

Community Transition Advisory Committee (CTAC)
Meeting Minutes
February 10, 2011

CTAC meeting was held on 2/10/11 in the Extension Office conference room in Whitehall. *Attendees* were Tim Dimock, Rick Jordan, Ann Geiger, Gerry Keogh, Ed Handl, Tim Mulligan, Roy McBride, Paula Johnston, Justin Gibson, Tom Harrington and Nancy Wheeler. *Guests:* Greg Corr, Bill Brown, Earl Dodd and Holli Parrow.

1. Tom called the meeting to order at 8:05 a.m. with introductions and gave a background on CTAC.

2. Minutes of Last Meeting

Roy made a motion to approve the meeting minutes from 1/6/11; Tim D. seconded the motion. Minutes were approved as published.

3. Golden Sunlight Mine (GSM) Operations

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

Tim D. introduced Rick Jordan, Mill Superintendent, and explained that, at the beginning of each year, the management team of GSM meets to do a strategic review on their long term plan and decide what they want to accomplish over the year. In the session, the mine's strategy on safety, environment, community and all other aspects of their operation is reviewed. When discussing the community portion, the management team voiced they wanted to be more involved with CTAC. Tim D. made a commitment to bring more of his management team to the CTAC meetings for this purpose. CTAC is the key part of the community interaction strategy and the mine plans to execute a written strategy to formalize the mine's goal with the community. Tim D. also mentioned the GSM sponsors the "Wild Minutes" on TV to inform more people of their existence as folks in other communities aren't always aware the mine is still in operation. The management team thought the mine should do more and supply more information to the public on what the mine does. Tim D. said one of the items that came out of the business improvement review is that GSM will accelerate their development drilling plan to get project permit applications in hopefully by early next year. The mine's \$1.2 million exploration budget will be increased to explore ways to extend mine life beyond the first quarter of 2015. The mine's review and plan went well.

The mill started up January 11th after being down for a year and a half. The mill started using the east area ore that is a different ore from the main Mineral Hill Pit the mine is used to processing. The east area ore is a more oxidized clay ore and the mill experienced plugging chutes and problems with the thickener but has worked through those problems for the most part. The biggest factor the mine struggled with was the proper alignment of the pinion drive on the big ball mill. This prevented the mine from getting up to full operation until January 22nd. The mine is up to within 90 percent of their target but is still experiencing some recovery problems. Mining is also struggling a little on achieving targets as they are in a transition; getting the ore was extremely long on haul as have been utilizing the north access. Within a couple weeks, will establish a south access to the bench which will allow the mine's stripping targets to be achieved. This is important because the mine will run out of ore from the east area in August and needs to be in the Mineral Hill Pit by that time.

Tim D. gave a backfill update stating the judge has the briefs he requested from both GSM and the plaintiffs and can decide any day on the case or can decide to have a hearing.

b. Safety Awards Ceremony Update

Tim said the mine has had no loss of time injury for over three years. Last year GSM received the Best Small Mine Safety Performance Award in the company. Rick's milling group has received safety awards from MSHA for several years in a row and received another one for 2009 (they're about a year behind in handing out their awards). Mark Briggs received a letter from Governor Brian Schweitzer congratulating him on receiving the Safety Champion of the Year Award by employer, Barrick Gold.

c. Concentrator Status / Wind Development Update / Third Party Ore

GSM is scheduled next week for review of the final design and cost estimate. The gap assessment on what the mine needs to do to make the project economic has not yet been scheduled.

There is no update since last meeting on wind development .

When the mill is running smoothly, the mine will get back to accepting third party ores. The mine issued contracts to five groups and has received two contracts back. At current gold prices, there are a lot of people interested in sending the mine ore.

4. GSM Environmental Update

a. Legislature Update

Mark was at Legislature yesterday at a hearing on one of the legislations the Montana Mining Association is trying to get passed. The focus of the three legislations the Association is trying to get passed involves streamlining the permitting process. The legislation the committee heard yesterday was on when the agency has to hire a third party contractor for an Environmental Impact Study (EIS), the applicant has the option of being billed directly rather than through the agency because some companies are experiencing up to a year delay on getting permits and the applicant has no knowledge of what the people are working on and have no ability to try to control costs. There were four people positive on the change; the DEQ wanted to make a few modifications to post legislations.

