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IRON MOUNTAIN QUARRY MEETING

OCTOBER 14, 2009

TRANSCRIPT OF PROCEEDINGS

VOLUME I

(First 96 minutes)

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VOLUME I

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MR. MEADE: We're three minutes late, but it's close enough, I guess.

For you that don't know me, my name is Dan Meade. I'm president of the SBCA. This community, the PLBC, the SBCA have been enmeshed for over a year and a half in the issue of Iron Mountain's proposal to mine in the 142 acres south of the golf course on land that's owned by Pope Resources.

During that time, the SBC has made the Bay Club available for three large meetings. This looks like about 200 today. The other two we've had have been around 250 to 275. This has involved the community and the mine, and we're dealing with the third meeting today, and we have a very simple format.

I'm going to introduce two people, David Nunes, who's the CEO of Pope Resources, and Jim Burnett, who is the co-owner and manager of Iron Mountain. David's going to make some brief comments. Jim will take you through how he sees this mine developing. After that, Jim and Dave will answer questions and take comments. They will run the Q and A

1 session.

2 Just two points on the questions and the comments.
3 Both are encouraged. We want everyone that has a comment or a
4 question to have the opportunity to take the floor and get
5 those questions answered and any comments that you have aired
6 in public.

7 Based on what is said here by Pope, by Iron Mountain,
8 the questions that people in the community ask and the
9 comments that are made, there will, I'm sure, be discussions
10 and decisions made on how the community moves forward from
11 this point out.

12 In that regard, the SBCA will devote much of its
13 November 6, that normal Friday board meeting at 9 a.m., to
14 listening to what members of the SBCA think we should do,
15 comments they have, and other observations on this issue.

16 Likewise, the PLBC will receive comments on the
17 proposed mine at their Thursday, November 5, 3 p.m. meeting at
18 the Beach Club. And with that, I'm going to turn it over to
19 David and Jim.

20 David.

21 MR. NUNES: I'm not as tall as Dan, so I'm going to
22 stand up here.

23 Thanks for coming this evening, and we didn't plan
24 this to be around the baseball play-offs, but you don't get to
25 miss any baseball, for those of you who are baseball fans.

1 Before I get started, I'll just introduce the folks
2 that I brought with me tonight: Jon Rose, who heads up our
3 real estate group; Tom Kametz, who's in charge of our
4 timberland operations; John Shea, who's our -- is in charge of
5 the business development and is the project manager on our DNR
6 exchange; and then Patrick Raymond, who's our Hood Canal tree
7 farm manager.

8 Before handing this over to Jim, just to sort of
9 bring you back to our first meeting in early March where we
10 talked about sort of three things, the DNR trade, the Tala
11 development, and the IMQ project, one of the big takeaways
12 from that was the need to get Jim in front of this group and
13 really explain a lot of the mining questions that we, Pope,
14 really were not qualified to answer in depth. And so I really
15 hope that, you know, we -- and the bulk of tonight will be
16 around those issues, and I encourage you to ask questions that
17 aren't addressed through Jim's presentation, and that's really
18 going to be the bulk of it.

19 Before handing it off to Jim, I just wanted to give
20 you a brief update on the DNR exchange. Since our meeting in
21 early March, we had a number of meetings with the Port Ludlow
22 committee and basically came to an agreement where we proposed
23 to the County some things that we would do if the exchange
24 went through. And these included extending a provision that
25 would have us not seek any rezones on DNR Parcels 5, 6, and 7

1 to the south of Port Ludlow. It also had an expansion of the
2 trail easement area to the north portion of DNR 6. And we
3 also agreed that there would be no mining on DNR 6. Those
4 were submitted to the County.

5 Right now the DNR has basically slowed down that
6 trade process while they could conduct a series of community
7 meetings. They held three meetings over the past month: One
8 meeting with the trust beneficiaries in local government; one
9 meeting with the conservation community; and one meeting with
10 large landowners. They're in the process, as we speak, of
11 synthesizing those meetings and deciding what to do next.

12 The commissioner of the DNR has made it clear that he
13 wants to do this exchange only if, you know, he can get
14 agreement amongst the various parties, and so that's sort of
15 where it's at. If it happens, it's likely not going to be
16 until some point next year, so stay tuned on that. I'd be
17 happy later to answer any questions on that, but that's sort
18 of the extent of our knowledge at this point in time.

19 I would ask -- I'll repeat what Dan had said in terms
20 of, if you would please hold your questions until the end,
21 we'll let Jim get through his presentation. We have also,
22 like we did in the prior meeting, videotaped this. This will
23 be out on our Web site. So if you know folks that missed this
24 and want to understand a little bit more about what went on
25 tonight, please refer them to the Web site and they can see

1 the proceedings from this meeting.

2 So without any more ado, I'll hand it over to Jim,
3 and we'll all learn a little bit about mining.

4 MR. BURNETT: Thanks, Dave.

5 My name is Jim Burnett, and I am one of the owners of
6 Iron Mountain Quarry with my partner, Pat Hughes, and we will
7 be the owners and operators of this quarry also. We are, you
8 know, very involved guys. I don't usually wear a jacket and
9 slacks to work. I wear khakis. And everything we do, you
10 know, we have our hands into, from permitting to the sale of
11 the rock at the end of the day.

12 I want to talk a little bit about the proposal. I
13 think we all know where it is in relationship to Port Ludlow
14 and where we're sitting today, and I want to talk about how
15 the mine would unfold and a little about mining and some of
16 the other issues that we're working on to answer some of the
17 questions that have been raised over the last year.

