

AJ Mine Advisory Committee (AJMAC)

MINUTES

Thursday, April 7, 2011
5:30 PM
Assembly Chambers

Committee Members: Donna Pierce (Chair), Kurt Fredriksson (Vice Chair), Rorie Watt (Liaison), Sam Smith, Maria Gladziszewski, Laurie Ferguson Craig, Gregg Erickson, Frank Bergstrom

I. Call to Order

Meeting called to order by Donna Pierce.

II. Agenda Review

Pierce – Tonight is a work session, and there are two items on the agenda. John Hartle, City Attorney is here to discuss permitting, and we will discuss Rorie's memo with recommended conditions.

Collaborative discussion on the common ground. A memo has been prepared on the topic areas addressing the items that were discussed at the last meeting. Submittals of every member stating the common areas of every member are included in your packet. We will discuss the way in which to go forward with this at the time of the discussion.

Public Hearing on April 21 and then we'll have one more meeting on April 28.

III. Approval of Minutes

Minutes: No minutes to review.

IV. Items for Information

A. *CBJ Permitting*

John Hartle – Mr. Hartle gave out 2 handouts. He met with the committee chair to discuss what will happen after the committee makes a decision. What happens next? A one page handout shows the major documents to control what happens next. If the committee is thinking about side boards, he suggests the committee consider which framework documents would be most appropriate for which side board. Mr. Hartle proceeded to go through the list.

Large Mine Ordinance – RFP – Side Board – Exploration – where to explore, what would be the side boards on that. The RFP will result in a contract. It will incorporate terms of contract but will incorporate other things as well. What do you want someone to do and

incorporate that in an RFP. Any timeline should be allocated in developing that RFP. Sometimes they are complicated and difficult. The scope of work – what do you want someone to do.

CBJ Mining Ordinance – Content of any large mine permit. What is being discussed would meet the definition of a large mine. The ordinance was amended in respect to mines outside the roaded area, but those changes would not effect the AJ mine.

Exploration Permit: What will be the reclamation requirements for exploration and financial warranty – side-boards can determine these types of things.

A lease would need to be developed. This is also a good area for a side-board. This is a regulator role, but further regulation can take place in the lease.

Mitigation Agreement – in order to mitigate the events of the mine. There could be a citizens advisory counsel for working out the mitigation requirements.

Other land use controls – like an easement for getting on property that isn't owned by the city. All of these documents are going to interact with each other, they can be amended, they will have to be worked on for consistency with each other. There are a lot of legal things that need to be worked out.

Questions:

Donna – I think this is very helpful.

Bergstrom - The mining ordinance is not just a law that needs to be complied with, it is a large mine permit. The contract and lease are different.

Gladziszewski - The contract is the RFP contract – through a consultant – not a construction contract.

Bergstrom - That is separate from the lessor/lessee agreement. There are approximately 10 items that need to be fulfilled before a permit can be applied for. There will not be very much left available by the time all of these permits have been obtained. Presuming that each of these steps along the way, would it be fair to say that likely these conditions will probably build, or at any stage of the game would they become less?

Hartle – Things would be more focused as it evolves and become more defined.

Bergstrom - There is quite a pile of limitation put on the project before it is done.

Hartle – This is what happened with the Kensington.

Gladziszewski - Sees 5 items to complete – Unitization Agreement, Exploration Permit, Lease and Large Mine Permit, and Mitigation Agreement. The other things are things the

City would do to try to figure out how to do the initial 5. The RFP is a separate thing. It is to go to a consultant and ask them to help the City figure out what they need.

Hartle – Yes. But you need to figure out what you want in the RFP.

Pierce – An RFP could also be done in relation to the lease to find a lessee. In this RFP it would be important to say up front what the terms and conditions in which the City would entertain a lease.

Hartle – When the City puts out an RFP that becomes part of the contract.

Watt – An RFP is a selection process for choosing a mining company. Somehow if this goes forward where the City will have a competition with rules on selecting the winner. This will be the RFP. The City has this mine with all the finer and lesser points, we have issues that we absolutely have to have, and others we want to have. Who wants to propose to come in and do exploration work in the mine?

Gladyszewski – There could be several different RFPs.

Ferguson Craig - John, could you please explain the easement or other land use control.

John – When I listened to David Chambers he talked about at the end of his presentation some way to involve an outside group like a citizen’s advisory counsel and a way you could give a group like that some sort of authority. What I heard was some sort of conservation easement, once set up, the City could sell to that type of group a conservation easement prohibiting anything other than what is laid out in those documents. That would give ownership to a party that is not the City or the mining company. It is a concept that will need some thinking about.

Bergstrom - There seems to be a tremendous opportunity for the City to add and refine conditions as it goes through a lengthy and involved process. I hope the committee will keep this in mind as we go about making our recommendations here.

Pierce – I agree.

Erickson – John, do you have examples of conservation easements, similar to SEAL Trust or something else? Is there a little more detail we can use as models to work with?

Hartle – I don’t have a good model to work with. An example is the City had to purchase some land for the Airport Runway extension project and it has a conservation easement. This has a third party, SEAL Trust, who owns the development rights. The third party being a conservation organization will hold those rights in perpetuity with the rights of the easement. We don’t have to have an easement on a pristine piece of land. It could be those rights not included in the permit.

Erickson – Could we get a copy of that to look at?

Gladziszewski – Mr. Hartle, what is your commentary on what David Chambers said. I am having a hard time understanding what he is saying. It seems that if we don't trust the government, we trust a third part more to look at the conservation of the land.

Hartle – He will have to look into this. He would have to look into how to give such a group authority to actually cause something to happen or not happen. Certainly we could have a group that could monitor. But to actually have them be able to do something is a hard problem that I don't know how to solve. I haven't studied it. That is where the easement concept came into mind. That is where you could really give rights to an outside group.

Gladziszewski – This is the same problem I am having. I don't really understand the mechanism. I understand why you think you might want to, but I don't know how you would do that.

Bergstrom - Carrying on with the concept at the airport. Under the clean water act, compensatory mitigation, the City had to pay 3-times the impact. The Airport had to pay \$6.2 million to get their permits. These come at a very high cost for us to mitigate. As I understand it, the city would be yielding property rights and should realize significant value for anything that it yields, rather than giving something away for no return.

Erickson - I think the Nature Conservancy has received donations for conservation easements quite frequently. For example people who want to leave a piece of property, but they don't want to leave it to certain groups. They don't want it developed. They receive value for it. They want it left in its natural state. I would hope the city would want to do something similar and get value for it.

Bergstrom - The property has value, the City would realize the value.

Hartle – Madam Chair do you want me to read through the large mine permit ordinance?

Pierce – Yes. I do.

Gladziszewski – Would like a brief description of the number of permits which will be required by the mine. The Kensington had something like 48 Planning Commission hearings. What can we expect for the AJ?

Hartle – Yes. I think the mine is similar in size and could require a similar number of hearings. The concept is the same. You have the City's mining ordinance. The scope of this ordinance is quite large. It is set out in section 110 B. The intent is to regulate areas of local concern reserving to the CBJ all regulatory powers not preempted by State or Federal law. It is a grand scope. The last sentence of the same section: the purpose of the review is to impose conditions for the protection of the environment, health, welfare, and general safety of the City and Borough.

Next section 115 shows 2 things. 115A refers to a map. There are 2 maps, 115C also has a map. I didn't bring enough copies for everyone. I'll have Rorie post them. The map set out in C shows the urban and the rural mining districts. It is simple, the AJ mine is in the urban district. The ordinance adopted in 2006, attempted to make it easier to develop mines in the rural district, where the state and federal agencies would have oversight as well. The second Map in A – surface activities exclusion district. I was surprised when I reviewed that, because surface mining activities are excluded within a large part of the Borough.

Section 120 – is on exploration. It requires a separate permit for exploration. This is a place for your side boards. The operator shall comply with all applicable federal, state, City & Borough laws, rules and regulations and that such compliance shall be a condition of the effectiveness of the authority to operate under an exploration notice. So that section has some teeth to it and my suggestion is, I wasn't really involved in the last AJ Mine permitting, but I think a fair amount of attention should be paid to this to regulate the activities under the exploration phase. It requires a financial warranty for all reclamation. Small Mine permits, you can skip this. The definition is pretty clear.

Hartle - At 130 – Large Mines – mining operators unable to proceed unless they have a large mine permit. And this is a Conditional Use Permit. This is a form of the City CU permit process. That governs how it is reviewed and conditioned by the Planning Commission. But it is the Conditional Use process as supplemented by the mining ordinance.

Gladziszewski – The exploration permit, I don't see where there is an exploration permit. I see where they have to notice the City they are going to explore, but the City doesn't have to give anything in the exploration.

Hartle – That is not correct for example in Section 120A the department may require and set the amount of a financial warranty. They can't explore until they have established and posted a financial warranty.

Gladziszewski – there must be something I just don't see it.

Bergstrom – Maybe exploration is an allowable use, where a mine permit is a conditional use.

Gladziszewski – Yes there is something. It does say the department shall determine whether an inspection of the lands have been completed. Somewhere in there it must say something. It just looks like it just says the developer just gives a notice. Clearly somewhere in there it says the City gives an OK.

Fredriksson - I think it is at the bottom of A – When the operator has submitted a financial warranty in the amount set by the department and in a form satisfactory to the City Attorney. So when John is happy with their financial part, the authority to operate

under the exploration notice shall be come effective. So until the City Attorney approves the financial authority, they can't operate the exploration permit. That is how I read it.

Hartle – That is how I read it as well.

Gladziszewski – Right. But it doesn't say there is any sort of Planning Commission Review of the activities. It just says if they give us enough money...

Maria – Anyway, never mind. I don't want to get stuck down that road. Sorry.

Ferguson Craig – I would like to follow up on that topic. I think it is very important for us to have some real teeth during the time of regulation, or during the time of exploration. As history has shown us that has been our problem current and past.

Hartle – I should say this, compliance with all applicable Federal, State, and City & Borough laws, rules, and regulations shall be a condition of the effectiveness of the authority to operate. So that breaking any law removes their authority to operate under an exploration notice.

Erickson - Would failure to comply with the law be something the City could wave. According to this you say that automatically it would suspend the permit. Does non-compliance automatically revoke the permit? Would this be automatic?

Hartle – No. It would not be automatic. In my view, it would take a law suit. Basically an injunction action or something like that. A mining company would have due process rights. We can't just evaporate their authority to operate.

Hartle – 49.65.130 – Large Mine – You can see the scope of the application of subsection B, has a map and a description of the mine site, effected surface, the time table, including all roads, buildings, processing, related facilities, reclamation, sealing of open shafts, addits, tunnels, completion, or temporary suspension of mining operations description of the methods used to control treat transport and dispose of hazardous substances and so forth. I would characterize the requirement as very detailed and the mining plan submitted as an application for this permit would have to be extremely detailed. With every aspect of the mining operation. Which becomes part of the permit. That is the first part of any CBJ Conditional Use permit. It says they are permitted to operate in accordance with the application, and then subject to conditions as well. So it locks in all the information provided in the application as outlined here. It includes a socioeconomic impact assessment. You can see that in C1 of 130. That has to be completed before the department makes the recommendation on the application.

Smith - I guess it is my impression that an investor in this kind of a project would have to have completed all of the studies, all of the design to a fairly significant level before he would even start the application process. In other words he wouldn't even have a clue up to that point what kind of constraints there might be on his activities and so on. Is that a fair statement?

