

TOWN OF DOVRE
SIOUX CREEK SILICA OPERATIONS AGREEMENT MEETING

The Sioux Creek Silica Operations Agreement with the Town of Dovre meeting convened at 7:00 pm on Friday, May 30, 2014 at the Dovre Town Hall. A list of Town of Dovre Residents and Guests present are on file.

Chairman Dean Trowbridge called the Meeting to order at 7:00 pm. Roll Call – Supervisors Present – Tim Nelson, Dan North and Jim Plummer. Supervisor Mitch Hanson was absent. Supervisor Dan North made a motion to assign someone to take minutes in the absence of Linda Reinolt, Clerk-Treasurer. Seconded by Supervisor Tim Nelson. Motion passed. Cathy Albrecht volunteered and was so assigned by Chairman Trowbridge.

Supervisor Tim Nelson made a motion to accept the Agenda as presented. Seconded by Supervisor Jim Plummer. Motion passed.

Supervisor Dan North passed out pictures of High Crush Sand Company's conveyor project. Mr. Bob Archibald, P.E. was present as the representative for Sioux Creek Silica Sand.

Chairman Dean Trowbridge stated that the Board has already made concessions for the trucking issue so far. That the use of trucks before the conveyors are ready for operation is not to exceed 8 months to 1 year and if the conveyor does break down and trucks will be used in the interim an extra .05/ton would be assessed. An incentive needs to be in place in the event of a break down so trucking would be kept to a minimum. Hwy. AA already has a lot of trucks on it at the present time. Supervisor Jim Plummer stated that his problem is that once Sioux Creek Silica starts using the trucks, the conveyor will never happen.

Mr. Archibald assured him that would never happen as it's in their best interest financially to use the conveyor over trucking. He stated that 3 agreements are yet to be signed off on: Barron County Road Agreement, Sioux Creek Road and Dovre Operating Agreement. A payment of \$330,000 needs to be made to Barron County and is not an issue. When all agreements are signed, then the investors are ready to fund the project. He stated all fabricating and construction components are all in line and ready to go. He stated that the conveyor would be running by May of 2015. Supervisor Jim Plummer said he would like a realistic proposal - maybe it should read – We may need up to 12 months for trucking before conveyor is ready.

Mr. Archibald will be the Construction Manager for Sioux Creek Silica and as such will serve in an advisory/consultant capacity. A provision will be added to the agreement stating that Sioux Creek Silica must notify the Town Board by certified mail when the financial closing happens and then the 12 month clock would start and that a fee of .05/ton would be assessed during the breakdown of the conveyor when using trucks. There would be a 72 hour grace period. Sioux Creek Silica has applied for the NR 135 and the wetlands are delineated and they are waiting for a meeting with the DNR for the final approval. SEH is handling all the permitting.

Supervisor Jim Plummer stated that this has been drawn out and he is looking forward to getting something cooking here. He wants the business for the township and the employment is needed North of Hwy 64.

Supervisor Tim Nelson stated that the language in the Property Value Guarantee needs to be clearer. In Section 4 it states ½ mile and in Article 12 it states ¼ mile. Mr. Archibald stated it would be ¼ mile for

the Property Value Guarantee. Dovre's Consultant, Greg LaFond, asked ¼ mile of what? Dry plant,

load off area, wet plant or conveyor? What's the definition of mine site? He is concerned about the conveyor crossing properties and if it will have a noise concern. 80 decibels are okay for the land owner but maybe not for the adjoining neighbor who is not receiving any compensation. There are too many unanswered questions so far in this agreement.

Mr. Archibald stated that the land owners are receiving a royalty for the easement of their land so they shouldn't be considered for the Property Value Guarantee. Why is there a one year deadline for the Property Value Guarantee? The dates need to be changed in the Agreement because May 22, 2014 is over. Greg asked if the conveyor is considered part of the operating site? If so, many more home owners would be effected.

It was suggested that Mr. Archibald obtain a copy of the Resolutions the Town Board approved last month for Great Northern Sand and Chieftan Sand to use to assist him. Greg asked Mr. Archibald if he had cleared this conveyor path with all the landowners being affected? He stated that all 12 land owners have approved and owners on either side of the conveyor have been spoken to also. Resident Lori Trowbridge stated that her or her husband have not been approached. It was stated by Greg that the property values get negatively impacted by being close to a conveyor.

There was a lot of conversation about the ¼ mile contiguous property and the ½ mile statement in the Property Value Guarantee Section. Does all your property have to be within the ½ mile requirement? Supervisor Tim Nelson asked what would be the Town's responsibility with the Property Value Guarantee? If Sioux Creek Silica pays the Property Value Guarantee at ¼ and ½ mile then the Town would be off the hook. This needs to be cleaned up and made very clear so everyone understands it.