18 The exhibit to my right shows the existing Shine
19 Quarry. This area is the new quarry area. This area out
20 front or in view, this is SR 104, the entrance to the old
21 highway. The -- as you can see, that's listed that or shown
22 that as our secondary processing, stockpiling area. That's
23 where the rock after it's mined and initially crushed in
24 before further crushing, sizing for -- to meet various
25 specifications.

1 This area is the primary processing area. Those
2 areas are going to not change through the life of the quarry.
3 Our crushing plants are permanent facilities. They're not --
4 they're not portable facilities. They're on concrete
5 foundations and they don't move. Phase 1 mining area here;
6 Phase 1B in this area; and Phase 2 as we move further north.

7 I have taken a cross section -- I'll try to move so
8 I'm not in front of this -- of the quarry, if we drew a line
9 through the middle of it about where my hand is running. And
10 it's exaggerated about three times vertical to horizontal or
11 you really don't get much relief for the horizontal so there's
12 not -- it's hard to see what's happening here.

13 But the total life of this quarry is about 40 years,
14 and as we progress, essentially, we're going to be creating a
15 stairstep affair that's a moving staircase, if you will, that
16 will progress from south to north as we mine the quarry
17 itself.

18 As we progress -- and I've created this pictorial.
19 I -- the artist that did this for us, I think, did -- got the
20 point across. It wasn't exactly what I wanted, but it will
21 work. At the top -- in the quarry business -- before I step
22 off here and kill myself -- in the quarry business, you start
23 at the top and work down. Otherwise, pretty soon you have a
24 (inaudible). So you've got to remove the trees. You've got
25 to remove the topsoil. Then you've got undulations in the

1 ground that you need to level before you get to a larger
2 drill.

3 So you have a topsoil clearing process. You have
4 some small drilling going on to level the undulations in the
5 ground as the topsoil is removed. You have the actual
6 production drilling that is going on, and you have the mining
7 itself of the rock, and the truck that takes that to the
8 crushing plant.

9 All of this does not necessarily go on
10 simultaneously. It can, but it goes on in various stages.
11 Sometimes it's a function of the time of the year. It's a lot
12 easier to clear and move topsoil when it's dry than in
13 December or January when it's soaking wet and you're really
14 flinging mud around. The same thing is true with, as we prep
15 this, you try to do this in a manner that's in anticipation of
16 the needs as the quarry progresses.

17 The -- one of the issues that has surfaced is the
18 ridge line. It would be to the northeast that would
19 potentially screen Port Ludlow area from the quarry
20 activities. That, as we progress, as you reach the tail end
21 of the quarry's operation, that ridge line disappears. So
22 that ridge line probably lasts for 30, 35 years, and it'll
23 last five or ten years as you -- as the quarry winds down and
24 that comes out.

25 We are looking at a host of things that have been

1 brought up. View. Some of you may have run into the view
2 consultant who has been around in Port Ludlow the last few
3 days taking pictures, setting up for their digital analysis.
4 The noise people that are here, they're all over the place.
5 Our environmental consultants have been here. We've looked at
6 all of the wetlands on the site. We have looked at the
7 endangered species, issues that potentially could be there.
8 We've just -- we're running through the entire gamut of issues
9 that have been brought up by some in this group, and some
10 simply are in the normal course of business.

11 I think that I'm going to move into questions.
12 Unless someone wants more information on that process, I don't
13 see any reason why not we start questions.

14 Jon?

15 MR. ROSE: Jim, one of the things I wanted to chat
16 about was traffic and traffic patterns and traffic study.
17 Maybe before you go into Q and A --

18 MR. BURNETT: Fine.

19 MR. ROSE: -- you could talk about that.

20 MR. BURNETT: Okay.

21 One of the questions was we were going to have trucks
22 running through Port Ludlow. Just not true. We don't have
23 any reason to run a truck through Port Ludlow. It doesn't go
24 anywhere, unless if they want to go to your house to deliver
25 the rock. If that's the case, local deliveries, sure. But

1 there's no place for us to go -- we don't have any issues. We
2 took that off the table a year and a half ago.

3 One of the other issues has been this three-mile-long
4 conveyor that would load ships from the mega-quarry that would
5 take rock around the world. Somebody's got a vivid, active
6 imagination that's just out there, because that's not
7 something that we've ever proposed or would ever even
8 consider.

9 The traffic itself from the quarry will access
10 directly onto 104. That traffic has been analyzed by a
11 traffic analyst and is being reviewed by the Department of
12 Transportation as we speak.

13 UNIDENTIFIED MAN: Can you give me a reference where
14 Highway 19 is located there?

15 MR. BURNETT: Over here. Jon, can you --
16 (inaudible). It's off this map completely.

17 MR. ROSE: So this is the same shade you see on the
18 big map. This is Highway 104. And Highway 19 lies -- you
19 know, quite some distance to the west, probably a quarter of a
20 mile to the west of that figure that you're looking at there.

21 MR. BURNETT: Well, probably closer to --

22 MR. ROSE: Probably closer to a half a mile north --

23 MR. BURNETT: -- north of us and angling away from
24 us.

25 MR. ROSE: Yes. So that figure is here. Highway 19

1 is pretty far to the west. And I believe most of the trips in
2 the market have been loaded -- from the existing quarry have
3 gone onto trucks that eventually go to Kitsap County. That's
4 the biggest part -- probably the bigger part of the market --
5 (inaudible).

6 MR. BURNETT: The market for the material in
7 Jefferson County is not probably real excited about this, but
8 the market clearly is Kitsap County. That's where the market
9 is. They don't have the rock source in Kitsap County. The
10 rock source just happens to be on this side of the bridge. So
11 that's -- the rock is going to go out to 104, and, frankly,
12 the great majority of it for a long time is going to go across
13 the bridge to Kitsap County.