Hartle – I think except the extent that some of it has been expressed in others of these documents that are listed in my handout. There may already be a fairly clear outline.

Smith - But there is no guarantee to the investor the City would honor those particular commitments. Is that right?

Hartle – That is true. Mining is a risky business. In subsection F it talks about the application review. In the middle of subsection F – There shall include the following determinations whether air and water quality will be maintained in accordance with Federal State and city borough laws, sewage solid waste, hazardous and toxic materials, the operator agrees to mitigate adverse impacts on the City and Borough. Minimize safety hazards traffic noise, dust, visual aspects, subsidence, avalanche, landslides, erosion and the financial warranty. If an EIS is required, that is to be done first. My understanding is there will not be one required for the AJ. I think the real meat of this ordinance is in 135A. It has that list of 1 through 7, requirements to be complied with. Then B of that same section shows the reclamation requirements. Then the financial warranty. Then provides for annual reports and gives the department on going authority to monitor any mining operation to review the premises and records.

Watt – What change was made for Kensington?

Gladziszewski – All of these things were taken out – all of these requirements are not required for things in a rural mining district. It was made an allowable use in the rural mining district, not a conditional use. So this big long section that applies to the AJ did not apply to the Kensington. And the amount of hearings the Planning Commission had, would be a fraction of the number for required for the AJ. The only requirements we had on the Kensington is on the page of 115C – shall be permitted as allowable uses and you can add conditions regarding traffic lighting, safety, noise, dust, visual screening, surface of site, landslides. Those are the only things the Planning Commission could consider...nothing else. None of the socioeconomic stuff, no environmental impact statement, nothing in these pages. It was a much more limited review. The theory being, most of those things are already being taken care of by Federal and State agencies and are not necessary when they are not downtown.

Hartle – That is correct. The set of conditions the code allows to be put on an allowable use permit is fairly limited. There is something like 13 condition. This limits within the full set of allowable use conditions.

Pierce – Kurt, when I was talking to you at some point you mentioned the State role in state permits.

Fredriksson – the Department of Natural Resources requires financial assurances for reclamation independent of the City. As part of that they look for a plan of operations as part of their application process. Which they use in calculating the reclamation and the amount they need for financial assurance coverage. They will do that upon the request of

the City or the developer they will coordinate their review and comments in conjunction with any Federal or City permits in conjunction with the local district. In this case would be a large mine and a large mine assurance. John, in reference to the department in the ordinance, is that the Community Development Department?

Hartle – Correct.

Gladyszewski - Do you know how this got written, or the primary author?

Hartle – I think Barbara Ritchie was the primary author.

Pierce – I believe she had some assistance from a mining attorney from Colorado.

Mayor Bothelo - There were other elements negotiated as well from the Alaskans for Juneau.

Fredriksson - I just noticed in the ordinance that, really we have two permits going on under this ordinance. You have the issuance of a permit or the grant of authority under an exploration notice. Based on our experience to date how separate are those processes. I would think they are married as the city would deal with the mine as a whole. But maybe I'm wrong. It is rather interesting the notice is directed to the City Attorney where the permit issuance is directed to the department.

Hartle – I think the only part that is directed to the City attorney is the form of the financial warranty. That is true in both ordinances. And it is true with the general CDD financial warranty section. The amount is set by the department and the form has to be acceptable to the City Attorney.

Fredriksson - So as a practical matter...do you see, have we had separation there? Or have we had the department running the city's review and the public notice. Have public hearings been held strictly for financial responsibility separate and apart from mine operations, or have they dove-tailed?

Hartle – I'm not really the person to ask the history questions.

Pierce – I don't know the answer to that.

Fredriksson - you don't see any limitations on them to dove-tail.

Ferguson Craig – It was part of the whole package when we did the original AJ. It was just one more stipulation when we went through the whole thing. There were some questions as to the form. As I have looked at this more recently I wonder with the banking crisis, how we would find some of these forms today, and how we would vet your financial service support.

Pierce – We live in interesting times.

Fredrikkson - I've always viewed exploration as a not set in time event. That clearly you have exploration that leads to a find that leads to a perfected analysis of that mineral deposit, that leads to more exploration, which may lead to the actual investment. And develop a mine. But I have never seen where exploration stops. Even with an active mine, I suspect we could look at Greens Creek and Kensington right now and they would have an exploration program right now ongoing. Is that not correct?

Hartle - Correct. I know Greens Creek is working on it now.

Fredrikkson - So when we look at how this financial assurance is applied, or as we call it, the exploration notice, It is kind of an ongoing process isn't it? And that financial assurance is adjusted as events change?

Hartle – I think that is true. And also, I think the conduct of the exploration can be limited in some of those other documents, the leases and contracts and so forth. I know for here there is a huge concern for the water supply. The City could decide not to lease areas geographically close to the water supply or at elevation directly above it. You could limit your lease to below or south of the water supply. I don't know where the gold is, or whether it would be economically a good idea or not. But it is certainly legally possible.

B. Staff Recommended Conditions

Pierce –At this point we will commence our discussion among ourselves. So it is no surprise to anyone...the task before us tonight, and Rorie has done a master job of linking everyone's submittals and pulling out the areas he found in common, and morphing those into conditional language. You have that memo in your packet. This discussion among us now is a collaborative process in discovering where that common ground is. We'll discuss each topic individually. We will work through it. Rorie will introduce it and explain how he arrived at the language you have. If a committee member simply doesn't agree at all, that will be noted. If a committee member agrees with what is on the page but would have more to add with additional terms or might think instead of a requirement it should be an advisory. Then that would be so noted. I don't know exactly how we are going to format this in the end. But one way or another, in the final report, any reader of this document would be clearly directed to additional commentary by any of the individual members so nothing is lost. But our effort here is to focus on where there is common ground and to find as much agreement as we can, because that is indeed the most helpful product of this committee. After we get through that process. I think the easiest thing to do is just open it to the floor, maybe in a round robin fashion and then let members comment on any additional topics or areas. The other thing I wanted to mention is in the last topic of Rorie's memo he talks about procedural steps, it is different than the others. It is not a condition, it is simply a summary statement of a variety of ideas the members have about procedural matters. I don't mean like the list John gave us or the list that Rorie did earlier, like first you might want to look at the unit agreement, and then you might examine the ordinance. It is other kinds of ideas. Not everyone

submitted them. Several people did. I don't think we are going to have enough time to reach a collaborative agreement on some of these details. So my guess is that, I'm not necessarily opposed to that, I just think we are going to run out of time for it. So likely what will happen with those procedural ideas, they will get forwarded; Greg had some, I had some, Sam had some comments and so forth. Those will just go forward as part of the individual report. But we'll see where we end up. Mr. Hartle mentioned there are a variety of instruments in which a condition or stipulation might reside. I, myself, don't know where some of those things best reside. I'm not sure that we will be able to designate, what should be a permit condition. We might be able to say these are things we think should be declared up front in a lease. It is another element to be thinking about as we go through these things.

Gladziszewski – There are a couple of things as we go through this process. One of them is that kind of thing. As Mr. Hartle suggested, that we might put in where it should go. I don't think we are any where near prepared to do that and know exactly where it would fit. The very last thing you said, I thought we were coming up with things that no mine should proceed unless, as opposed to, I'm sort of stuck in planning commission condition. That is a different thing. You know more about it.

Pierce – I think I said provisions or stipulations.

Gladziszewski – I'm just trying to agree that we can get a better idea of these are the things that should or must happen. No mine should proceed unless these things are true. Understanding there is a giant list of things mines have to go through, which we are not going to get involved in.

Pierce – More detailed than that, is we may get into some things, and the water supply is an obvious one...if you do not have this, do not pass go. But there are other things... where these are must haves and these are should haves. Not everything has the same weight. It might not be necessary to make that distinction.

Fredriksson - Ultimately we have not developed a mine plan. We have kicked around some ideas. Really what we have explored are those circumstances if any that would allow a mine to go through. Really, there is no mine plan. If the Assembly, based on what we as the side board, we might describe, were to go down that path. They are necessarily going to have to get somebody to come up with a mine plan. When we are talking about an RFP and selecting through an RFP process. As a community we would have to look to experts to come back to us to look over the database that currently exists with the mine, that is in consultation with the City. As a starting point go into the mine, and knock some rocks and do some exploratory drilling. Just to explore the feasibility. Now these side boards will restrict that exploration, necessarily. We say, don't be looking in the creek or in the channel to dispose of tailings. That is definitely going to restrict what kind of mine plan can be developed.

Gladziszewski – Just what you said. Again, I'm trying to understand the definition so that we know what we are talking about. Are these the “Do Not Proceed, Do Not Pass Go”, is

that the end result? Or, is it a larger list of, it would be nice if we could, and I would suggest that, I thought we were doing the “Do Not Pass Go” list. We do not have enough information to even begin to come up with the rest of the list. I bet a lot of it is in the various permitting processes. So I just want to know what kind of list we are coming up with.

Fredriksson - Here is something that I have tussled with the most. The tailings issue is a no-brainer. But the downtown traffic situation is a major issue. Can you actually move personnel and material without having a big community downtown disturbance? Some of the concepts Sam has brought to the table - he’s brought a concept in terms of the sea level access tunnel to the rock dump, as a way of not only taking care of mitigating those traffic, noise issues, but also a drainage issue...which is a real big concern to me. Because, if we don’t do anything, we are going to have a major drainage problem with this mine, into gold creek, the very place we want to protect. But I think this is premature for us to make that an absolute, “If you develop this mine, you can’t look anywhere else for putting a drainage access tunnel except to the rock dump.” But I don’t want to overlook the fact that it sounds like a pretty good idea to me, that someone should look at that. I would want them to explore that. I would want them to hear from the Assembly that I am not going to make that an absolute, but from what little work we have done here, it may have something going for it. So as you look at these options, look at that one.

Gladziszewski – So we call that something else. We have the “Do Not Pass Go” list and we think this is a good idea list. I’m trying to tease out the definition so we know where we are going on this agreement. So we know where we are going on this agreement. So that we are trying to do two separate things.....your mine cannot proceed without...and then...these are some good ideas we heard about.

Pierce – Yes. Maria bought up the point, terminology is important and there is a kind of term of art, what you label these things, she has pointed out, that conditions are things the planning commission does as part of its conditional use permit. You have permit conditions and you have lease terms, and it would be useful to come up with another term that would be actually more descriptive of what these are. We have tossed around various idioms and I don’t think we have come up with anything we are entirely happy with. But I think precision of language is important as this goes forward in saying this is what these are and this is what they are not. I put that out there for the committee to ponder and hopefully we’ll come up with a perfect way to describe what it is we are actually doing.

Erickson - I’m a little concerned about what I heard you say a few minutes ago...the sort of relegation of these public process promotion issues to the back of the book. As I stated in my 1 page essay, I agree with Kurt. We aren’t in a position to establish a lot of technical conditions because the circumstances are going to have to be evaluated by the City and its appropriate bodies when they have more information. So what I thought the best way to try and make it possible for this mine to go forward with community support, is to established, not just a clear and transparent process for a voice in the community’s position, because I think the citizens of Juneau will make their position abundantly clear

to the Assembly and to others, but for a clear and transparent process for gathering information about what is proposed. Or gathering information about and providing the community with information about what the City and staff believe are appropriate conditions. And, that's why I thought establishing that process was the most important thing, not the least. I've made what I feel were some practical, some may think they are impractical, but practical ideas about how that might be achieved.