It was repeated by Greg that Mr. Archibald needs to be clearer with the language in the Agreement and he will e-mail a copy of the passed Resolutions to Mr. Archibald. Greg stated that he already had set aside time to work on this Operations Agreement for the Board and it will take him some time to modify and then we can move forward.

Chairman Trowbridge stated that we have not received any advice from our Lawyer. He is trying to set-up an appointment for Monday to go over the Operations Agreement. Chairman Trowbridge told Mr. Archibald that he wants all of Dovre's permit information inserted in the agreement so that everyone is clear about the industrial/manufacturing building permit fees. A fee for the erection of the conveyor would be assessed on a special basis by the Board and will be a reasonable amount. He stated the Town is not looking to make a bundle of money on this.

Greg stated that the Operations Agreement should have standards for lighting, noise, etc. Also, if these standards are exceeded there should be a penalty set up. Mr. Archibald stated the remedy would be simple, Sioux Creek Silica would have to fix it. Greg stated there needs to be a fine attached for an infraction as an incentive. What happens after repeated fines? Is it a Mediator, Arbitrator or Court? It needs to be made clear in the Operations Agreement. The fines should be clearly stated about what happens for infractions. 1st – warning, 2nd – fine, 3rd – bigger fine. This creates another problem as Dovre lacks policies and regulations for collecting fees or tracking truck infractions. In the past, Dovre has researched hiring a Constable but they need a 2 year degree and the same training as an officer. Greg said all Dovre needs to do is add a clause stating that if there are extraneous violations to this agreement the Town has the right to assess a schedule of fees.

3

A concern - In Article 2, the term of 25 years and only Sioux Creek Silica can terminate or renew? Would like to revise this that both the Town Board and Sioux Creek Silica are required to renew the contract. Mr. Archibald says it is typically done the way it was stated. That after 25 years of the Company being in compliance it should automatically renew. Supervisor Plummer said he's pretty sure that's how it's worded in GNC and Chieftan's OA. Supervisor North asked if Sioux Creek Silica could up their royalty payment to .10/ton. Mr. Archibald stated we are not mining or trucking in Dovre, why should we pay more? Supervisor North said maybe you could up your PVG from ¼ mile to ½ mile and increase it to \$50,000. Greg stated that the appraised house values are no way close to the actual value due to the location of the sand companies. Mr. Archibald said he's sure the investors would go along with that.

Greg asked Chairman Trowbridge for a map of the conveyor area so he could see the size and scope of the planned area and will work on the OA Sunday and Monday and get back to the Board Monday afternoon or Tuesday morning the latest. It was suggested to have another meeting on Tuesday, June 3rd at 6:00 pm to go over the OA one more time with Mr. Archibald, the Board and Greg. Chairman Trowbridge will post the agenda 24 hours in advance.

Supervisor Dan North stated he would like to go back to the list of 27 items the Board has. Some of these concerns have already been addressed. He would like all the dates corrected. Address the hours of operation, the load out area and conveyor area. Article 5 – buffers/berms need to satisfy the property Owner. Noise – boundary for decibel. No more than 80 decibels on either side of conveyor up to 150 ft. on either side. Access roads will be black topped from the start. Who pays for the lawyer's fees? GNC and Chieftan paid for the OA and Resolutions. Greg estimated that his fees combined with the Lawyer's fees would be no more than \$5,000.-\$6,000. Article 12 – definitions on page 9, storage and processing plant, non metallic sites – language needs to be consistent. Use of Dovre town roads only to be used by an Amendment. Concern about the right-of-way over Hwy. AA and under Hwy 53.- Working with Mark Servi on Hwy. AA. Mark's concerns are: 1. totally enclosed conveyor, 2. outside his right-of-way and 3. proper clearance. Mr. Archibald said how we cross over Hwy. AA is how we will cross over all of Dovre's roads. Mr. Archibald will indemnify the Town of Dovre for any damages caused by the overhead conveyor. Resident Lori Trowbridge asked what happens 10 years down the road and the conveyor isn't being used anymore? Mr. Archibald stated the operation will be running longer than that but the reclamation plan covers this. Reclamation plans are very specific. Supervisor Plummer stated that in his opinion the bonding money is not sufficient to reclaim the land.

Motion made by Supervisor Tim Nelson to adjourn. Seconded by Dan North. Motion carried.

Cathy Albrecht
Substitute for Clerk/Treasurer Linda Reinolt
Town of Dovre, Barron Co.