

Social, Economic, and Labor Opportunities
Draft Meeting Minutes
January 7, 2021

Roll Call

Chad Korpi – present
Matt Johnson – present
Richard Becker – present
Evelyn Ravindran – present
Adam Wygant – present
Amanda Bright-McClanahan – present
Dana Dumont – present
Mark Snow – present

Guests

Horst Schmidt
Tom Occhipinti – EGLE

The meeting began at 9:05 a.m. with roll call.

The final report is due around October 2021 with a target draft date of August or September 2021 for completion.

We have seven topics to look at. We received a couple other topics from other subcommittees, tax assessment and mineral reserves, and sensitivity from the Research and Mineral Mapping subcommittee. We will be scheduling monthly meetings and assign topics to individuals at today's meeting.

Chad, will you take item #2, and give us Cliff's prospective? There has been a lot of discussion regarding this item. Who is responsible? The State of Michigan? How do we do it? The state partnered with industry to produce a video. Do you see a role for the state for this item or is it more for industry?

OGMD's webpage is strictly mining. We are careful not to be a promoter of mining or oil and gas development. Our role is a regulator of those industries. We have updated our mining webpage.

Dana doesn't have have a lot out there. We don't want to be promoters and only promote our programs.

Amanda said MEDC is different. We have focused industries we promote. Mining is not directly featured on our webpage. We don't have the same regulatory functions as EGLE or the DNR, but we can talk about it.

Matt asked if the the aggregate industry have any importance of aggregates in Michigan. Rick had had something put out on how much each family uses.

We can go through each topic and add bullets for more detail. Do I have a volunteer to take #1? Amanda will take a whack at it (Assemble and disseminate information on the economic and social impact of all types of mining (extractive industries) in the State of Michigan.

Item 3. There is a big umbrella with his one. Matt was appointed to the Board of Control. I had a couple of conversations with them. The skilled trades engineering and soft skills are needed to maintain mining operation is a broad topic. I received emails from former Michigan Tech graduates since my appointment. There is a need for this. Chad, from the skilled trade development, this is more of a regional issue. There is a new training center built between Negaunee and Marquette. What are the word force needs?

Rick mentioned they have a challenge with hiring. Matt asked if they have trouble filling jobs? Rick responded that they don't; however, Cliffs has hired a few mechanics recently but none since 2011 when we filled 100s of jobs.

Matt is in a good good position in the UP. We could not find an E and I technician and added a sign on bonus and still couldn't find anyone. Mark asked what the does E and I stand for? Matt responded: Electronic and Instrumentation engineer. Anyone want to take #2? Can the committee make recommendations? We have a program for high school students to take on skilled trades while attending high school. We have 60 students enrolled each year , and the program is for three years. How will we fund this when Eagle closes?

Rick doesn't have anything like that in Southeast Michigan.

A couple other communities have sustainability of funding models, but it's not great. Rick will try to get tours of colleges. We don't have anything like you outlined.

Matt will email Rick more information about it. It's a remarkable program. From the skilled trades prospective, what skillset is needed in aggregates?

Rick said they have no skill set. We hire and train people. We have a training center, but we never hire anyone from there.

We need to look at reclamation for the mining future and sustainable skill set. We will look at that opportunity. Mat will take on #2.

We need more development of the mining program. Forestry is necessary with reclamation. GIS Specialist are needed, too. We need to use Mine and Environmental Engineers. We need to look at mining from a global scale, and anthropology is one. You can study society and it is important although not so much in Michigan.

Chad said they are involved in mining pay in a different pool to support unemployment. There could be a shorter duration of benefits. Evelyn mentioned that maybe we could do cross training. People have more than one skill set to use for different industries or mining processes. When laying off miners and having different pools, how would these people be identified?

Matt said that Eagle focuses on cross-training. The more skill set you have, the more you know, and the better trained you are to earn more money. People will be more employable when Eagle Mine closes.

Item #4 connects with #1 a little bit. We already have a couple of bullets, but this could be a subset under #1. Amanda thought #4 belongs with #1. Some bullets from #1 are directly related to #3 as well.

We need to talk about the importance of sustainability and long term land use, too. Matt will add those under item # when I send the list out again.

With #5, there are two different issues listed under here. I will call the person who added permitted fees for clarification. It has to do with getting a permit for ore bodies and then you get more. I did a little review on tax bodies. We pay tax on our revenue.

Rick said that permitting fees are all over the board for us. I don't know what you're looking for. We pay property tax on some locations. What are we trying to accomplish with this one? The general public knows a little bit about this. We might be able to educate people. Industry pays taxes and this is how they're used. Rick can share how taxes are used.

Is the impact fee a local fee? It's not a typical regulation, right? It's correct, Rick responded. If we're the primary user of a road, why should taxpayers pay? Rick pays an impact fee as a tipping fee is illegal. Southeast Michigan is the only industry that pays to use the roads. Aggregate reserve is not on a main trunk route, so we had to maintain it.

With the aggregate industry, you're typically always in someone's backyard. Another challenge is we all pay taxes under a different scheme and they aren't comparable. For

this item, what problem are we resolving? No tax for Eagle is easily implemented. It took one year of negotiations to write it.

Mark said that OGMD has severance calculations for ferrous metallic mining. Adam works on these for ferrous and nonferrous. Sand dune mining, too. Do we tax mineral reserves in any industry? Mark isn't aware of it.

We are not paying for Mineral reserves in the ground. When mining, do you pay taxes? If they aren't mining, there are different rates, said Rick.

Evelyn asked if Michigan has taxes and Mark said we do with sand mining. We can highlight NREPA and add meat on the bones for #5.