Pierce – Well I have some ideas and Sam has some ideas. I think Kurt maybe had some ideas.

Pierce – I'm not opposed to those ideas at all. I feel we need to work through this list. I really feel this is important. Hopefully, we will get through this tonight and have some time left over to discuss. Because beyond this, there are other things out there that people may want to discuss. There is nowhere on here where there is a discussion of land use, as just an example. I think there should be one, and we should speak to that. If you have that kind of item, in the realm of that sort of discussion, so then the next thing is here is this information and how it goes forward and how the Assembly takes it up and so forth, and who does it. There are a lot of things to be discussed. Maybe on the 28th we will have more time after the public hearing to take this up. I hear you and take your point. But let's move on. I'm concerned about time for the committee to work these issues through. I'm going to turn the time over to Rorie to go through this list.

Watt – I'm going to explain briefly what I did. I looked at each of your written comments and there are many commonalities and many areas of substantial conformance. They are obviously not exactly the same. Each of you don't have exactly the same view. But what I tried to do is find what I think are areas of consensus or areas that could be of consensus. The writing of it, I think opinions came through. It is pretty much impossible not to do that. It is becoming what I'm recommending to you should be the draft of your conditions. And then you will want to modify it. But from what I've seen of the committee, and what I've read, and what I've considered, and what I've read of your written comments it is as close as I could get to a statement of where I think everybody could mostly agree. Briefly – Tailings disposal. It is clear that all discussion we've had has been requiring all tailings disposal to be within the void space in the mine. It is one of the major ideas out there. I think without this idea, we would not even be meeting.

Pierce – Let's read out the language of the condition, because that what it is we would be agreeing to.

Pierce – Does everybody agree with the language at this point?

Rorie – Reads Tailings Disposal language.

Bergstrom – After the word mining in the second line the rest is, not to point any fingers or create any criticism, redundant. It could have everything that needs to be said by just saying..."All processed mine tailings must be disposed underground within the voids created by past and future mining."...period.

Gladyszewski – If you added the word “only” in there,must be disposed “only” ...that would do it.

Erickson – What’s to prevent the Assembly from saying... “Well if they’re going to shut down the mine and lay off all these people, then let’s change this.” in the future?

Pierce – We have a very long list of permits and so forth. The Assembly doesn’t do anything arbitrarily. If that is in their mining permit....

Erickson – I just want to make the point, there is nothing contemplated here that would provide the community with any assurance that this will actually to continue to occur throughout the life of the mine.

Pierce – I think that is somewhat of a separate discussion. One of the big questions is how do you do that? But with this particular discussion here, that yes, we agree these things should happen and how they happen over time, as John was suggesting, they could be in the lease.

Watt – The last section is last, not because it goes last. It is last because the committee has not come to anywhere near one voice on that topic. I think by and large, in many of these possible conditions, there is a common thread amongst the committee members. But how you go forward, how the City goes forward, or how these are carried into the future, I think is an open question. But the policy question of what to do with tailings, I think by and large you all agree on that.

Gladyszewski – I was going to say a similar thing. Greg, you are trying to make a larger point. And we can say that about everyone. I think we should talk about that, but maybe we should talk about that once and not every time. I thought about that too, it is that the committee you suggest to set up is subject to the same vagaries as the Assembly or the Planning Commission. They are people who live in this town and are neighbors to those who work in mines. I don’t know if they are any more solid than our concern of the Planning Commission or Assembly being. That is a separate question.

Ferguson Craig – Considering this is a document with considerable longevity, we hope. We are putting a lot of effort into this. I would think that it makes sense to keep the “...without negatively impacting future development of the ore body.” It also states however those tailings are put underground and into those voids that it not be detrimental to our future plans.

Pierce – This is just my personal thing – I don’t mind a little redundancy, if it gives more comfort to people that it is clear. Redundancy may be inelegant, but not harmful in terms of clarity. And in some instances, it just dots the “I’s” and crosses the “t’s” a little more firmly and people are more comfortable. That allows us to move forward. I don’t mind redundancy...to a point.

Bergstrom - It prints a standard that the City would have to determine, something associated with the mining plan. That is my concern. It can impact the mining plan by precluding future development. So you are getting into the mine planning business when you start saying stuff like that...as a regulator.

Ferguson – I'm not sure I agree with that.

Erickson - I don't understand. Can you give me a practical situation where leaving that sentence in, it creates a different future here. I thought you said it was redundant, but you are also saying it matters.

Bergstrom I think it is redundant. Because the point is just that you want the tailings to go underground. But now you're conditioning that has to go under ground in that clause there, by saying "...without negatively impacting..." So you are creating a standard. It augers in the opposite direction. You're saying it has to go under ground, but only if it doesn't impact. So you're putting a condition on the condition.

Gladyszewski – So you're not saying to delete the last sentence, you're saying delete the last part of the first sentence.

Bergstrom - And the last sentence. Where we are saying mining is complete once it is full. Well, if you don't have any voids left, that is redundant...yeah, you'll be done.

Rorie – the intention was that the community's interest in the mine is of longer duration than the mining company's. So the intention was if we're going to have the AJ open we want it open for a long stable period of time, as opposed to a shorter cycle. The last sentence is clearly redundant.

Smith - One of the things that Frank is discussing is, for example, if you use paste fill, and you fill the voids, then the work that has been done on the planning for this type of operation is that there would be pillars. There would be pillars between scopes and there would be horizontal pillars between levels. You potentially could say, if we used some cemented paste fill, we could mine a larger quantity. The mining company would do that if they could justify the cost of putting cement in the paste. Maybe we don't want to get involved in that question. I think that is kind of what Frank was talking about. That is sort of a mining plan issue that could determine, and those things change depending upon what the cost of your mining might be and the cost you are getting for your valuable product. Those are not simple questions to answer and we should not make that a simple issue. We shouldn't say, it is all over when...I don't think...I agree with Frank after 1 and ½ lines, because that really says it all.

Bergstrom - The term negative, is what I'm concerned about here. The City will have to make that determination as to what is negative. That may not be a good mining choice, it might not be good for the bottom line, in terms of the City in terms of recovering value from its resource. You might make the wrong choice. Don't get into that, don't bother to burden the City with that kind of need to make an engineering choice.

Pierce – I think you both understand the policy issue that Rorie was raising about the long term and so forth. Do you have another way of saying, or expressing that long-term concern.

Gladziszewski – Why would the City as a land owner ever want to allow a developer to impact future development of the ore body? I can understand why the mining company might want to. But why would the land owner?

Smith - Typically, the mining company is going to design a mine plan to get the best economic value in this venture. You hear people saying...”Oh, they’re just high-grading or their doing this, or their doing that.” Well, they’re not necessarily high grading. They may be in a situation depending on the mine and so on, is the only thing that will allow them to operate, is to produce ore from a certain area. The AJ did that continuously for over 50 years. The mines on Douglas they had to do the same thing. When they mined some of those stopes under ground. There was still ore left in the roof, in the back, in the walls, of the scope. But they couldn’t economically remove it, so it was left. Now there is a possibility of mining that ore they left, because the price, instead of being \$20 or \$30 an ounce, it is \$1,400 an ounce. Now maybe you can recover that. But you wouldn’t expect a mining company back in 1944 to take that if they could mine it economically, even if it may hinder recovering it at a later date. Those decisions are really very difficult decisions to make.

Gladziszewski – But I still don’t understand what about the words “...without negatively impacting future development..” is objectionable.

--Because just what I was saying, because somebody could say, well if you don’t take that chunk there, or if you take that chunk you might be negatively impacting a future mining operation. That is what I’m trying to say...is that we shouldn’t try to have the City make those kinds of decisions or get into that sort of thing.

Watt – the intent, I think, was pretty basic. I could have written that sentence, or not written that sentence. Remember, these are recommendations to the Assembly that are going to get filtered through these five documents. I don’t think it matters. Leave it in take it out. I think if we get hung up at this level, we aren’t going to get there.

All members agree with that statement.

Gladziszewski – Are we asking for..read it and do you object, as opposed to is it perfect for you. I would hope we could say, “it’s good enough for me.”

Watt – Something is going to come out tonight that is going to get put out for public comment. You will have a public hearing. You’ll reword all of your individual comments. Whatever comes out of tonight, you will hear again on the 28th, and you will polish and refine however you see fit. I think what we are trying to do here is find the areas of consensus and make that as useful as possible. You don’t want to crunch it down

so it is meaningless. It is a policy goal, and the policy goal is to dispose of tailings in a way that preserves the long-term development of the mine. It is an idea, it is not a specific criteria.

Fredriksson – I keep going back to the Mayor’s directive, under what circumstances if any. I keep coming back to “Prohibit disposal of tailings outside the mine.” We’ve worded it to basically say limit disposal to within the mine, but prohibit surface or submarine tailings disposal. I haven’t gotten to the point of saying well the circumstance under which the Assembly should consider is that a mining company somehow is designing the pacebook so that they are restricting access to gold. That to me is getting to a level of detail that I am having a hard time getting my head around. I’m going to get rid of the “---surface disposal or submarine”. That sort of hits me very directly.

Ferguson Craig – Rorie defines his thoughts with this pretty well. Perhaps if we want to take out “...without negatively impacting future development of the mine..”, put in what you just said Rorie, which is “preserves the long-term development of the mine. Isn’t that what you said? So it is the same sort of thing, so we express some concern for the future in a way that doesn’t really impact, or tell them what to do.

Bergstrom - I think Lori makes a very good point. My concern here is that we might limit the City the ability to recover its resource, and thus maximize its return from its own resource. That’s my concern.

All agree

Rorie – Mine access. The basic idea is, if you’re going to mine, you need to access the ore body somehow and the existing access points, I don’t think are adequate. You can’t mine from the Ebner, you can’t mine from the can’t mine from Gold Creek access, you can’t mine from the Sheep Creek Adit. You need a new access point. There are a number of positive things that come with that access point.

Smith - My only thought would be....I totally agree, and I’m a major proponent of that. But I think there are property issues involved. It would be better, the recommendation should be there. If we put it in there as a condition, then people may think that only the Rock Dump should be involved. Well maybe the Rock Dump isn’t going to work. Maybe it is going to have to be down somewhere in the general area, but somewhere, but maybe we don’t want to try and get real specific. There may even be some proposal that may go closer to town possibly. It would have to be evaluated. But maybe let’s make this as a recommendation, as opposed to an actual condition.

Rorie – the location as a recommendation.

Smith - In my value, it would be a sea level access, maybe someone would like to put an adit in at say the old mill site. I’m not saying it is even possible. There might be some other things, and we should be a little cautious about that. Not make it an absolute, although probably it might not matter.

Ferguson Craig – I think there is certainly some value in that. Because we don't know exactly what a mining company would want to do. I'm a little concerned on the other hand that we have something that says near the Rock Dump. I don't want to see it right next to the tram. How about if we consider something else? How about if we say something like this? "...require new sea level adit that avoids Sheep Creek, Last Chance Basin, and residential and business areas." Does that give us some options?

Smith - Yes, that certainly gives us some more options. I don't have any problem with that.

Gladziszewski – That is a good idea. I don't like the option that required it to be near the Rock Dump.

Pierce – It is dangerous designating property.

Smith - That is what I'm concerned about.

Pierce – I would just make the comment that, I thought about this quite a bit. Because it seems to me to be so key to a number of other issues, notably being able to separate from the water system. Anything that is below the sea level and then is handled through the sea level adit, it never touches the water system. I think that is a big advantage there.