14 UNIDENTIFIED MAN: I'm concerned about noise, dust --

15 UNIDENTIFIED VOICES: Microphone.

16 UNIDENTIFIED MAN: I'm concerned about noise, dust,
17 contamination, and I haven't heard you address any of those
18 things. I'm concerned that it's so close to a densely
19 populated MRP, why didn't you pick a site farther away?
20 There's lots of rocks all around. Why us? Why are you
21 picking on us?

22 MR. BURNETT: Let me start with the noise question.
23 One of the things that we liked about the site and the picking
24 the site was a function of the nonconforming right that
25 existed on the site. The other thing that attracted us to the

1 site, quite frankly, is that it was surrounded by forestland.
2 It didn't have immediate neighbors and that the closest
3 residence was a mile and a half from the quarry site itself.
4 So from our perspective in the quarry business, you know, we
5 don't like our phone to ring from you because you're not
6 liking what we're doing, because that's just not what we like
7 to do. So we liked that site because of those issues.

8 Distance, frankly, is the enemy of noise. The
9 further you are, the noise levels drop exponentially. So we
10 like that because you won't be able to hear us. But we are
11 studying that. We're not asking you to take our word for it.
12 We're going to provide a noise study that you can look and
13 understand why you won't hear us.

14 Dust is an issue, frankly, that's controlled by the
15 Puget -- excuse me, not Puget Sound -- the Olympic Clean Air
16 Agency. The dust emission standards are very strict. We are
17 not allowed to have dust flying helter-skelter all around the
18 quarry site. That's just not something that's allowed for us
19 to do. It's very closely regulated.

20 UNIDENTIFIED MAN: So what you're saying is
21 everything is just going to be hunky-dory, and the 250 people
22 here today are concerned needlessly. Is that your point?

23 MR. BURNETT: Well --

24 UNIDENTIFIED MAN: Hunky-dory, I think, was the word
25 I used.

1 MR. BURNETT: -- I got that. Frankly, I have said
2 this before. I don't think you're going to know we're there.
3 I don't think you're going to know we exist. I think you're
4 all concerned about it. I understand that. I -- I'm here
5 because of that. But I do not believe you're going to know
6 that we're in existence. I don't want you to know we're in
7 existence. I don't want -- I don't want those kinds of
8 issues. So if I thought I had a tiger by the tail as we got
9 started, I probably wouldn't be doing this. I don't need
10 that.

11 UNIDENTIFIED MAN: I think you got the tail of some
12 kind of a cat here.

13 MR. NUNES: One thing I'd like to point out is Port
14 Ludlow has had decades of history already with quarries and
15 gravel pits close to its boundaries and for decades has
16 managed to survive and get along well. And this is closer,
17 but it's not exponentially closer.

18 The Mats Mats Quarry, when I was here in Port Ludlow,
19 was always considered to be a good steward. Denay's
20 (phonetic) operation was also considered to be a good steward.
21 Folks didn't notice. And time will tell in some years whether
22 or not you consider Jim and his organization to be good
23 stewards.

24 But the track record is two quarries so far and it
25 hasn't decimated Port Ludlow. Is this closer? I admit it is.

1 Is it exponentially closer? It's not. And it won't be moving
2 any more rock because it's not opening up any new markets than
3 the Shine Quarry did, because there's only so many customers
4 and only so many customers that take truckloads of rock,
5 whether it's off of Shine or off of Jim's pit.

6 There's no interest in shipping it to Mats Mats.
7 They're competitors. They're putting it on barges, you know.
8 That's just not something that's part of their business plan.
9 So are we saying there's zero impact? I've never said that to
10 anybody about any of our projects. Do we think that you'll
11 find after some years the impacts are reasonable? I think
12 that we believe that.

13 MR. BURNETT: Let's start at one side and work our
14 way around. This woman right here.

15 UNIDENTIFIED WOMAN: Commissioner John Austin is
16 meeting with the state board of health today. He regrets that
17 he can not be here, but he did form some questions that he
18 wanted me to represent.

19 Could IMQ share with the people what protective
20 measures IMQ will engage to guarantee there will be no damage
21 to the aquifer? That's Question No. 1.

22 MR. BURNETT: Would you like me to answer these in --
23 one at a time or do you want to read the whole list?

24 UNIDENTIFIED WOMAN: I'll just -- it's just two
25 questions.

1 Is IMQ prepared to compensate property owners for
2 loss in property values?

3 Now, these are two questions that I'm kind of anxious
4 to hear the answer to.

5 MR. BURNETT: To answer the first question, we are
6 doing a hydrologic study. The initial findings in that study
7 indicate that there is no geologic or topographic connection
8 between the area where this quarry is and its operations and
9 any of the wells or water supply systems in the region at all.
10 So we've done that very carefully. Those are issues we don't
11 have any interest in impacting at all.

12 The second question about property value impacts --

13 UNIDENTIFIED WOMAN: So you're saying that question
14 has already been answered? There's --

15 MR. BURNETT: We believe that our consultants have
16 looked at this in considerable detail, and at this point I can
17 say their view is that there is no geologic or topographic
18 connection, which is very important, between this site and any
19 of the water supply or wells in the region whatsoever.

20 The second question about property values, quite
21 frankly, we don't believe there will be any negative impact to
22 property values at all.

23 Yes, sir?

24 UNIDENTIFIED MAN: You've stated that you won't be
25 tying into any potential pit-to-pier project. Do you intend

1 on putting that in writing?