Another legislation being focused on is to clarify if the mine can accept ore from open pits. The mine has an operating permit to accept third party ores from underground mines and tailings dams but unclear whether they can accept ore from small open pits so need to have this clarified. The final legislation is to clarify that the MEPA process is a procedural review and that the substantive review of the permit is done through the Montana Metal Mines and Reclamation Act and essentially that the regulatory agency would have to declare that a project meets all of the laws before going into the MEPA process. These two legislations are expected to go in front of the committee next week.

Tim D. said he met with the DEQ director a couple weeks ago regarding the change on clarifying that GSM could take open pit ores and some of the other legislation the mine would like to get through and Tim D. asked about the McLaren tailings. It's a dead issue for now, but could be revisited in the future.

There have been no reportable environmental incidents at the mine since last meeting. Tim D. said when temperatures drop below 20 degrees, it's hard to utilize water on the haul roads as the water freezes in the truck before it can be put on the road, so there have been some dusty days on the haul roads.

b. Mill Refurbishment

Rick Jordan, Mill Superintendent, gave an overview of the mill refurbishment. The mill was built in 1983 and Rick gave a background on the mill and its maintenance since 1990 and also a background on the rock and crushing operation. He talked about what was done in the mill during the 20 months it was down and what has been done in the last month to get things running again. Most of what was done in the 20 months the mill was down was repairing things that had deteriorated in the last 27-28 years; however, some good improvements were also made including a lot of safety improvements. Fifty percent more than was budgeted was spent on the refurbishment to make sure things would last longer than four years. Rick feels by the first part of March the mill will be running 320 tons of ore per hour. Half of the operators are new to the operation and Rick said the mine was very fortunate in being able to hire some really good operators from Montana Tunnels. Rick has very capable people and they made it through the 20 months without any loss of time injuries. During the 20 down months, the mill maintenance crew hit 10 years without a loss of time accident which was a great achievement. The mill operations crew will hit 15 years without a loss of time accident in July and Rick said he is very proud of these accomplishments.

c. External Inquiries

Tom said GSM had an external inquiry regarding the nutrient standards and the discharge to creeks and the status of the legislation and DEQ regarding this issue. Mark researched the issue and reported there is a proposed bill in the Legislature looking at the nutrient loading standards. What this impacts is the Town of Whitehall is going through a wastewater treatment plant with the intent of sprinkler irrigation. The town is currently discharging into the big Pipestone Creek and has been since the inception of the system out there. The question is that part of the design function was going to increase nutrient standards in monitoring and so the town decided to go with the sprinkler system which impacts the water flow into the Pipestone; what will happen with regards to the water and the downstream users.

Mark did research that addresses nutrient loading, what lagoon systems have to do and looking at phosphorus and nitrate levels that go into the waterways. A lot of small towns with lagoon systems discharge into open waterways right now so a lot of places by standards are not meeting the criteria and have received deficiency letters. What Legislature is proposing is to look at the current standard and adjust it to the 20 milligrams of nitrate per liter and 1 milligram of phosphorus per liter. Would go through 2015 and, if exceeds that, could go for a variance and a five-year review on it.

The external inquirers' concern is for what that will do to the local area and the system being proposed and, if the town sprinkler irrigates, will the water go into the creek. The Town of Whitehall is wrestling with the rate increases on the wastewater plant and some very significant impacts to local businesses. The proposed new rates for businesses will be their current rate magnified 20 to 22 times so talking about some business economic decisions. The Town Council is going into their second reading of the new ordinance and rate structures and this discussion is ongoing. The proposed legislation is in committee now and, depending on how the Legislature reviews it, will result in what the standards will be. 300,000-400,000 gallons of water a day is currently being discharged into the big Pipestone Creek and GSM is concerned as this is the amount of water the mine needs out of the Jefferson Slough. The mine has inferior water rights and, if that goes away, the mine may not be able to run their facility. This, along with other downstream users (agriculture and ranches) being impacted, is part of the issue. Tim D. said the mine doesn't discharge so that doesn't affect what they do; however, if it impacts what the Town of Whitehall has to do, it does impact the mine. Bill said the sewer rate increases for businesses, including the school, will be devastating and some businesses will probably close down. A lot of discussion followed. The second reading of the ordinance will be Tuesday night. Tom will present on behalf of the businesses. The third and final reading of the ordinance will be next month and, if the ordinance is adopted, the new rate schedule will go into effect.