Smith - All I'm saying is that you may have it up a little further. Maybe you would have it up and then a bridge across the road. It says a lot of different things.

Pierce – So is the language Lori proposed acceptable?

All agree.

Rorie – Milling Crushing. Again, it is just identifying one of the more difficult problems, and that is a surface facility, and wherever possible putting the surface facility under ground.

Smith - The thing that worries me there is the term, "highly toxic". What is "highly Toxic" There are a lot of things that are highly toxic that we use everyday—diesel, Clorox. We need to be a little careful about the words there. Because there are going to be chemicals.

Pierce – Do you have an alternative?

Smith - No I don't.

Bergstrom - That line adds no substance.

Smith - We will have a book on everything that is used under ground from WD40 to whatever. I think we just want to be careful.

Erickson - I don't have any problem removing "highly toxic", I think Cyanide is a no.

Watt – So clearly call out Cyanide as off limits and leave it at that? So those three on the first page, I think frame everything else. There are consequences of those three that will affect the others.

Ferguson Craig – Can I ask a clarification of this note, the second one under mine access? You've got a condition as well as a recommendation. Will you just list it, or do you want to explain the difference between condition and recommendation, because not all of these topics have both.

Watt – Condition would be a condition of mining development, and recommendation would be to the Assembly. This really gets to your earlier discussion about picking a specific location and if we are narrowing it down to a specific location then we might as well lock up the land. One of you made that comment about acquiring the land.

Smith - Which I think is a great idea. I think the City should do that if they decide this is something they are going to do. Try to come up with a land package.

Gladziszewski – Lori were you talking about the difference between condition and recommendation? For me, the condition is....no mine shall proceed unless; and the recommendation is...other things you should think about, that we may talk about.

Watt – Mine Development – There are two ideas here. We have talked a little bit about not wanting any additional caving or subsidence, and I think chamber slides. You put things in there that you don't want. But, how are you going to implement them. The only way I could think of implementing it was to financial penalty. Somehow some teeth to ensure that doesn't happen. I think there are other things that will prohibit it from happening. I isn't something I'm worried about. But I think we ought to talk seriously about it. That is why I put that in there. The second thing has to do with work in the mine above the drain tunnel. So with the sea level access and the mine discharge into the channel, we are talking about two water bodies, or watersheds. So the watershed that happens below the drain tunnel and the watershed that happens above the drain tunnel. What I'm suggesting here is anything that happens above the elevation of the drain tunnel is a different and more serious deal. I wouldn't prohibit it, but I would pay a lot more attention to it.

Gladziszewski – My only comment here would be to take off the words "in the lease." I don't know where exactly where it would go. It could be a permit thing, or...

Watt – Financial penalties would have to go in the lease.

Gladziszewski – Well, I don't know. We don't have to decide that now.

Ferguson Craig – I think one of the reasons for including it at this point is to remark in this particular document, which is going to be one of the most recent and freshest of all discussions for anyone interested in developing the mine, that this is something we take very seriously. I think it would be very worth while to leave that in there.

Gladyszewski – All I'm saying is I don't know that we have the ability to decide exactly where any of these "thou shalt nots" would best go. They could be anywhere in various places and they could be in more than one place. That is all I'm saying.

Ferguson Craig – It could be restricted to just that. But it could be in other places, too.

Maria – I could be in the lease, all I'm saying is "provides financial penalties" anywhere you can. We're not saying where exactly it should be.

Smith – If I could comment on the objective. I understand what you're saying about restricting mine activities above the elevation of the drain tunnel. I think we've got to keep in mind that part of the ore reserve that we were looking at is above the drain tunnel. And that doesn't mean it is underneath any of the caved areas. It isn't. Obviously, I wouldn't be proposing stoping underneath any of those big caves there. That isn't possible, really. There are other areas that can be open stopes and they can be filled and would be usable if they can make a profit. Some of that is going to be in the south ore body, eventually, I would hope, although we don't have enough drilling been done there to define that. There are other areas in what is called the perseverance area that might be usable. All I'm saying in my comments, what I tried to do, is to say you make a separation of the water. I think that once you have a sea level access, active work areas can be diverted out of the mine, away from the drain tunnel. The capability is in the mine. It was probably very difficult when Echo Bay was there because you only had one place for the water to go and that was out the drain tunnel. Water that is in active areas, can go, would be usable in the mining operation and then to also be discharged out the sea level, following appropriate treatment. I think it is important, and we need to make it very clear to anyone that is involved in the mining project that they're going to have to spend a fairly significant amount of money in upgrading parts of the drainage system, because the drainage system is fast going to pot. I think that is an important thing, and once you do that you really can control those. If you are not working underneath those big caves you are not going to generate very much water. You just really won't. The deep north, was making for many years, 15 gallons per minute. Which really isn't very much. That is because it is well separated from all the drainage that is coming through the caves. That can be controlled and we should be pretty cautious about putting even the terminology, or greatly restricting. I understand what you're saying Rorie, but I think it is too much.

Pierce – Is there an alternate wording you can think of, Sam?

Smith – I think again simplicity is pretty important. I would say prohibit surface caving or subsidence in new mining areas. One thing you've got to...that may not be enough, it

may have to be “wordsmithed”. There is some movement up there, and it isn’t because we are mining. So I think that we’ve got to be a little careful not to pin something on a mine operator up there that is occurring because of the existing cave areas. I think we’ve all seen the drawings. They are pretty extensive. I think we’ve all seen the glory hole from the top. There is still some movement. I don’t know how much.

Pierce – You’re suggestion would be that the objective read...”Prohibit surface caving or subsidence in new mining areas”?

Smith – Something like that. But I think it needs to be “wordsmithed” a little bit more.

Gladziszewski – Or what about to get to the second part of the sentence instead of...”to greatly restrict mining activities above...” Say something like ...”and insure mining activities above Gold Creek drain tunnel do not ...do bad things.”

Sam – I think that is covered in some of the drinking water stuff. I wrote some of that up, and I think it is in here, but I don’t know.

Watt – I’m just going to speak to intent. It is really two separate things. The surface caving is one. And the other is just that if you are working above the drain tunnel, there is the potential for things to flow into the drain tunnel and then therefore into the watershed. So I’m just saying it is a different set of conditions in terms of how much attention we want to pay, and how carefully we would want to review the operation. So if an operator was operating in the lower levels of the deep north, it would not affect the water system, I would think that we would say we have no interest. But if an operator is operating above the drain tunnel then with regard to the water system I would have a lot of interest.

Gladziszewski – That is why I was trying to say mining activities do not effect the water system or you know... instead of greatly restrict, make sure you pay attention to activities up there.

Erickson – Looking down here, in the next section, it is clear that my idea of having the mining developer develop another alternative water supply didn’t make it past the first cut. That isn’t surprising, I don’t think. But given that, I want to be sure that the language “rigorous oversight” stays in there. I don’t know if “whether continuous monitoring” is necessary. But I agree with Rorie, that when anything happens above that level it should rise to a separate level of scrutiny, and we should be specific about it.

Smith - I don’t mind the words “rigorous oversight”, but I do object to the words “continuous monitoring”. I think that is not essential. I think that is the type of thing that should come out in the water permit. But I don’t mind “rigorous over site”, I don’t have any problem with that. That is fine.

Bergstrom – Just on the use of the words “subsidence”....can we look that up in the dictionary? Because subsidence means any movement. It might be 100th of a millimeter, is that what you intent in your comment.

Watt – my intent was “surface caving” being intentional and “subsidence” being unintentional. That’s what I was trying to say.

Bergstrom – Yes, it is the caving and breaking of ground and that sort of stuff that enhances infiltration of water into the mine, which is what we want to avoid. Subsidence is just a minor dropping of the ground which is potentially observable with fine instrumentation, but it isn’t getting to the point.

Pierce – I’m going to make a suggestion that we take a short break. Maybe Rorie and I can “wordsmith” this one. Then after the break we can go onto the water system. We will break from 7:20 to 7:30 pm.

Break

Pierce – It is 7:30. Normally we end this meeting at 8:00 pm. We have quite a ways to go here. What would the committee like to do in regard how long you are willing to stay. I know there are some that have to leave.

Committee Members – Let’s stay as long as it takes. No problem with me.

Watt – Let’s go back to Mine Development – We are going to drop out the specificity of the lease. And there was a question about dropping “continuous monitoring.” I’ll tell you exactly why I put it in there. I put it in there, I personally don’t think we would need continuous monitoring. But the reason I put it in there is no blame intended, but as a result of the Echo Bay experience, there is distrust in the community. I don’t blame Echo Bay for that. I don’t think it’s worth trying to talk about why that happened. But I think it is a simple fact that that exists. So I put that “require continuous monitoring” in as a nod to a section of the community, I don’t know how large, that is going to be fearful or distrustful of things happening above the drain tunnel.

Smith - How about “frequent sampling” instead?

Watt – I’m fine with “frequent sampling”. When we get down into the drinking water system and then into discussion of the mine drainage we can talk about it a little more as well.

Bergstrom - What kind of monitoring are you talking about? Are you talking about machines or people?

Watt – People.

Bergstrom - That's good. I would like to see the City put more effort put into compliance than mechanisms.

Watt – I think one of the issues with the mine is, it seems mysterious. It is underground, you can't see it.

Bergstrom - We are going to learn a lot more at the morning mine planning meeting than we are from some instrument on top of the mountain going wiggle, wiggle, wiggle. That is where we ought to be, is at the morning mine planning meeting.

Pierce – So Rorie, read what you have. Would you please?

Watt – Provide for severe financial penalties for surface caving or subsidence. Require any exploration or mining above the elevation of the drain tunnel to undergo rigorous over site...I'm happy to leave it at "over site."

Pierce – Is everybody OK with that?

Ferguson Craig – At the moment yes, but I'm getting nervous. Maybe not continuous monitoring, but

Smith - Maybe "frequent sampling" would be good, how about that. I would be happy with that.

Ferguson Craig – Let's go with "frequent sampling" at least that gives us something else, because there is serious distrust. One of the things we are talking about with gravity and water, is that we have fresh water fully in the ground, underneath the wells. It isn't just what goes into the wells, but some of this work, any of this work, could disrupt the aquifers and the water that is underneath Gold Creek. So it isn't just what is in Gold Creek, but what is underneath as well. I think we should pay really close attention to quantity and quality. We'll deal with that in the next provision.

Watt – "and frequent sampling" we'll go with that for now. Drinking water systems – I think it is really clear the drinking water system I our highest priority. Obviously we talked about the drain tunnel needing renovation. I think that could be a betterment that could come out of this.

Pierce – You mean better than now?

Watt – Better than now. Long term betterment. But to do that to work on the drain tunnel, you will need to divert water out a new sea level adit. What that leads into is sometimes there is plenty of water in Gold Creek to go around. So quantity of water, I'm not concerned about 365 days a year. During low flow periods when Salmon Creek is down and it is very cold and dry, yes, that is a condition. But certainly in the summer when there is lots of water, there is plenty to go around. A mine will need some water. It is going to have to come out of the system somewhere. I think the idea that the mine

operator is going to need to be able to manage water within the mine under supervision is OK...with me, anyway. That is why I make the distinction between the quantity and the quality. The quality is an absolute, but quantity, we have a surplus of water most of the year.