2 MR. BURNETT: We can put that in writing.

3 Yes, sir.

4 UNIDENTIFIED MAN: Tell me about traffic. What is it
5 going to do to the 104 on a good day for you and a bad day for
6 the rest of us trying to get across the bridge.

7 MR. BURNETT: What's that going to do about traffic?

8 Well, most of the traffic is going to come out to 104, and
9 it's going to turn south and then toward the bridge.

10 UNIDENTIFIED MAN: We do that too.

11 MR. BURNETT: Okay. We're particularly concerned
12 with the -- there's two periods of the day where traffic is
13 important. We've got the a.m. and p.m. peak hour. We don't
14 have any impact on the p.m. peak hour. We have some impact on
15 the a.m. peak hour.

16 In the world of traffic, although we've studied this
17 as the worst-case scenario, the traffic engineers have looked
18 at this and said there isn't an impact. WSDOT recognizes
19 that. There's -- in other words, we add such a small number
20 of trips, as they call it, to the number of trips that are
21 happening on 104 that the impact is almost negligible.

22 The other issue is, clearly is, we're going to be in
23 competition with Shine. And it's sort of like groceries.
24 Because Albertson's goes in in a finite market next to Safeway
25 doesn't mean that people are going to eat twice as many

1 groceries. In this case, you know, as time will happen, the
2 market is going to be divided up, and, frankly, there will
3 probably be no more traffic coming out here after we open up
4 than there is today. So in the end it's a no-increase
5 exercise.

6 MR. ROSE: When -- as they go through their process,
7 there will be studies you can view up at Port Townsend. One
8 of them is a traffic study. Those aren't black box,
9 complicated studies to read. You can read that study and say
10 that looks reasonable or it doesn't look reasonable. There
11 will be a noise study. There will be a view analysis.

12 So beyond what Jim is talking about today, there will
13 be studies that will be part of the environmental review where
14 people talk about more formal mitigations, and those studies
15 will be available for folks to look at. It's not like traffic
16 is, well, don't worry about it, trust us. It's not like noise
17 is, don't worry about it, trust us, you know. There are
18 people that study it. You can look at the study and then say
19 I don't think it's right. You can get your own noise
20 consultant and say he disagrees. You can get your own traffic
21 consultant and say this is ridiculous.

22 But the point Jim is making here and the purpose of
23 his visit here today is to answer as many questions ahead of
24 the time that these studies get done, and all those things you
25 can view or the SBCA and the PLBC can view and read, and you

1 can get your own experts to say those are bunk or those look
2 reasonable.

3 UNIDENTIFIED MAN: I heard Jim say they were not
4 going to worry about a traffic light issue now because there
5 wouldn't be that much traffic.

6 MR. BURNETT: Worry about a traffic --

7 UNIDENTIFIED MAN: You won't have to worry about
8 traffic lights up there because you won't need a traffic light
9 for the limited amount of traffic.

10 MR. BURNETT: At this location on 104?

11 UNIDENTIFIED MAN: Yeah.

12 MR. BURNETT: No, absolutely not. In fact, it's
13 so -- at this point, that's not something WSDOT would even
14 allow to be considered.

15 I will add a little bit to Jon's, and then I'll get
16 right back to the questions.

17 We have hired some very good consultants to do these
18 studies, and doing these kinds of studies, environmental
19 studies is not a sort of a -- you don't take this casually
20 because it's a state of the art, and we know that people are
21 going to look at these and ask questions, and they have to be
22 grounded and well done, and they are.

23 But also one of the things that we asked our
24 consultants to do is to make these so that we can understand
25 them, so I can understand them and you can understand them.

1 Because if they're so full of too much jargon that's
2 technical, then it -- you begin to think that we're hiding the
3 ball. We're not hiding the ball. Now, they do have to have a
4 lot of technical information in them in order to make them
5 pass muster, but we're trying to make them as understandable
6 as they can be.

7 Yes, ma'am?

8 (Inaudible.)

9 MR. BURNETT: This guy's got -- this gentleman's got
10 the microphone. So we'll jump here and then skip back. We've
11 got two back here.

12 UNIDENTIFIED MAN: In regard to being not seen, not
13 heard, not smelled, will we be able to see any of that
14 operation from the road?

15 MR. BURNETT: No.

16 UNIDENTIFIED MAN: Okay. Second question: What
17 economic benefit is this to Jefferson County and Port Ludlow?
18 What economic benefit? Are sales taxes going to be paid to
19 Kitsap County or are they going to be paid here?

20 MR. BURNETT: Well, let me answer this and a couple
21 of other questions.

22 No, you won't be able to see us from the highway.

23 No. 2, the economic benefit has -- comes in several
24 pieces. First of all, we have employees that we pay who in
25 all likelihood probably live in Jefferson County. So there's,

1 let's say, nine to ten, you know, family wage jobs that are
2 right here that are shopping here and spending the money here,
3 we hope.

4 The sales taxes is a very complicated matter because
5 the state governs the sales tax paid at -- where the material
6 is sold. If in fact it is sold here, the sales tax is paid on
7 this location. If it's delivered to another site, under
8 certain circumstances the sales tax is paid on that location.
9 So there's a whole host of issues within how the sales tax
10 functions.

11 There is also, you know, the more traditional
12 B & O taxes, then the rest of the taxes that go along --
13 property taxes. This property will come back out of forestry
14 and go into a more traditional tax bracket. So the taxes will
15 go from being a very small amount on forestry, which they are,
16 to a considerable amount on the quarry and mining. So
17 Jefferson County is going to have some benefit.

