johnston, Liz Kidwell, Ed Handl, Roy McBride, Tim Mulligan, Mary Hensleigh, John Brower, Tom Harrington and Nancy Wheeler. *Guest:* Pat Flowers and Jared Brown.

1. Welcome and Introductions

Tom called the meeting to order at 8:00 a.m. He welcomed the new mayor, Mary Hensleigh, to CTAC, introductions were made, and Tom gave a brief background of CTAC for the new member and guests present. Tom then announced an addition to the meeting agenda.

2. Minutes of Last Meeting

Tim D. made a motion to approve the meeting minutes from 12/10/09; Ed seconded the motion. Minutes were approved as published.

3. Golden Sunlight Mine (GSM) Operations

a. Current Operations Update

Tim D. said the mine currently has 160 employees and 35 contractors and said 2009 was a good year overall on safety, environment and production. GSM received an award from Barrick as *Most Improved Small Mine in the Company*. The President of Barrick and some other corporate personnel will be at the mine Monday, February 8th, to present the awards including the Safety Champion Award that will be presented to Ray Fitzpatrick for his safety efforts. Tim D. said Ray epitomizes the Courageous Leadership program at the mine site. Tim D. extended an invitation to CTAC members to attend the luncheon followed by the presentations. The contingent from the corporate office will then tour the mine.

b. Pit Lay Back Progress / Concentrator Feasibility Status

The 5B Optimized project struggled with productivity in December and was off production target. The mine has now received three new haul trucks on site and the first truck will be in production the end of the week. Tim D. reports the mine is back on their production target this month. When the haul trucks are up and running, the mine will begin to backhaul soil from the east side to the west side to get material in place before the mine loses access to that side for the haul trucks and have material for capping the waste dumps. GSM's portion of the feasibility study for the concentrator to produce a fine ore concentrate has been completed. It will recover the gold out of the tailings the mine is unable to recover, produce a concentrate and ship it to Nevada. Tim D. and Mark met last week with personnel from the regional office and the mines in Nevada who would use the product to review the status of the project and the economics. It was a positive meeting. Tim D. said the GSM needs to evaluate some alternatives to make sure the T1 resource is consistent. The mine would initially dredge material out of their T2 tailings facility, put it through the concentrator and as soon as obtained ore from 5B Optimized, would run that through the mill and then through the concentrator and ship that. When out of ore at GSM, would begin to reprocess T1, an additional benefit for the mine as it would help address a long term environmental liability, the T1 facility. The status of the project looks good. The region needs to look at the overall economics of the project and Tim D. said the final economics should be completed by the end of the first quarter/beginning of the second quarter. The mine needs to start permitting for the project fairly soon in order to begin operations the beginning of next year.

c. Wind Development Update

Tim D. said Gamesa won the Power Purchase Agreement (PPA) and is close to being finalized. GSM connected Gamesa with Sea Wind, the wind developer that has the option to develop wind resources on GSM land.

Tom gave a background on the project saying it's been going about seven years. Navitas started the project; however, the power company wasn't real open to alternative energy development and the price they set on the contract was below going market rates at that time. Navitas eventually gave up on the project and JLDC picked up the case that was going at that time with the understanding it would benefit Jefferson County, retained the lawyer that was helping Navitas with their permitting and carried that through back to the PSC and the District Court under the name of Whitehall Wind, LLC. The case has been appealed back and forth with the energy company and was finally appealed to the Supreme Court, who upheld what the District Court said that the price setting agreement was incorrect and PSC needs to go back and set a realistic market rate. Navitas was purchased by Gamesa. When JLDC saw the project was getting back on positive track, JLDC contacted Gamesa and asked them if they were interested in the project. It would be a positive move for Gamesa and Sea Wind to work together as a contract is needed to sell wind. Gamesa is now waiting for the PSC to set a price on the PPA for a 50 megawatt contract. Tim D. said the MSTI power line will also make the project more attractive as power will be able to be shipped out of the state.

d. Last CTAC Mine Tour Comments

Paula said it was a great tour in spite of the coldness and she really enjoyed seeing the operation. Tim D. said the items needing to be taken care in the mill before restarting have, for the most part, been completed and the projected startup date for the mill, contingent upon receiving permit approval for the east area project, is January 1, 2011. Ed said the tour was really beneficial to him as he looks up at it every day from his house and said it's nice to look at it looking down. Not having a tour for about ten years, he appreciated seeing the progress that's been made. Tom also thanked Tim for the mine tour.