Ferguson Craig – Can I make a comment about that? I took the time this week to go visit our water department. I want to state up front something I think is really important. We have some unsung heroes working in our water department. I don't know if you all know, but we have been off-line with Salmon Creek since November. About three weeks ago a power outage occurred that tripped a circuit breaker, and we almost lost the entire water system. We were dry. The pumps could not pump from last chance basin to refill some of the tanks. From my conversation with some of these folks, who I think are extremely competent, we are in a far riskier situation than I ever thought we were. So for that reason I am going to make a couple of suggestions on this. Under the conditions that say "quality of water" I would like to add the word "quantity". I realize that you have a little disclaimer at the bottom of the comment section. But we need to really take care of this place. We can't say that Salmon Creek is an alternative water supply. Because a lot of the time, it's just not. I had also recommended that, what you have down here is..."the mine operator must provide a specific financial warranty to ensure against harm to the drinking water system." I don't think that is enough. Because there isn't an alternative water supply. What would they do? Bring in bladders of water from some other place that could fulfill that. I think we have to identify and get ready an alternative water supply, because we are mucking about potentially into the drainage tunnel, which is Gold Creek, and the flow underneath which is what the wells tap.

Watt – So there is one thing that I want to be really clear on. A mine operator is going to need water. That water has to come from the system somewhere. So saying there shall be no change to the quantity in the drainage tunnel, means no mill.

Smith - There are a couple of things, I haven't examined the record, but it is my understanding that during the two years of the great fish kills, it was during a very cold period of time, when the, I think Skip Grey mentioned this when he gave his little talk, but the reservoir, Salmon Creek was off line, and hadn't been off line before during those conditions, AEL&P's turbines down at Gold Creek at their Gold Creek generating plant had never had to been shut off for lack of water, prior to the first year, when the first fish kill occurred. What was happening at that time was the entire water supply was being pumped from the basin. It did that those two years. But that is the first time they had to lift the turbine, actually, I guess I don't know much about turbines. But I guess when they have to turn them off, they have to lift them off of their bearings, or something like that. But at any rate, it happened for 4 or 5 days, both of those back to back winters. I don't know if that has happened since, but I doubt it, because they have been able to dump out of Salmon Creek. That had to do with some EPA restrictions, I understand, not being able to use the water out of Salmon Creek. Obviously, that is what dried the creek up. Even though the creek was dried up, they still had plenty of water for the water supply. Maybe the City has some problems with control, or whatever on their well system and their emergency procedures. I understand that they put together some

generator capacity and all of that. I'm not down-playing the importance of quantity because it definitely is important. You have to remember, that you don't just "willy nilly" turn mills off when you run out of water. You've got to have water. They can operate, I would assume, they usually do, they reclaim water, they try to wear it out before they discharge it. I'm assuming they would probably do that because they don't want to have to treat more water than they absolutely have to before they discharge it. So I think we could use that as a recommendation, that the operator should make provision to recycle water to the extent feasible during low water periods.

Pierce – I think the point Rorie was making was that the quantity of water is not always a problem. So an absolute saying of "never" reduce the quantity is too broad, too general. There needs to be a minimum of which you do not go which negatively impacts the water system. Something to that regard. There are times of year, when it is not a problem, and there are other times of year when we want them to manage it.

Ferguson Craig – You know this opens up a really interesting question. I thought there would be enough that was going to be coming in from some of those old caving areas that could be diverted enough to run a mill, and we have drinking water supply and we can separate those out. But when we get into a crunch, who has water priorities inside the mountain. Because you appropriate water in the stream, but if you divert it away, who decides inside that mountain who has the water rights for it.

Smith - I don't know what the different water rights are on water in Gold Creek.

Ferguson Craig – AEL&P is first.

Watt – Their right is about 130 cfs.

Smith - So obviously AEL&P has the whole stream. So if they wanted to sell the mine water, they can sell the mine water, if they have the senior appropriation. I'm not saying they are going to try and be nasty, or not work to try and make sure the City has plenty of water. From a legal standpoint that would surely be the case.

Erickson – Rorie I assume that the reason my notion of requiring the mine developer, not anyone exploring, but actually a mine developer, to provide, as a condition of that lease, an alternative water supply. I suppose the reason that didn't make it in, is because I'm the only one that said that?

Ferguson Craig – I did, too.

Erickson – So at least the two of us here...I think a lot of the problems we are encountering here, none of them would go away I'm sure, but they would become less critical, if that were part of the condition. While clearly we are a minority who feel that way, I would urge the committee to think about that as an alternative to some of these tough issues on safeguarding Last Chance. I don't want to belabor the point, but I just want you to keep that in mind.

Fredriksson – Water supply, particularly local is a concern. One of the comments I made for consideration is of concern when you get into a mine plan. But it seems to me we talk about all these voids. We talk about a deep north that is filling up with water, with tremendous volume, that someday, may threaten Ebner Adit. Might there be an opportunity to use a dedicated void for a water supply within the mine --- either for process or reentry back into Gold Creek. I think the storage within the mine, is an option we should have the mining company look at.

Smith - I think that is something you could put in as a recommendation. Keep in mind that the deep north is where 90 percent of the mining is going to be and the idea would be to take all the water out of the deep north so you could actually mine it, all the way down to the minus 1000 foot level. You would have to create a designated area. That might be feasible. I've not ever looked at it. It might be a reservoir that you could pump out of. So maybe that would be a recommendation, is the mining company, to avoid the possibility to shut water off during low flow periods, the operator should look at providing an underground storage for water. You could put an awful lot of water in one of those. It would have to be very carefully done. I don't know exactly how to do it.

Bergstrom - I'm on board...the City comes first. The mill has to shut down, those guys shut down. It's going to be a zero discharge facility, because it doesn't rain underground. So there won't be any precipitation to discharge. There will be a zero discharge facility. They will have to recirculate. They will have to have a treatment plant. Whatever it takes to get it done, but the City comes first.

Fredriksson - I think a small reservoir so they could have some makeup water would be nice.

Pierce – So where are we in terms of this?

Smith – That would be the only thing. Maybe we could make a couple of small modifications there. But I think in general, I think it is all right, it's just that we need to...

Gladyszewski – I have a question for Greg. If you could briefly explain what you would expect for someone to supply an alternative water supply. What would that mean to you? What would they have to do? What would be the practical realities of that?

Erickson – I think it means just what it says...that we would have a source like Salmon Creek, but one that could take the entire load of the City and Borough of Juneau in the event the Last Chance is not available. I admit there are other alternatives in ways of storage that would mitigate some of the issues that my proposal was really directed at. But I don't think they are going to end up as conditions, where I can certainly see, everybody should certainly be able to understand what it means that if we shut down last chance, we still have a functioning water supply in this community. That is what I would like to have the mine developer be required to provide.

Gladyszewski – I don't understand what that means, I don't. Does that mean we have to provide new pipes? What does that mean?

Erickson – Well, I'm sure that if you don't develop an alternative water supply without putting in pipes, maybe a treatment facilities as well. I think there are alternatives, and there may be others as well, but certainly the Mendenhall is an alternative. There are flocculation plants that deal with the silt. The Eklutna Plant that provides all the water to Anchorage, or most of it now, is from silty water like that. I suppose Sheep Creek is another alternative. There may be potential water sources on Douglas Island. I'm sure it won't be done without substantial capital investment.

Watt – I'm going to jump in here. There are two trains of thought here. One is, what would a new water supply look like. The other is, what are the circumstances that would make Last Chance Basin unavailable. Those are what I want to talk about. So a new water system, yeah whatever it is, it is a new watershed and it is either surface water source with filtration or wells with pumps and its distribution piping, and its treatment. It's a big deal. I've said Last Chance Basin is worth, tens of millions of dollars in investment. Maybe \$30 or \$40 million is a good estimate as to what it would cost, if you were to start today and build a new water system. Maybe that is what you would spend. That is what you are talking about in the infrastructure. The circumstances under which Last Chance Basin would be unavailable...there are 2 kinds, one is flow. If the water went into the mine and went away. Regarding management of the water, we are not going to do that, not give away water rights, we are not going to do that. I think that in the lease and in applications for water rights, that is not going to happen. We are not going to support that. I don't think DNR is going to support that. The other is contamination. So if for some reason the well field was contaminated and it wasn't available. The way it was contaminated, you would have to have a discharge through the drain tunnel, so the sea level access is going to be hundreds of feet below the well field and below the drain tunnel. We don't have the drawings tonight, but Gold Creek – Last Chance Basin is maybe at 300 feet in elevation. The well field goes down another 70-100 feet, and then is surrounded by hard rock deposits and the sea level access is below it. You can't get there. It is more than a mile through the mountain. The way you deal with contamination gets back to my earlier comments about what happens above the drain tunnel is really different than below. That is why I make that differentiation.

Erickson – Well, let me just say there are natural circumstances that don't have anything to do with the mine that might threaten the water supply, for at least a period of time. Isn't there a quake that caused the wells to produce not what they had been?

Pierce – We have that exposure right now.

Erickson - That is right. And I am saying that this is a way we could not only alleviate a lot of the concerns we are seeing here in concerns of protecting our only water supply. But also benefit the community by providing the alternative that we don't have now.

Bergstrom - We already have an alternative water supply here. Rorie, do you want to touch on that water supply here?

Watt – We do. Although it is seasonally restricted due to turbidity and AEL&P maintenance of their hydro resource. But Salmon Creek is a significant water source. Actually, maybe Sam or Frank can comment. I think maybe Echo Bay may have participated at least financially in discussions about the construction of the chorline contact tank. I don't know if it was enlarged.

Smith - The sodash?

Watt – No, not the sodash system. I think Echo Bay paid for ...

Ferguson – Chlorine contact tank at Salmon Creek for about \$750,000.

Watt – It was to add additional storage capacity.

Erickson - It is possible that Salmon Creek could be the alternative water supply. But I'd like to see us look at it.

Pierce – Could you store enough water to deal with the off-line Gold Creek?

Erickson – And treatment of the turbidity, during those periods of high turbidity when you can't use it.

Watt – So a filtration plant would be a large enterprise. It would not be a small thing. I'm going to guess it is a \$5 to \$10 million dollar idea. Something on that order. I guess what the committee should think about is what exposure would a mine operator create or exacerbate. We don't have a perfect water system right now, it that things can happen and we could lose it. But what exactly would a mine operator do, that we should make them financially responsible for it. That is the connection I'm trying to make. I don't think if we're serious and we want a mining company and we tell the mine operator we want you to protect our water system against an earthquake. I think we'll get a quizzical look. I think what we are looking for is a condition that ties the activities to the actual operation of the system.

Fredriksson - Just to follow up, I view that the benefits to the community that exceed what might be introduced by the mine is the revenues that we would be receiving. That would be the royalties. So, if we are concerned about protecting Gold Creek against some future earthquake, one reason why we might go forward with the mine is to get the revenues from opening up the mine, is so we could build the water systems that would protect us from an unforeseen event. I agree, there needs to be some nexus between what the mine is trying to do, and what we are trying to cause them financial assurance to protect against, not the unforeseen.