18 I had a couple over -- yes, sir.

19 UNIDENTIFIED MAN: Does an operation like yours -- or
20 is an operation like yours assessed by the county or state
21 relative to increased expenses for road maintenance and so
22 forth?

23 MR. BURNETT: We are assessed -- to add to the tax
24 issue, all of our equipment comes under the personal property
25 tax assessment of Jefferson County, and so we pay taxes on

1 that personal property that we own on this site.

2 The question about road maintenance, we're not going
3 to be driving on a county road except to deliver the material
4 to the customer. So once we leave the state highway, we may
5 be on a county road, but we're delivering it to you so you can
6 use it. Now, to get that rock to you, we've got to drive on a
7 county road at some point if you live in Jefferson County.
8 But the rest of it is going to go right onto the state
9 highway. We don't have a series of county roads we're driving
10 on before we get to the state highway.

11 UNIDENTIFIED WOMAN: When you're talking about the --

12 UNIDENTIFIED VOICES: Microphone.

13 UNIDENTIFIED WOMAN: When you were talking about the
14 number of trucks that you would have go over the bridge
15 traffic-wise -- and you also mentioned you would see that the
16 sound was within confines, the proper confines. Now, I'm just
17 curious. If, for example, the sound isn't within the proper
18 confines, what recourse do we have?

19 MR. BURNETT: Well, the truck traffic, as I
20 indicated, is not going to change simply because we've opened
21 up next to Shine Quarry. We may divide the market, but the
22 traffic is going on today and will go on tomorrow.

23 UNIDENTIFIED WOMAN: But you're having people study
24 it --

25 MR. BURNETT: Yes.

1 UNIDENTIFIED WOMAN: -- and coming up with some rules
2 for you to go by, and then if we didn't agree with it, we
3 could -- suppose we got somebody to study it or if we didn't
4 agree to it, what would be our next step to see that it didn't
5 happen?

6 MR. BURNETT: Well, are you concerned about noise or
7 the traffic?

8 UNIDENTIFIED WOMAN: Both. What is our recourse to
9 see that --

10 MR. BURNETT: There are very defined rules for
11 traffic consultants about how they study traffic. The --
12 there are traffic capacity manuals that have been created by
13 the State. They don't have this complete free-for-all to make
14 those determinations. There's the federal highway capacity
15 manual. There's a lot of issues that they have to take into
16 consideration. So they've got a set of standards they're
17 working with and with WSDOT.

18 UNIDENTIFIED WOMAN: All right. So who makes the
19 final decision? Becasue you said that if we didn't agree, we
20 could even hire consultants. I'm just curious, who makes the
21 final decision on how much traffic and how much noise we're
22 going to have?

23 MR. BURNETT: Well, let me -- let's separate the two,
24 the traffic and the noise.

25 The noise on the highway, it is governed completely

1 separately than the noise within the quarry site. Noise on
2 the highway is -- comes under a completely different set of
3 rules that has to do with when you step out onto that state
4 highway.

5 MR. NUNES: Ma'am, when they do their study, you can
6 read that study, you can get your own consultant. That study
7 is going to submitted --

8 UNIDENTIFIED WOMAN: And then what?

9 MR. NUNES: And then you can submit a competing
10 study --

11 UNIDENTIFIED WOMAN: To?

12 MR. NUNES: -- Jefferson County and say our experts
13 think this. And Jefferson County can look at your study and
14 hold them up side by side and then begin either that
15 discussion or find out why they're different. But they're
16 going to be in a process with Jefferson County, and you would
17 read their study. Your consultant could look at that and say
18 I don't believe this, here's why, and hand that right to the
19 same folks at Jefferson County.

20 UNIDENTIFIED WOMAN: But will a decision be made?

21 MR. NUNES: Decisions are -- decisions about what are
22 appropriate mitigations, that's what this is all about,
23 appropriate environmental mitigations. Yeah, they're going to
24 be made.

25 MR. BURNETT: The decision on the highway is made by

1 the Washington State Department of Transportation.

2 MR. NUNES: We need to take a time-out to change our
3 videotape so we can all see each other on TV tomorrow. But
4 this note was because Sara said my zipper was down.

5 UNIDENTIFIED MAN: Doesn't the County make the
6 ultimate decision or doesn't the County make the final
7 decision?

8 MR. NUNES: They make the final decision on SEPA, not
9 on what the mitigations are. Is that right, Jim?

10 MR. BURNETT: That's correct. The Washington State
11 Department of Transportation will make the decision on the
12 traffic on 104. They don't relinquish that.

13 We're going to wait for Sara to make this --
14 (inaudible).

15 (Whereupon, there was a pause in the proceeding.)

16 MR. BURNETT: This gentleman has been waiting
17 patiently, and then we're going to start -- I think we've used
18 up everyone in this group, and we're just going to start
19 working across the room.

20 Yes, sir.

21 UNIDENTIFIED MAN: Before the conclusion here, you
22 might tell them how many trucks you expect on a daily basis or
23 a weekly basis, how much truck traffic is going to be
24 (inaudible) --

25 MR. BURNETT: Okay. Sara, I'm waiting for the high

1 sign.

2 MS. SARA: Ready.

3 MR. BURNETT: Go? Okay. This gentleman right here,
4 and then we're going to go across.

5 UNIDENTIFIED MAN: Yeah, Jim. Thank you very much
6 for coming out and addressing some of the issues with us
7 today. I'm kind of a simple guy. I don't think I'm really
8 going to be affected by the dust, the noise and that. Here's
9 where I am going to be impacted, is when you put that rock on
10 the truck and you're over by Hilltop headed toward Bremerton
11 on the other side of the bridge and you're going up that hill,
12 you're going to put 15 yards of rock on the truck. Is that
13 thing going to have a Volkswagen Beetle engine in that truck?
14 Can it maintain 55 miles an hour going up that hill?