5. Sunlight Business Park Overview

a. Construction Status

Tom said construction at the business park is shut down for the winter and the contractor is anticipating starting operations back up by early March, depending on the weather. JLDC has expended about \$200,000 to the contractor through a variety of funding sources with approximately \$1.2 million remaining on the project. Infrastructure is on track to be completed by the end of June, 2011.

b. Subdivision Update

Staff received the plat from the engineer, the county planner has reviewed it and will schedule on the Commission meeting agenda within the next couple weeks. JLDC has a preliminary plat on the entire 200 acres at the park and will need to scale back to Phase 1 only and do the preliminary and final plat on that. JLDC will go for final plat when the infrastructure is in. GSM will need to sign as the owner on the plat.

c. Billboard Update

Tom gave a background on the billboard sign. Staff met with a person who develops signs and she will give JLDC a proposal for a double-sided billboard.

d. Business Assistance Center / Interpretive Center

Tom said JLDC has a South Campus project with an EDA grant/loan that is a 15 year project into its 11th year. EDA is interested in helping JDLC with the Interpretive Center and doing some substitution of existing grant loans. Staff will compose a proposal packet for the EDA outlining what the Business Assistance Center is. Staff met with Tim D. and is working on some concept plans to make this an educational Interpretive Center/Business Assistance Center with a dual purpose.

e. Science, Technology and Innovation Committee

Earl Dodd said there is a high performance computing system in the Thornton Building in Butte called the Rocky Mountain Super Computing Centers (RMSC). Earl and Holli Parrow from RMSC brought a proposal to start up a Science/Technology Committee for the business park center. Earl said RMSC's primary and only reason to exist is for economic development purposes and their funding comes through grant and foundational support. JLDC would like to have high performance internet available in the business park and RMSC could assist with this. There was much discussion on possibilities for the park with help from RMSC and the Science/Technology Committee. If interested in being on the Science/Technology Committee, please email or call Tom Harrington.

6. Safety Fair

Tom said the Safety Committee is working on the Safety Fair which is normally held in conjunction with the Jefferson River Rally. The Safety Committee will look at a March/April time frame for the Safety Fair. The Watershed group may not do their event this year; however, if they decide to, would like to again hold the Safety Fair in conjunction with their event.

7. Economic Outlook Seminar Report

Tom attended the 2011 Economic Outlook Seminar that was held in Butte last week. He said the regional areas around Butte are doing well and part of the reason is the result of mining; the regional unemployment rate is lower than average. Mining is doing well and wood products are on the other end of the spectrum and not doing well due to lack of building that brings wood prices down and some mills are shut down. The economists said tracking shows the recession ended in August/September 2010 and, although it's not a big recovery, the data tracking does reflect an upward trend the last four-five months. The regional area is doing a lot better than some areas in Montana.

8. Other Items of Discussion

Ed shared that the CTAC model process, the brainchild of GSM, is imbedded in the planning structure for the oil shale project Ed is working on in Utah. Ed wanted GSM to be aware that the tentacles of the CTAC process has far reaching consequences and is reaching out beyond GSM. One of the companies investing in the oil shale project includes a company in Brazil that has read CTAC meeting minutes.

9. Next Meeting Date/Time

Next meeting is scheduled for **Thursday, March 10th, 2011**, 8:00 a.m. at the Extension Office Conference Room. Meeting adjourned at 9:45 a.m.

Respectfully submitted,

Nancy Wheeler