Ferguson Craig – But if we had financial warranty of any amount. Would we immediately be able to get \$30-40 million if something happened to our water supply, due to mine activity? And, how long would it take us to be drinking that water if we haven't planned for it, if we haven't identified the source, we haven't put any pumps in, we haven't put any pipes in. If we could spend a number of years from some other complete source that we don't understand...I mean we could take it off of our roofs, or melt our snow. But I think this is the crux of what this project is. Is our water system worth a mine? We are getting into some very interesting discussions about the quantity of it tonight. I think we may have some difficulty trying to understand the full ramifications of it, without some more information. I did find some very old, yellow pages of a report from DNR. It talks about our water supply and I gave copies of this to Rorie to put up on the website. This is from 1993, and it talks about some of the statistics about Gold Creek. One of the problems is there is a stream that runs up in Perseverance Valley, back up in there behind one of the caving areas, the glory holes, if that for some reason ended up going into the glory hole, it would reduce the flow in Gold Creek by 37%. This is 1993. I don't know how close the natural caving has come to capturing that. It is that kind of thing that could happen. We can't ignore, and I know we're not, the value of our water supply, weighing it completely with the potential of a low-grade gold mine. Will the money buy us what we need?

Erickson - Several commentators, Kurt and Rorie, seem to discount, or not have gotten my other point. Maybe it isn't worth considering. But it seems to me, that if we had an alternative water supply as a condition of this project, that we would be able to save the operator some expenditure of resources, going to the degree to protect last chance, which may not be necessary then. Certainly it isn't going to be enough to offset the cost of an alternative water system. But there is a benefit there. It is not necessary, but it could very well be that our ability to get a 6% smelter return would be sharply limited by a condition that required them to build another water supply. But, that is not a trade-off we should simply discount or not consider. I think it is one that might be worth considering. No question about it, it is a major decision. I just ask that the committee as we go through and add these layers of protection to Last Chance, that we have another approach we could take.

Pierce – The way I'm reading things right now, is we are not going to get agreement on that particular point right now. For sure. I'm sure in the final report, wherever we end up with that, your point will get forwarded. Short of that, is there language here, that you may say doesn't go far enough, but as far as it goes, ...it hasn't been specifically amended yet, has it?

Committee – No.

Fredriksson – To switch from quantity to quality, Rorie you've introduced...my ears just perked up on...”the daily, unannounced, independent party monitoring”, your thoughts on that. I would like your thoughts on that, because currently with all the threats we have to our water system. I think we are monitoring monthly, the City is. I suspect that City is employing that independent contractor to do that?

Watt – I don't know.

Pierce – The Water Department.

Fredriksson – You think it is the Water Department?

Ferguson Craig – They are up there every day looking.

Fredriksson – “unannounced”, just perked up my ears. I might just suggest, I believe we are trying to get a very protective system with respect to monitoring our water quality. I think that is a good thing. I think daily is probably overkill. Frequent to me sounds real good. I think we need to get into a dialog with the permitting agencies that really track that. The “independent party”...I would really like to put that responsibility on the CBJ. I like the water department. They're heroic, they're accountable. They're accountable to the City. Otherwise, I didn't know what “independent party” was. “Unannounced”, I guess that is for fear that someone would purposely do something.

Pierce – If it is daily, it is kind of hard to be “unannounced.”

Gladziszewski – I agree.

Kurt – I would like just “frequent sampling, with oversight by the City and Borough of Juneau.”

Watt – Remember it is an amalgamation of all your comments.

Fredriksson – You have done a really good job with your amalgamation.

Ferguson Craig – The reason that I requested the unannounced be in, is because when I read the interviews conducted by the FBI, during Echo Bay's time of exploration inside the mine, it was known that the water samples would be taken during the day time by an Echo Bay employee, and so consequently, there were allegations that things which would create turbidity, and other materials, would be done at night. So whoever is going to be monitoring this, better be up there at night, and they better not tell anybody when they are going to go.

Fredriksson - There are devices for monitoring turbidity on a continuous basis.

Smith - But with the City doing it, then they can arrive at whatever schedule they want to do it.

Pierce – How about if it was something like... “The City will assure that water quantity and quality are maintained through rigorous monitoring...” The point is to maintain continuous water quality, and that it is not interrupted. So however you do that without making it too strenuous.

Gladziszewski – I would also say that these are the kinds of things that go on a permit, as well, and multiple different ones, in fact. Certainly....So I don't think we need to be that specific here. "Frequent, unannounced" is good enough. This is the "thou shalt not do it unless". There are other opportunities, if someone decides that that is not enough, to require it.

Pierce – So..."frequent, unannounced monitoring of water quantity and quality" period.

Marie – Yes.

Bergstrom – I think this could maybe be done as just a kind of practical way how the City could modify and expand the operation of a well field. I would rather see the City running that well field, and just think of that tunnel as a component of that well field. They should be up there doing whatever it takes to protect that well field, and the flow to it, and all the sources. I see kind of a melding of not them and us, as far as operator and City, but the City and the operator really working together, and not just pawning off something onto an operator and saying if you goof it up we're going to nail you. But we are going to work with you on this. That is why I would much rather see the City work on an effort for on the ground compliance, than trying to set conditions up front. I suggest we recommend to the Assembly to have a cooperative working arrangement between the operator and City Public Works Department on how to keep an eye on, not only the Gold Creek tunnel but stream flow coming into Last Chance Basin. Whatever, it could be more road use, more animal use, whatever. We need to up the criteria on how we operate that thing and provide protections overall.

Gladziszewski – Are you suggesting some language under the recommendations section?

Bergstrom – I was hoping Rorie would be able to pull something together.

Pierce – "A strong cooperative relationship should be developed between the mining operator and the water department to assure the continuous quality of the water system at Gold Creek."

Ferguson Craig – It still doesn't do it for me.

Pierce – Understood. The next sentence is about the specific financial warranty. "The mine operator must provide specific financial warranty against harm."

Fredriksson - I view that is part of the financial insurance.

Ferguson Craig – I think it is valuable to have it here in this particular condition.

Pierce – Yes. I don't think we need to take it out.

Erickson – I think there are issues that relate to the specific security of that financial warranty, and the adequacy in terms of the amount, in terms of a dollar figure. I'm sure we're not in a position to set a dollar figure. Or to determine what type of warranty is needed. But I have heard of instances where what seemed to be an adequate warranty, turned out to be inadequate. It is better to be safe than sorry on that. I have no language to make it tougher or specific. I think it should stay in here, though so the nexus between the warranty and water supply is clear.

Bergstrom – No matter what, a fix is going to cost money. So the City needs to think about what it is going to cost them. Whatever we require of an operator is just money out of the City's pocket really. It is just a reduction in the profitability and viability of the operation. Which means it is going to be a lost opportunity to the City. I think we need to look at Salmon Creek. That is something tangible. If it is a technical fix, we put a price tag on that. And, maybe that is the place some money could be spent to improve the City's water system overall.

Pierce – Something I put in my own comments is, "a contingency without having thought it through," what that might look like. How it might happen. Certainly some contingency planning on the water system needs to be done, beginning early on in this process, at a minimum.

Gladyszewski – We should put that in the recommendation section. That sentence, you just said.

Pierce – Contingency planning for ...

Watt – making Salmon Creek into a year-round water supply system.

Ferguson Craig – We need to remember that this is AEL&P's damn. It has a hole in it, so they can't fill the water up beyond that hole. So we're asking AEL&P to provide us with a water supply. Right?

Rorie, Pierce – No.

Lori – But they have the damn?

Pierce – But we already have a water supply up there. I think the intent would be how can that water supply be made more reliable, perhaps enhanced, more available for longer.

Greg – And so the piping systems can be configured so we can feed the entire community through that system.

Pierce – At least for a period of time.

Erickson – Yes. I think that is a good idea.

Pierce – Wastewater Discharge

Watt – Wastewater Discharge – Require mine discharge through sea-level access to Gastineau Channel. We want to require that so nobody gets the idea that you could discharge into Gold Creek, for example, or not. I think that is a natural consequence of that...

Smith - Should we say mine discharge or should we say the mill. Because it's not the whole mine.

Watt – Yes.

Smith - It's the diverted portion. There would be some of the mine discharge.

Pierce – So we want to say "...mill discharge.."?

Watt – Yes.

Fredriksson - I'd insert the word "treated". Because you are going to want that treated.

Watt – Yes.

Pierce – "...treated mill discharge..."?

Watt – Yes. I'm going to go onto this comment a little bit...where I say the mine drainage is extensive but not complicated. It is always instructive to go underground and actually see what is happening. I sort of alluded to it earlier. It just seems a lot more mysterious than it is. The water that comes into the mine flows into the glory hole and other openings, and it comes down some chutes, and goes in some ditches, and then goes down another little drop tunnel and into the drain tunnel. It's pretty standard. But, when we talk about working on the mine drainage system, I think people have kind of a natural worry about that. We could simultaneously have Public Works up on the road ditching and cleaning out settlement basins, and it is really pretty much the same thing. It is just one activity is above ground and you can see it, and one activity is under ground. I think it is important to demystify what we are talking about with the mine drainage and what it actually is. There is a lot of it. But it really isn't complicated. The next thing that I think is important is...some of the comments that came through about having zero tolerance in the watershed for the drinking system. What I want to say is...we don't have that now. If we were to have zero tolerance, we wouldn't let cars above the well field. We wouldn't let dogs above the well field. We wouldn't have allowed Trail Mix and the Parks and Rec. Department to go and drill, and blast for the Perseverance Trail improvements; which are basically the same kinds of things we are talking about for a mind operator. But it is just that one is underground, and there is some built up fear and suspicion, and the other is above ground and you can see it. I think it is important that everybody understand that there is no such thing as zero risk and we don't really mean it.

To the extent that we can explain the issues really clearly, I think it will help everybody. I wish the mine was in such a state that it was easier for people to visit and see. It does help to see it. You go and you see it and you say..."Oh, we're under the glory hole here, and the water goes down this ditch and goes down this bean hole, and the bean hole is just another little tunnel into the drain tunnel. It isn't anything more dramatic than that.

Bergstrom - I hope I get extra credit, because I did go underground last week, and saw the drainage. There are a few sections that you have to run through. There is some bad ground and places where it is caving because the timbers are rotting, so you don't want to dilly dally. It is pretty easy to see where the water is coming from and where it is going to.

Pierce – Economics.

Watt – Economics – I tried to write a sentence, honestly, this sentence is vague, but I think it encompasses the intent. I think pretty simply, we want as much money as we can get out of it. But, if we ask too much, we are not going to get a mine operator out of it. That natural tension exists.

Gladziszewski – That last sentence about requires separate bonds, just doesn't belong there. We talk about that elsewhere. That seems to be more accurate place. I think it belongs in the water section. It says financial warranty already in the drinking water section conditions. Either replace that sentence with this one, or move it.

Watt – I think moving it to the water section is the better place. How about the sentence about the reclamation in accordance with State Law and local ordinance.

Gladziszewski – I think the same thing. It is already mentioned in another place.

Smith - It mentions it in the large mine permit ordinance. The large mine permit has lots of things.

Erickson – I think we should require a progressive royalty structure. We don't need to be more specific than that. But I don't think there are any circumstances where we would not want to have a progressive structure. I can talk to that if we want.

Rorie – You want to move that to...

Greg – one of the requirements is that we require a progressive royalty payment structure.

Pierce – Discussion?

Ferguson Craig – I would like us to take a little more time to be more specific on that, as well as, the royalty and the amount of the smelter returns. We are in a difficult situation of trying to figure out how to entice someone to come here to develop this mine. But at what cost? I don't want to have a minus on a ----scale that we have to negotiate...Oh

please take our mine so we can make a little bit of money. Something has to decide whether this is viable or not. If we have to set a high bar to develop this property owned by the City, then I think we should do that. I think we can do that by setting higher smelter returns than the lease recommends. And then again, progressive royalty payment structure, with some specifics, so we will be getting something from it. If some body doesn't bite on this bait we are offering, maybe it isn't worth it. I don't want to put it on sale. Offering it for sale is a different thing.