15 MR. BURNETT: That's a very good question. I wish I
16 had more of those.

17 The truth of the matter is most of the dump trucks
18 today are sporting four, five hundred horsepower. Most of the
19 loads, the great majority in many -- let's say, half of them
20 are going to be truck and trailer. Those guys are -- you
21 know, have plenty of power to climb that hill. And if it's a
22 solo truck, it has about 15 tons on it. It's running about 10
23 yards. You know, we do this every day, and they're probably
24 going to be going only as fast as the car that's in front of
25 them.

1 MR. NUNES: What do your experience today with the
2 rocks that are already coming across the bridge, I guess?
3 It's -- you know, it's probably what you see today, because
4 it's going to be the same amount of rock by and large that
5 goes right by Hilltop tomorrow when they start as it is today.
6 So you can get a pretty good evaluation of that unless your
7 trucks are substantially different.

8 MR. BURNETT: So let's -- as we work in here, let's
9 start in the front. We'll work our way to the back. This
10 gentleman right here.

11 UNIDENTIFIED MAN: My question relates to pollution
12 but not air pollution; drug pollution. And if you could just
13 move over a little bit, please. I presume you're going to
14 create your secondary processing stockpile area and your
15 equipment maintenance area before you actually start mining
16 Area 1A --

17 MR. BURNETT: That's correct.

18 UNIDENTIFIED MAN: -- because you'll have to have a
19 stockpiling area. Okay. Do you grade that surface before to
20 give you a level working surface before you start?

21 MR. BURNETT: Yes, sir.

22 UNIDENTIFIED MAN: And what happens to -- in the case
23 of the stockpile, what happens to the rainwater runoff, which
24 is carrying fine particulate with it, and what happens to any
25 pollution coming out of the equipment maintenance area? Are

1 you treating that before you discharge it into any natural
2 streams or rivers or anything?

3 MR. BURNETT: Yes. That's a very good question.

4 There's two entities that are -- govern our storm
5 water and our storm water discharge, and there's two types of
6 discharge: Discharge to groundwater and discharge to surface
7 water. Discharge to surface water is scrutinized much higher
8 and much greater than discharge to groundwater.

9 The Department of Ecology, under what's called the
10 sand and gravel general permit, which is in about its third or
11 fourth revision at this point -- which I sit on a group that's
12 working with Ecology to revise that permit -- has very strict
13 monitoring requirements and very strict requirements for what
14 we call best management practices in order to not have
15 pollution to the groundwater or the surface water.

16 In the new permit, there are oil/water separator
17 requirements and very specific separate requirements for
18 equipment maintenance and storage areas. The stockpile areas
19 and that drainage is designed by a civil engineer that's been
20 doing this kind of work for, you know, 30 years.

21 The pond system actually has two parts. We have
22 water quality and we have detention. So we've got to have
23 water quality issues in a pond so that if we do have
24 discharge -- and I'm not sure whether we'll have discharge --
25 we'll probably have both in this case, some discharge to

1 ground and discharge to surface. The turbidity requirements
2 for that discharge are very strict, so...

3 UNIDENTIFIED WOMAN: I'm going to switch mikes with
4 you.

5 MR. BURNETT: Okay. Great idea. Thank you. That
6 might not be any better. Let's try that.

7 So this is a big issue, and it's one that is
8 expensive. It will take a considerable amount of space and
9 one that is -- as we look at these areas and how these
10 activities will take place, literally governs how this will be
11 set up.

12 The gentleman right here in the front --

13 UNIDENTIFIED MAN: I have a question, if I could,
14 please, two-phase question.

15 Looking at your horizontal chart here with the ridge
16 lines and how they will be mined, you use the terms
17 "approximate bench line" after five and a half years and 15
18 and a half years and 40 and a half years. Tell me, if you
19 would, please, Phase 1, when will that start, and when do you
20 feel that you'll be into Stage -- Phase 1B?

21 MR. BURNETT: This particular relief is drawn
22 straight through the quarry this way and really doesn't cover
23 much of Phase 1B. Phase 1B is actually a lower area over on
24 this side. This is the ridge -- the primary ridges as they
25 run north. The -- if we look at this low point right here on

1 this drawing, that low point is approximately right here in
2 the middle of this area, just into the Phase 2 area.

3 UNIDENTIFIED MAN: So are you answering the question
4 that you're expecting to go into Phase 2 after about 15 years
5 from now or -- that's why I'm trying to get, a time line of
6 what you're looking at.

7 MR. BURNETT: I would expect to be into this area in
8 about 15 years, yes. It's going to take us a while to get
9 through Phase 1.

10 UNIDENTIFIED MAN: Phase 1A or 1B?

11 MR. BURNETT: 1A alone.

12 UNIDENTIFIED MAN: Okay. All right. Fine.

13 Second question -- and again, I've heard your
14 statements that you've used some very qualified consultants to
15 do studies. But I'd like to go back to that question that was
16 asked about the aquifer, and your consultant says there will
17 be no impact whatsoever. And I appreciate that. But what
18 liability are you -- would you be responsible for should there
19 be some significant impact to our water supply or our water
20 quality here in Port Ludlow?

21 MR. BURNETT: Well, the liability would be huge, to
22 answer that question.

23 UNIDENTIFIED MAN: Well, do we have to sue you or are
24 you going to put a bond up or something?

25 MR. BURNETT: Let me answer the rest of the question.

1 One of the interesting things about this rock
2 formation is it's extremely deep. We're not even beginning to
3 get to the bottom of this basalt flow in this quarry
4 operation.