4. GSM Environmental Update

Mark said there were five incidents in December. The mine has been experiencing problems with the dust on the tailings and, after coating the entire tailings surface with magnesium chloride, the dust is under control. When repairing the diesel hydraulic shovel that had a broken stick, there was additional damage that wasn't located and when they started digging with it, pressure on the hydraulic system blew apart some hoses and a valve body that resulted in a 150 gallon hydraulic oil spill. The mine continues struggling with their drinking water plant. The plant was upgraded to an ultra filtration system and that wasn't enough as they continue having trouble achieving compliance with disinfectant by-products. After eight quarters of testing, the mine was put on a significant non-compliance list that means enforcement action will be taken on the violations. The mine wants off the list as quickly as possible and will install another filtration system that engineers have assured GSM is the only system certain to bring the plant into compliance with the by-product rules. In November, the mine collected a routine total coliform bacteria sample that tested positive which triggers additional action. One action is to resample within 24 hours of becoming aware of the positive result, which the mine did. The requirement is to collect four re-samples and the mine only collected two re-samples that led to a violation.

Mark said the amendment into DEQ for reorientation of the buttress dump is in public comment now and should be done the end of the month/beginning of February. Based on public comments received, the rest of the process should be approved toward the end of February. The budget GSM submitted to corporate was approved with a few changes and the budget included the east pit project that will provide mill feed in the beginning of 2011. The mine will work on a permit as is currently unpermitted. Mark met with state people on site Tuesday and the state feels this permit can be moved through easily for several reasons including it's sitting essentially on already disturbed ground so very little disturbance associated with it. The mine needs the permit by September. The other major permitting is for the concentrator; GSM will start the permitting process. This permit is critical as the product the mine will be supplying to Nevada is a product that can be made by other people and is a marketable product and, if GSM can't provide reassurances that the mine can provide this product, Nevada will invest money elsewhere. The mine will need to turn dirt in May, so not a lot of lead time on the permitting process. The concentrator is a small remote extension of the mill so the permit will be a revision that the DEQ can do administratively. The mine will approach the big picture permitting in at least two phases. First and most concrete plan is to process the 5B Optimized tailings through the concentrator and make the product that will market off site. The second phase, if the economics

maintain and the market can bear it, will look at processing all or part of T1. There was further discussion pertaining to T1, T2 and T3. This summer will be busy at the mine with all the projects going on.

5. Montana Fish, Wildlife & Parks (FWP)

An article appeared in the May-June, 2009 issue of Montana Outdoors magazine, published by FWP, titled *Precious Metals, Precious Trout*. The article was very biased, one sided and not a complete picture of what's going on in the current world with mining and was not well received by the Montana Mining Association, GSM or anyone involved with mining. Tim M. spoke with some FWP personnel who said that some of the information they had hoped would be published in the article wasn't. Pat Flowers, Regional Superintendent for FWP became aware of this and, after reading the article, wrote a letter to Tim D. last week providing his perspective of the mine's concerns and offered an apology. Pat said he recognizes and has recognized for years the effort GSM has made to partner with FWP and their efforts to provide quality fishing and hunting opportunities and said that was clearly not reflected in the article; there was no mention of GSM's good efforts. Pat has not yet spoken to the person who wrote the article, but intends to. Pat said FWP wants to continue working with GSM in a cooperative way and realizes how important GSM is to the Whitehall community. Tim D. thanked Pat for the letter and for coming to the CTAC meeting. Tim D. said the mine realizes what an important asset the Jefferson River Valley is to the community of Whitehall, to all the mine employees and to the GSM and that the mine has enjoyed being able to participate in the conservation efforts they have been asked to participate in. Tim D. said he was upset because the article said you couldn't have both mining and fish and said a lot of things done in the past was because the technology and knowledge was not there. Technology has changed and the mine uses that technology to every extent they can to do things the right way. Tim D. didn't feel the article reflected both sides of the story and was biased. Tim D. said he talked to the editor of the article through the Mining Association about telling more of the story and didn't get far. The mine would like to continue their relationship with FWP and conservation. Mark said the people they work with at Barrick and he truly believe in the fundamental principle that wildlife habitat and mining are not mutually exclusive and can co-exist and can work, with the right reclamation schemes, to a mutual benefit. Tim D. said there is no taking the article back, even if a reprieve was printed but, if there is an opportunity for mining to get equal air in the magazine and talk about some of the work they've done together, that would be great. Pat will follow up with the person that wrote the article and his supervisor for options for publishing a positive story or a Letter to the Editor. Pat took full credit for the article and that's why he's here today. Ed said listening to this discussion, FWP is a government agency putting out a publication. He feels the article was damaging to the mining industry and believes when the State puts out a journalistic article such as this, they also have a responsibility to look at other viewpoints. As a citizen, Ed would expect a second article to look at another perspective and look at all the good deeds that have been done by mining and the good planning that's in the future. Ed feels the mining industry deserves additional time in a supplemental article that looks at another perspective and looks at it from the perspective of the great accomplishments the mining industry has recently brought to the industry in the state and should balance out that court of public opinion. Tim D. said if there is an opportunity for that, GSM would be happy to help write the article, provide information, or hire a third party. More discussion followed.