Watt – one of the ideas that I don't have an answer for, and it gets back to our discussion about an RFP. I suggested the RFP is sort of a "beauty" pageant. When you put out an RFP you either have to decide we want people to respond who are willing to pay a very specified amount of royalties. You can tell them they can propose how much royalty they would pay. You can tell them that the one who proposes a structure that is attractive will get more points. There are a number of ways you do it. Somehow some body is going to have to gage what the market will bear or what the mining companies will bare and somehow put out solicitation language that encourages them to be as competitive as can be. You want to pit them against each other. And you want to pick the one that is going to give you the best deal. I don't know how to do that.

Erickson – I agree with Rorie's analysis of the situation. I don't think you can do that, that is choose the optimum approach unless you have a lot of experience as to how this has proceeded elsewhere. Conditions under which make this favorable or unfavorable. So I have to respectfully disagree with Lori. I think we are doing ourselves a disservice by trying to lock in at a specific rate. But I would reiterate that I don't see any circumstance where we would not want to have a progressive structure of some kind.

Gladyszewski – I would agree that we should put the progressive royalty structure within the condition. Not specify a number or anything.

Smith - The only thing that I would say on the whole RFP thing, is that, I think you are going to, it's not like building a swimming pool. Everybody is going to have different ideas as to how to do this.

Pierce – When you say everybody, you mean different mining companies?

Smith - Yes. You may only get one. I think what you are going to do is you are going to try to entice people to give you a proposal. You are going to have some preliminary discussions and then you are going to talk to them, and then maybe six months later you are going to end up with sort of written proposal from them. And you are going to probably work some kind of a deal on that basis. I think. You aren't going to flog this out there and get 6 bids on it. It just isn't going to happen that way.

Bergstrom – No, we are only talking about $\frac{3}{4}$ of a million ounces right now as a guesstimate. There aren't going to be that many takers at that level. Everyone is going to be looking for well more than a million ounces in a property. This is not that fat a project. But we are at a point where the highest metal prices to date. If this isn't the

opportunity for the City to try and realize the value out of one of its properties, then I don't know what is. It would be my opinion that the City has a fiduciary obligation to try and realize a return, some value for the citizens of CBJ. This asset, especially at this time of obvious high price. So if we thwart this opportunity then shame on us.

Pierce – So if we move that sentence...”Require progressive royalty payments structure” into the condition paragraph, so it would read... “Base royalty payments, --- smelter returns, and require progressive royalty payment structure.” OK?

Members agree.

Pierce – Sustainability

Smith - Keep in mind, that the AJ, as a low-cost producer 70 years ago. It's a low grade producer, I should say. It is still a low-grade producer. It's not like Greens Creek with 400 per ton ore. It just isn't going to happen. This is going to pay for the mining costs and the milling costs, some profit, and some royalty. But it's not going to be a “gold mine.”

Bergstrom - We are trying to attract hundreds of millions of dollars of somebody else's money to do this thing and we have to put a pretty big carrot out there to get them to bite.

Smith - The more difficult we make it...and I'm not saying the money thing, I think all mining companies understand they are going to pay a royalty. I don't think that is a problem. The difficult, or the more road blocks, and the more layering of permitting and so on...fortunately we won't have to go into the NEPA process on this one...but the more you do that, the more people are going to say...”You know, it looks like it could be good, but by the time we go through that process as laid out..” I testified 35 years ago...

Watt – Sustainability – Require advanced planning --- and consider second phase of Lake Dorothy project. I had one comment from somebody today, who said broaden that to “Require consideration of hydro power, and sustainable power use.” I think everybody can go along with that.

Gladyszewski – That is what I would think...use hydro power and that's all.

Watt – Yes.

Pierce – Traffic

Gladyszewski – There is a lot of stuff about traffic with the Planning Commission. That is basically, you know, of its bread and butter. Honestly, I don't think we need to get into details here. Maybe just the first sentence of that condition, but the rest I really don't think is necessary to be that specific. You could prefer the use of Thane.

Watt – I think it follows from the sea level access. It follows from wherever that comes out.

Craig – What about South Franklin Street? I think I would be a little more concerned about South Franklin Street, as far as the impacts to that. We already have a lot of impacts to that right now.

Gladziszewski – Maybe we could prohibit mine activity downtown?

Fredriksson - No. You could put some restrictions but not prohibit traffic.

Watt – Yes. I agree the Planning Commission is the best place for this topic.

Craig – Can we still have the objective there, but it's not a conditions?

Watt – Yes.

Gladziszewski – So just delete the whole condition?

Watt – No. Leave the objective and the first sentence of the conditions.

Members – Fine.

Watt – So the only condition is Underground Mill? Everything else will be Planning Commission?

Gladziszewski – Yes.

Watt – Local and Regional Hire –

Erickson - In employment law, I am not an expert, but I don't know that we can require them to hire certain people. We can certainly provide a trained work force. I think that is where the City should put its efforts. Is to make sure there are qualified hireable people. We can't require them to hire untrained, unqualified, unhealthy people.

Watt – I would just say, the word “preference” is the important word there. There is a preference...in the same way the Federal Government requires veterans hire preference, or community preference.

Bergstrom -I don't want to see the mining company have to hire, sorry to use the word, but inferior people. So we don't have inferior people here, let's train them and make sure they are good to go.

Smith -Encourage local hire—but let's make sure they're ready to go.

Bergstrom -That's right.

Erickson - The law is pretty settled on local hire requirements. They are going to be prohibited in the context of at least governmental bonding. In this state there are incentives one might be able to provide. Typically the local hire requirements, with some nuances, are dealing with where you have a population in the chronic and severe unemployment. This is not our situation.

Pierce – So would you suggest that we have language regarding incentives?

Erickson - I'm suggesting you might want to run this by Mr. Hartle.

Watt – Maybe in the short run, instead of having it a condition, we have a recommendation. The recommendation becomes...”encourage local hire or participation in...”

Watt – Rock – Rock can be a little bit of a “sticky wicket.” We haven't talked about rock as much, probably as we need to. But it is a really important piece of the puzzle. We need to sort the rock out in order to ensure the underground tailings disposal. So they go hand in hand. You can't require 100% tailings underground and not create rock for sale. They go together. The objective I think is Kurt's objective. The condition—I really didn't have a condition, but I wanted to point out that if the mine creates a lot of rock and it displaces the local municipal quarrying operation, which currently subsidizes public projects, we want to ensure some continuity. We don't want our costs of construction to go up because we have a monopoly on the rock. I don't think that would necessarily happen, but that is the condition I had. That is one piece. We are talking about a lot of rock that has to come out of the mine. We're talking about a lot of rock that has to go somewhere. It either has to go somewhere on trucks or on barges. If it goes on trucks, that is a double edged sword, it is a good thing for where it is going, because it is going to be good quality low cost rock, but if it's a lot of it, then we've got a lot of traffic issues for the Commission to think about. I'm just concerned that saying all the rock has to leave on a barge. I'm concerned that it may not be feasible.

Gladziszewski – This is complicated because now if you are permitting such and thing, you are permitting the mine and you are permitting a rock operation, located down town. I don't know that this is the place to specify, even if that is true. You might want the rock for public projects. But it might be a terrible idea for trucks running through the traffic. Right? You are saying you want to use the rock, but what does that mean for truck driving through down town? I just think This is the place that we can sort that out. I understand what you are saying about it being useful rock. But that is another whole use. It's not just a mine, now, it's a quarry.

Bergstrom – Personally, I would love to see us say, here is an opportunity. This is a business opportunity. We don't have very many business opportunities in SE. We have a resource that could be free, on board, at the screening plant. I would recommend to the City to see what they can do about this resource. What business opportunities are there? I just prefer looking at the positive of this thing, as opposed to the negative. The mine's

got to bring that rock out to the mill, as a consequence of mining. When it gets kicked off the belt or left on the belt, it is basically free at that point. Low mining provided for free to the community---maybe that could happen again. I think there is a real resource here. If there is anything to be explored, it should be how can we maximize value out of that resource.

Pierce – So you are thinking of a regional market, perhaps?

Bergstrom – You just never know until you go out and shop it.

--You can go as far as Washington state. I mean literally. I think that barging is a possibility, even for in town projects. Not down town projects, but I think you could move 1500 ton barges, 3000 ton barges pretty easily. They are easily unloaded out the road someplace, if it is going to be used out there. Or even at Lemon Creek. They unload rock there all the time off the barges. We live close by there, and we do hear that sometimes, but it's not such a big deal.

Pierce – I do think Maria's point is well taken.

Gladziszewski – I don't want to require us to take the rock through town...or any kind of requirement about, there must be a rock quarry at the mine that we get to use the rock of. I'm just saying that, this is a permitting issue for traffic and all kinds of operations. I don't have a problem with saying..."if a rock moving operation is permitted, make sure we get a good negotiated price on it."

Pierce – That is what the condition says right now..."Negotiate a good competitive price for the rock in the lease, for use on public projects." Why just public projects?

Watt – Because if the Stablers Quarry is displaced, it currently subsidizes our public projects with the municipal rock quarry.

Pierce – I understand. But why would you limit it to just the City. So the City...

Watt – I think that in the rock world, it is very competitive. There are all sorts of scheming and machinations about who can develop rock more efficiently. It is a very competitive market. Whether it is riprap or bulk fill, or ...

Pierce – There is a competitive market out there. We know that. We know there are transportation logistics that are not particularly easy to solve. But there is the barging option if it can be done economically. What is the pleasure of the committee? We put just minimal language in the condition, we note in the comments there are issues the Planning Commission, actually the City do some...key off of what Frank said. The City could do some things up front to see what economic opportunities there are for that rock. I think he had..

Craig – I agree that it is very valuable. We should be able to help develop a market for it. What I'm thinking is going back to the idea of Sam's mine plan of 1500 tons of rock a day...where are we going to store it? How is it not going to effect down town, Thane, and Douglas residents when you are moving 1500 tons of rock?

Gladziszewski – That is exactly a permitting issue. It might. That is what I'm saying. We don't want to require us to have this operation. Because in the end it might be like we can't. It's too loud, it's too many trucks, it's too....

Pierce – but you still have to do something.

Craig – You have to store it some how.

Gladziszewski – You have to do something with it. But I don't want, in this stage, to require that we have a rock quarry operation.

Pierce – I don't think we are.

Gladziszewski – That's all I'm saying.

Smith -I think there is the possibility for the City to take advantage of this asset. This is an asset. My concern would be that we not restrict the use of the rock dump as a storage area. I think that is a reasonable place to have storage, and a reasonable place to have barge on-take for transportation either elsewhere in the Borough or elsewhere in the region, if not all the way to a port in Washington. Also I think the truck traffic is a concern completely.

Gladziszewski – That is a separate issue down the road.

Smith -I agree. I don't want to get into all the permitting issues at this stage. I also don't want to prohibit...I would like to send the message, not to prohibit storage at the rock dump. To encourage a look at what can be done with the rock and I'd like to see at their transport of rock from the mine to that storage area and barge traffic. But not as a requirement, but as a recommendation that that be looked by whoever is going to come up with this mine plan.

Watt – So going back to traffic, one of the sentences that we struck from the traffic conditions was...require mine operator to prepare a plan for the sale and distribution of the rock.