5 The current drinking water sources that comes from
6 wells come from gravel materials that are in valley areas,
7 areas where this gravel has deposited itself on top of the
8 rock. Underneath that gravel where you're drawing water out
9 of with those deep wells is rock. The trick here is that if
10 it's over that hill on the other side, there's no way the
11 water from here gets over there.

12 So it becomes actually a fairly straightforward
13 analysis. Geography and geology and essentially the
14 topography, as I say, geography, dictate whether we could have
15 any impact on a water source, a water supply source, and we
16 have looked at that very carefully.

17 MR. ROSE: Jim, what chemicals are used in the quarry
18 operations?

19 MR. BURNETT: We don't -- unlike a gold mining or a
20 copper mining operation, we don't import chemicals in trucks
21 to do the mining and processing. We keep -- we don't keep
22 those kinds of things on site. We obviously have the -- the
23 same kinds of chemicals you might or solvents that you might
24 or WT40 you might have in your garage, we might have in our
25 shop. But we're not loaded up with chemicals, that's for

1 sure.

2 MR. ROSE: Jim, how many machines in total are going
3 to be housed there that need oil, that need water, that need
4 all those things?

5 MR. BURNETT: 12 to 15 of various sizes and shapes.

6 MR. ROSE: So I don't want to minimize the question,
7 but the first thing is, your drinking water well lies north of
8 this project, and the valley flows from that well, but the
9 topography, the (inaudible) is flowing south of the line.

10 No. 2, twelve machines that need oil and water
11 compared to golf courses, compared to the fertilizer, some
12 pounds that you put on your own yard compared to the pounds
13 that are used on the golf course, the pounds that are used on
14 the Bay Club, it is absolutely fractional. So some machinery
15 maintenance, and your fire department has however many trucks
16 they have, when you go home and you park your car, there's got
17 to be at least 500 cars parked outside or parked at some point
18 at Port Ludlow during the course of the day. And, you know,
19 12 machines is not a significant change in terms of danger to
20 the aquifer.

21 The other thing is there has been certainly some 20
22 years of use and blasting in that area with the Shine Quarry,
23 and there hasn't been any detection of contamination from the
24 mining operation, which basically blows rock up and crushes it
25 and then trucks it away.

1 MR. BURNETT: We're going to get to everybody over
2 here. Just hang on. Instead of bouncing all around, I'm
3 going to work my way --

4 UNIDENTIFIED MAN: I have a question here. I'm
5 assuming there are trees up there now where you have your --
6 where you're going to do your quarry work.

7 MR. BURNETT: Yes.

8 UNIDENTIFIED MAN: And you're going to be removing
9 those trees. And therefore, you're going to have storm water.
10 You get a hundred-year storm out there, what are you going to
11 do with that water? Because the trees aren't going to be
12 there to consume it. The water has got to go someplace. What
13 are you doing to control that?

14 MR. BURNETT: Well, as I had indicated, we're going
15 to have a very elaborate storm water quality and detention
16 system to handle that water, because we have to do just what
17 you said, we have to retain that water and control that water.

18 But more so than that, one of the tricks of this
19 business is that we don't want to open up any more area in
20 advance, considerably in advance than when we're going to need
21 that because that changes the dynamics of how I've got to deal
22 with that storm water. So as time progresses, you also begin,
23 you know, reclamation behind you because that's a requirement
24 of the Department of Natural Resources. And we have developed
25 a plan where we'll begin, as we move out of Phase 1A into

1 Phase 1B or into Phase 2, we'll actually begin reclamation in
2 those areas.

3 Okay. We'll work from the front to the back.

4 UNIDENTIFIED WOMAN: If you don't mind my asking --
5 it might be a rude question -- but what kind of economy are
6 you looking at by even bothering to mine on a scale, as you're
7 representing, that wouldn't be larger than the current Shine
8 Quarry? And when you say that the number of trucks from the
9 quarry will not be much increased over what is currently
10 handled by Shine -- I'm assuming you're looking at having
11 their business or you're directly competing against them, but
12 I still don't understand the -- over 40 years, what kind of
13 monetary motivation is there? Because, quite frankly, either
14 we're -- I'm missing something here. Either there's going to
15 be a hell of a lot more mining than we're being led to
16 understand or otherwise why bother?

17 MR. BURNETT: Okay. Good question. Because we're
18 long-term thinkers. We understand that, as my partner would
19 say as we've gone into areas, is that before the stoplights
20 start to arrive, we need to have been there. Because if we
21 wait, we probably can't get it permitted.

22 As we look at this market and -- and I've said this
23 before. Dan Meade and his group have heard me tell this.
24 It's a small market. It's not like the Iron Mountain Quarry
25 market, which is a big market. But it's a growing market, and

1 we think over the next 20, 30, 40 years that it will be a very
2 good market. Every market doesn't have to be a huge market to
3 be a good market. And as we look at Shine, they're a good
4 competitor. They're going to be right there. They're not
5 going anywhere. We understand that. We think that we can
6 coexist quite happily. But we're looking for the long term.

7 The gentleman right here.

8 UNIDENTIFIED MAN: I have two questions, and one is
9 on the traffic that comes out on 104. You can barely get out
10 on 104 now because of the number of dump trucks coming down
11 the road. And so I would presume that if -- whatever the
12 other -- Shine Quarry is doing, you will do as much as they
13 will. Won't you have as large an operation? They have more
14 equipment over there. I mean, you'll have more equipment than
15 they do, so you'll probably be doing at least -- that would
16 make double the traffic on 104, wouldn't it?