Pat explained that Habitat Montana is a sportsman's' funded source of revenue for FWP where FWP can purchase conservation easements and property to provide for fish and wildlife habitat. FWP is interested in talking with the mine about the Candlestick Ranch that the mine owes about a conservation easement. After discussion, it was decided mine personnel and FWP personnel will meet after the February 11th CTAC meeting.

6. Sunlight Business Park Overview

a. Phase II Grant Status

Tom said staff received a letter from EDA awarding the \$655,000 and staff will need to attend training to access the funds. The match for the grant will come from metal mines funds.

b. HUD Special Grant Status

Tom said the Environmental Assessment and the checklist requirements for the HUD special grant appropriation of \$142,500 through Senator Tester's office have been submitted back to the Washington D.C. office.

c. Subdivision Update

Tom said the engineer is working on the lot rewrite and coordinating with the DEQ right now. The next step after DEQ approval will be to go to bid for construction in late spring/early summer.

d. TIFD Update

Tom said the TIFD was approved in December by the County Commission and is now at the Department of Revenue (DOR) for their final review. Once back from the DOR, the property in both the northern end of the county and the south end of the county are officially designated TIF districts.

e. Interpretive Center

Tom said after the TIFD is established, development, wind, concentrator or whatever in the district will provide funds to build the multi-faceted Interpretive Center.

7. Pavilion Status – GSM Assistance

Tom said the Community Development Board (CDB) continues working on that and are still looking at the site location to be near the Fire Hall and said the Town plans on putting electricity in the park. The plan is to have the pavilion ready to use for Frontier Days this summer. Mary Hensleigh would prefer the location of the pavilion to be between Full Throttle Auto and the Fish Pond due to the traffic and sound from semis by the Fire Hall and said the Rotary would like to expand the perimeter around the Fish Pond.

8. Fire Relief Update

Liz said the Fire Relief Fund was closed out before the end of 2009. There is \$3,000 remaining in the fund allocated to a business for a website. The business has 90 days to use it or it reverts back to the Chamber.

9. Other Items of Discussion

a. Ed thanked Mary for her statement on the Fish Pond and said the Rotary would like to see both sides expanded on the Fish Pond. He said tomorrow night (Friday, January 22) is Casino Night in Whitehall at the Community Center. It's a major fundraiser for both the Rotary Club and the Fire Department and is a great time. Everyone is invited!

b. Liz said Frontier Days has been officially set for July 30-31 and there will be a NRA Rodeo in addition to the car show and also looking into a bike (motorcycle) show.

c. Mary said at the Town level, moving ahead with the water and sewer system project and Mary will be attending a water school in Great Falls next month. The ambulance barn will be put out for bid next month. Engineers have been hired to correct the street problem in front of Cliff's Automotive as the street was constructed incorrectly and floods into Cliff's business. Mary said there is also a flooding problem at Town Hall that the engineers will correct. Mary is working on a "Cash for Clunkers" program with the Solid Waste Board as there are a lot of abandoned vehicles on the town streets, etc. If the county collects the cars, the money they get from crushing them goes to the State general fund but, if the Town collects them and takes them to the dump, the Town would get the money for the abandoned vehicles; the funds would help with special projects. An ice skating rink in the vacant downtown lots is another idea Mary has and permission has been received from all the lot owners. Mary asked GSM if they had any pond liner for the rink and they would use railroad ties, flood it, get some lights and music and move benches over there. Mary reported land has been donated for community gardens by the Catholic Church property and another idea she's working on is to have a community apple orchard on the property east of the IGA on the sloped ground. Another problem in town is tires; tires are all over as there is a charge to dispose of them at the

dump and they collect water and help with the mosquito population. Mary said these are some of the ideas she's working on.

10. Next Meeting

Next meeting is **Thursday, February 11th, 2010** at the Extension Office Conference Room in Whitehall at **8:00 a.m.** Meeting adjourned at 9:50 a.m.

Note taker,

Nancy Wheeler