Gladziszewski – I don't like that. Again, all of these impacts have to be discussed in the context of what is the project, how many trucks it is, when are you going to do it. These are all very specific. I wouldn't want to require or talk about that now. I think that is really a permitting issue.

Watt – Maybe we want no condition on rock. We are just pointing it out as an issue.

Watt – Maybe we want no condition on rock. We are just pointing it out as an issue.

Craig – But aren't we supposed to answer the question as to what circumstances, if any, we want this to be developed. Part of it would be to minimize the negative impacts of handling a lot rock, storing the rock, making the rock that is required, and transporting it. I think we want to say that in here. We don't need to specify, but we need to just say this is something we consider important, and we are not going to leave it up to the other process solely. I like the idea of conveyor belts and barges, but I realize that is being a little too specific. I would like us to say something like...minimize the effects of it.

Bergstrom - Lori's point is well taken, but I think Attorney Hartle's comments of the many layers and very sharp teeth the City has going through the permitting process, it might be in there exactly.

Gladyszewski – I would say that about noise issues. Again, that is part of the Planning Commission permitting process.

Pierce – I'm OK with not having a specific condition. I guess I sail with Craig in that I want it pointed out at this Smithe level, that all these other things were listed as issues. I don't want it to disappear as a footnote somewhere, because I think it is a big issue that is going to take some creative problem solving. I also see it as economic opportunity. Maybe we just have objective and commentary, or objective and recommendations. I'm fine with that. I would just like to keep it up front of this.

--I like what has been written here. I think it is right. Maybe we just need to eliminate the condition and have the two points.

Pierce – Make a recommendation instead of a condition.

Watt – So make that a recommendation. OK. So I bundled up Recreation/Tourism in Sheep Creek Valley. I think preserving recreational and scenic valley use...that would be Gold Creek and Sheep Creek both. I think is important. Those go to the condition of the economic penalty against the caving, and prohibiting tailings disposal in Sheep Creek.

Gladyszewski – The first part of that condition is already in the mine development condition. So we don't really need to provide economic penalty against surface caving. It's already under mine development. It says..."Provide Severe financial penalties."

Smith – The Gold Creek – the Ebner Adit will still be used for secondary egress, so we need to make a note of that. Other than that...

--Will still be used for egress you said?

Smith – Yes. Just secondary employee escape sort of thing. There will be some activity as a result of that. It might be power taken into the mine that way. That is one of the ways it was taken in before.

Pierce – So is this OK as written?

Gladziszewski – It's fine. I just wonder... this says specific tailings in Sheep Creek as if was only about recreation. You could put that in the tailings part, instead of the recreation part. And of course think of the tailings that might be underground maybe.

Pierce – I think there was an effort here, by Rorie, to sort of say something about the general value of Sheep Creek Valley, impacted in whatever manner...not just in tailings. That is just one way.

Watt – Obviously you've got a heightened awareness for day residents.

Marie – I don't have a problem. I'm just wondering...does it belong here, or in the tailings section?

Watt – Under tailings it is really redundant when you look at the tailings. In tailings we're saying put the tailings underground. It is redundant. So we are going to leave "Prohibit tailings in Sheep Creek"?

Pierce – Sure. We are done with conditions. I must say, I am proud of us all. Thank you Rorie for compiling it. Do you want to comment on this last..?

Watt – I think it is clear the committee has spent a lot of time thinking about the specifics of things that could happen in the mine, or in the watershed or in the community. But when I read everybody's reports, it was obvious to me we had not spent time in the committee talking about how we proceed forward. We had a number of pretty different approaches. Some were pretty elaborate and some were shorter. The elaborate ones weren't all the same. I don't know if the committee will be able to grapple with all of that and come to a uniform voice or not. I just tried to write down the summary of the ideas for going forward.

Pierce – The other thing that I see in these two, they're quite discursive. They are not reducible to a few lines. My suggestion is for the committee to take the time to read those documents that everybody has prepared and given some careful thought to and think about how some committee comments could be forwarded. We will take it up on the 28th. Is that agreeable.

Erickson - Yes, that is agreeable. It would be really helpful, if the staff could pull out those sections of people's comments that relate to this kind of process.

Pierce – It is actually very obvious when you read it. People have segregated it those off. It is easy to see.

Erickson – OK. That is exactly the process that I think we need to follow. I hope we would be prepared to consider specific proposals in that regard. I'm anxious to read

everyone else's. I thought they would be laid out for us. I was surprised that they are not. It's fine if they are on the web and we'll ...

Watt – I want to speak on that a little bit. What happened isn't what I thought would happen. What I thought was going to happen, I got from Frank and Gladziszewski. They are short kind of notes like...not tailings disposal above ground. But from others we got long well-developed statements. In suggesting we get the comments back by Tuesday morning, we didn't leave a lot of time to put it all together. It was a bit of a fire drill to try and get a packet out honestly. The decision that I came up with was since each committee member really hadn't been told what they submitted would be put in the packet for public consumption, that we would just hold them all until the next packet. That is what I tried to line out in my memo...OK now you have a week and everybody can polish it up to their heart's content. Now knowing it is going out to the public in the next packet. I understand why the committee wanted that information out there as well. So...we have four of you up now. We have Greg, Craig, Kurt, and Donna. Sam I haven't heard back from you. I'm posting your document today. Frank...

Frank – You can ignore those.

Watt – I'll ignore those, but look at what is out there and maybe you can develop, or get your ideas put together a little more.

Marie – Frankly I'm happy with being brief. I honestly thought we were going to try and come to an agreement. If we couldn't agree, we would submit things to add to that, as opposed to -----.

Watt – Really what happened is we didn't ask for that process recommendation, but we got it...in spades. They are good facts. What I sense is that the committee members know they are coming to the end of their charge, and how the Assembly proceeds is really important. It is really important to give the direction you can, to the extent you can get to a uniform voice. I'm sure the Assembly would appreciate it. If you can't, I won't be surprised.

Pierce – It doesn't mean they won't still be useful. The Assembly has its own strong opinions about process, and will, no doubt, be grist for the mill. That is what they do. We just need to figure out the process. So the next public meeting will be April 28. Both Kurt and Frank will be out of town and phoning in. Hopefully, no one else will be out of town.

Greg – Madam Chair, I may have to be on teleconference, too. It is not clear yet whether my job will require that.

Pierce – So that means we will be a bare quorum...Craig, Gladziszewski, Smith...Phoning in allows a quorum. But just the same I think it is helpful to actually see us, and know we are listening. I would encourage, it is always great at a public hearing

to get a broad cross section of the community. It doesn't usually happen, but it would be great to have that and hear from a variety of voices.

Fredriksson – I don't want to jump off --- too much, but I wanted to go back to Rorie's memo. He said by the morning of 4/13 each committee member shall submit an ultimate draft of their individual comments. I don't think our ultimate comments will actually be due until after the 4/28 meeting.

Watt – Here is what I thought I was saying...that basically Frank and Maria have another week to get me their comments...and if anyone wants to make adjustments based on what they have heard already tonight...it is those drafts that will be out there for the public to look at...what we've done tonight. Then take testimony on the 28th. Then finalize, and then after the 4/28 meeting finish your individual comments. So it is the last thing you do after all of your deliberation. You know where the committee is headed and you can have your last....

Pierce – As far as the conditions section...if what we've done as a group meets your needs. You are fine with that. You don't have anything else to say. That is perfectly OK. Your report essentially...I have a couple of paragraphs under procedural stuff, that may be all that goes forward under my own individual comment, because everything else I wanted to say is already contained in what we did tonight. I'm not saying that is exactly what will happen, but this is an example.

Bergstrom --I'm a little disappointed in that because in my perspective I have held back considerably on my personal outlook on this thing in an effort to have a collaborative solution to this issue of the AJ Mine. If it was up to me, and I was to give you my independent opinion it might burn some ears. But I've tried to hold my power and work collaboratively and keep my comments to a minimum, although to some it doesn't sound that way. I'm a little disappointed that we are going to go off and talk like individuals here. This is supposed to be a collaborative effort of our group and not a "super hearing" that elevated this group to a higher level of individual comment than any other citizen of community.

Pierce – I don't disagree with what you are saying at all and I didn't think I was saying anything substantially different. Actually what I was intending to say, I get very unclear and I apologize for that. We have this common document, this collaborative document. Some people are going to have commentary over and above that. It is OK. That can go forward in the final report. This document which we created tonight is the main document. I was trying to say to people that when they prepare their individual comments on these conditions, if they are satisfied with the collaborative document, and they have no further comments...that's good. That is all I was trying to say.

Erickson – I am hoping we will add something to this collaborative document.

Pierce – On the procedural stuff. Over and above what we did here tonight.

Greg – Like we had in the process which you laid out. Which I think is a good one.

Pierce – Anything.

Larri Spengler – At the public testimony...how do you envision that happening? Will you take a count and divide up the available time? People are going to want to know how long they can testify for. What would be a reasonable time...If someone comes with 20 minutes of prepared statement, that could seem long, or awfully short. How should I recommend people prepare.

Pierce – If you had hundreds of people, for example, you would have to limit it pretty closely. Asking people the degree people are comfortable saying...so and so already discussed my issues and I just want to add my voice to that...that kind of thing. Four minutes is a good amount of time.

Maria – In the Planning Commission we generally, unless there is a room full of people, people are generally pretty respectful about saying their thing. But when we have to limit testimony...3 or 4 minutes...4 minutes, people can usually say what they need to in 4 minutes.

Watt – Also, if people have more than 4 minutes to say, then write it. They could send comment into the website up until the morning, the day before the meeting.

Gladyszewski – I would prefer written comments in advance. Then we get to see them. We get to consider them. It is easier for me to read it.

Craig – For taking public comment...is that all the action we are going to be doing? So it will give us a chance to --- what we've heard.

Pierce – It is devoted to a public hearing and comment.

--We will have an opportunity to debate during this public testimony?

Pierce – Not debate, but ask questions for sure.

Gladyszewski – Are we doing any outreach to encourage people to come to this meeting to testify? This just isn't on a lot of people's radar.

Pierce – We certainly can make an effort.

Gladyszewski – If we could do something, that would be good.

Watt – Just two things. I will try to get for that meeting the mass of the body of the report so that it goes with the economic section and the introduction. So it will be the body of that report.

Pierce – The informational part.

Watt – Just an informational item. The second I think if there is any time left over, I think the Committee is going to want to talk amongst themselves.

Pierce – I'm thinking there won't be...but if there is, sure.

--I think one thing the Committee might take advantage of is the talk show programs the day of the hearing. Maybe one or two of the members could be available, both in the morning and in the afternoon to get people to catch up on what the Committee has been doing, and that it really is open for public hearing. Inform them of the issues. We may well have at that point a draft that is out there. There is a lot of meat there that may be of interest of people in the general audience. There are different audiences on this thing. There is a little more work for Committee members. I think that is a good way to go.

Pierce – Are there Committee members potentially interested in doing such a thing. Kurt would, but you will be gone.

Kurt – I would be willing to do it before I leave, yes.

Erickson - That is a Thursday, isn't it? I would be willing to spend an hour or an hour and a half.

Gladyszewski – There should be two of us that do it.

Erickson – If someone else wants to do it, I would be glad to let them in my stead. It would be good to have a male and a female.

Gladyszewski – We can try to set something up and see if we can do it.

Pierce - ----Meeting adjourned at 9:07 pm.