The second part of this is permitting the correct reserve, but I'm not sure what this is referring to. For tax, it's more of a review of how the industry is taxed. Anything controversial will be sensitive whether you are mining or not. Companies play a role in easing controversy with any topics. Industry can be a responsible operator, but I don't know how to recommend that. If mining industry says we're following the law, that isn't enough. I worked with Canada regulators on this. Here are suggestions to them to make them responsible. It has to be part of the company's culture. Maybe we can define that. Any feedback?

The highlight would be being proactive in engagement when a new site comes online. Maybe we need a cookbook on how this should look with public engagement. The Canadian DRN promoted this.

What communities have are different rights in the areas like tribal governments? Matt knows companies shy away from tribal communities because they don't know how to engage, and it doesn't play out well later in the process. I got a letter regarding how to engage with the Kewanee community.

It's more than tribal communities. Who is using the land or who are the stakeholders? Matt will take #6 as he is pretty passionate about it. Item #6: Sensitivities from regulators, elected officials, and community towards mining results in consequences that delay in regulatory decision making. How does the mining industry move away from being treated differently than other industries?

Any other ideas on this one? One issue is permitting fees. If you build a billion dollar facility like Eagle mine, permitting fees are too small. Here the third party regulator to review permits. It was denied by legislature. We did not want to increase tax or fee. We want to ensure regulator have resources to review permits.

Adam will bring this up in the Regulatory Policy subcommittee meeting tomorrow. I spent some time looking at a Montana's above ground tailings management facility. The Dam Safety Tax Force has some say in tailings. We need to raise the trust level with the public.

Matt would like to see the outcome after the report is submitted and find more research money. What practices should Michigan apply? If Eagle wants to fill slopes with tails, we cannot do it without changes to the law.

Adam hopes this comes out of the Regulatory Policy subcommittee. Mike will start wearing all subcommittees information into one document. There are regulatory gaps are important, so we don't have policy gaps.

Tax assessment and mineral reserves was sent to this subcommittee. How is industry taxes? There are separate issues, permitting tax reserve and no industry pay tax on a reserve. Permitting correct reserve may not fix the tax assessment. The last topic is #7. How do we maintain/achieve public trust? Don't know if there are action items. It might be the test after the committee is done. Having organized meetings?

This report will have recommendations not necessarily concerns even though they are discussed. We can highlight key things but touch on things with no consensus on it.

Can we call on elected officials to educate the public? I few had a townhall meeting; this would be an opportunity. We could help elected officials educate the public. Once the report is shipped to legislators, maybe we could include cliff notes as why it's important. Legislators are busy and may not even read the report. Industry groups have legislative days. Instead of mailing to the legislators, how do we boil it down, so they understand?

Are there any fees designated to go to legacy mining? Adam replied there are none at this time. When we have taxes coming in, it's hard to determine where it goes. Iron range resources in Minnesota have funds to help with the clean-up. Areas in Negaunee with old mines and precludes properties that aren't safe and cannot be used. There are a variety of things that fall into this legacy. Permittees bear the burden.

We could combine #4 with #1. Adam, educate us on when the final report is due. September or October. I am hoping to have a substantially complete draft by June. The draft needs to occur over the next 3-4 months since Mike is retiring in May.

Hopefully we can have it finished. We should schedule meetings for February, March, April, and May 2021. The deadline for the report is October 4, 2021.

We made a lot of progress since the topics have been narrowed down. Are there any comments, suggestions or public comments?

Do we need to approve the October 12, 2020, minutes? Yes. Rick made a motion to approve the October 12, 2020 minutes, and it was seconded by Mark. The minutes were approved.

Public comments

Horst: I was wondering what was meant by tailings spans? Was this a side topic? Adam brought it up in context of trust. Matt's company thought Part 32 permit fees should be higher. There are new standards being developed internationally. In the Montana legislation, a company is responsible for paying for third party. This might fit in with the Regulatory Policy subcommittee.

IRMS standards seem to be that they're using. It seems like their standards are progressive but money issues with mining. Keep down the cost of things that don't create revenue. Mining Action chair spoke with the Dam Safety group and tailings not having personnel to go through the paperwork. We need to convince the legislature there is no free lunch. I am concerned when you educate the legislature. We don't look at problems created by their decisions. It is important to get a balanced view of all this. We are cleaning up Torch Lake and starting a pilot program next year most is GRLI funding which translates to taxpayer funding. I understand why costs are high and things are left behind that may not be fixable.

Matt commented that Horst brought up some some good points. Mining groups should communicate with the public. A lot of mining companies do third arty reviews. How will we change climate change practice?

Horst has been following tailings on the international level. Highland Mining Company in Brazil mines 400 tons per day, and they have a union. The force the company to adhere to regulations even if they don't want to. Without unions, it's hard to flight for mining practices. With the Aquila project, they're tailings for dams is higher than the Landmark Hotel in Marquette. It is possible for the structure to collapse. It is hard if you use upstream design as it's hard to get the slurry to dry out. How do you create this trust when designing?

Adam has folks involved at the national level, and this is one that emerged from these standards. In our mining programs, we have a lot of experts in house. Our agency gets \$250,000 per year that helps with nonferrous mining to help with third parties if needed. Matt said they pay a surveillance fee based on our mine and the mill tonnage.

Adam said it's pretty well funded with the industry and money from severance tax helps us as well. There is the absence of operating a mine if there is a gap, you're relying on a \$3000 permit fee.

Adam made a motion to adjourn, and it was seconded by Rick.

Adjournment

The meeting was adjourned at 10:40 a.m.