17 MR. BURNETT: There's this notion that because we
18 open up -- that because we might be larger because the site is
19 larger, that only means that we have reserves. It doesn't
20 mean that the operation becomes larger --

21 UNIDENTIFIED MAN: You're not going to have as many
22 trucks as Shine has now rolling down the road?

23 MR. BURNETT: Well, as I said here a minute ago,
24 what's probably going to happen in time is that we will divide
25 up the market, not add to it in the sense of doubling the

1 market. As I indicated, if Albertson's goes in next to
2 Safeway, you don't have twice the food. There's not twice
3 the --

4 UNIDENTIFIED MAN: But your study is what the current
5 traffic is on 104?

6 MR. BURNETT: That's correct.

7 UNIDENTIFIED MAN: But you're adding to that impact
8 that's already pretty hard to get out on the highway.

9 MR. BURNETT: We've studied that, yes, absolutely.

10 UNIDENTIFIED MAN: The second question I have is on
11 blasting. Do you blast in that area -- I mean, do you blast
12 your material or is there this quiet process? I don't
13 understand quite. I haven't heard anything about blasting,
14 and I thought you had to blast.

15 MR. BURNETT: We do. We do drill and blast.

16 UNIDENTIFIED MAN: Could you describe that for me?

17 MR. BURNETT: I sure can. If we go to this drawing,
18 if we can imagine that we were drilling holes probably 18 to
19 20 feet apart on a pattern, so that you might take an area as
20 wide as this room, it might be twice as long as this room. It
21 might be three times as long as this room. And from the face,
22 if I were standing on the face looking down, back, there might
23 be two or three rows of holes. And those holes could be 35 to
24 50 feet deep, and in those holes goes the explosive, an
25 emulsion-like material with the blasting caps and the

1 detonators and so forth and so on.

2 But it's not that simple. We use a very elaborate,
3 digital cap system. We were the first ones in the Northwest
4 to do that. That shot is then programmed on a laptop, and the
5 ideal shot is a nonevent. Explosives are very expensive.
6 This isn't the old guy with the stogey lighting the fuse and
7 running and hiding behind a rock. We don't want to blow this
8 stuff to Kingdom Come. I want to just set it in a pile, and
9 everybody stands and goes, hum, that wasn't very exciting.
10 That's the best shot in the world.

11 UNIDENTIFIED MAN: Can you talk about the sequencing
12 and how that works?

13 MR. BURNETT: Yes. (Inaudible.)

14 Now, it's -- I've been told by several people -- I
15 don't know if they're in this room -- that you can't hear the
16 existing Shine Quarry. I don't know that that's the case, but
17 I've been told that's the case. But the -- if you imagine --
18 let's assume that you had 30 holes in this shot. Every single
19 hole goes off individually. You don't set off -- the shot may
20 look like to the naked eye as if this whole thing just takes
21 off. But every single hole goes off separately, and the
22 reason is to absolutely bring this -- the vibration down to
23 nothing. And every single shot is monitored with pretty
24 sophisticated seismic monitors that we have, and we monitor
25 each one of those shots.

1 UNIDENTIFIED MAN: Will we hear both yours and Shine
2 Quarry's noise?

3 MR. BURNETT: I don't think you're -- I'm told you're
4 not hearing them now, so I don't think -- if you're not
5 hearing them, you probably won't hear us.

6 The gentleman right back there.

7 UNIDENTIFIED MAN: I'd like to follow up on that.

8 We're one of Port Ludlow's newest residents,
9 actually, and we just bought a home in Olympic Terrace 2. And
10 our view -- we have a wonderful view of the mountains, and
11 we're looking directly towards exactly where this is going to
12 be. And I wanted to ask this earlier, but I'm actually glad
13 that this gentleman got a chance to ask about blasting. That
14 was going to be my question.

15 Because one of the first things that I heard after
16 closing on our new home March 24 -- it was during the bridge
17 closure. I was -- I just happened to be home in the
18 afternoon. My wife and I work, so we're not necessarily home
19 during the week. I heard an explosion. I thought something
20 terribly bad had gone wrong. I assumed it was the existing
21 Shine Quarry. Perhaps it was Albertson's or Safeway. But I
22 just assumed that it was the Shine Quarry. I didn't see the
23 explosion, but what I saw was a big cloud of white dust go up
24 into the air. And, really, it looked like a white cloud, but
25 it was the dust and you could see it in motion coming up. And

1 I don't know if it was during the bridge closure or not. It
2 was around that time. And if anybody was at home during that
3 day, they had to have heard it.

4 So while that may not have been you, I'm really
5 skeptical about whether or not we can hear this or not. And I
6 really had to think that some of the people that lived in the
7 path of that had to have the dust on their cars perhaps, on
8 their homes, on their windows. I don't know.

9 But where I was going with that was I wanted to know
10 a little bit about the blasting, and I wanted to ask if we
11 would be able to hear it. But I think I already know the
12 answer to that one. I'd like to know how much you plan to
13 blast, you know, what's a typical week's schedule for you, you
14 know, once a day, several times a day? Obviously, it's going
15 to change, but if you could talk a little bit about that, that
16 would be great.

17 MR. BURNETT: The frequency is probably at best a
18 couple of times a month, not once a day or once a week.
19 The -- I can honestly say -- I've been in this business for 30
20 years. We're not perfect. I've had blasts go off where
21 everything was dry and it was -- as the shot moved, there was
22 some dust created. We don't like that, but it's -- we're not
23 perfect. You know, that has happened. And I can't say that
24 you -- there may be occasions where you might hear us for that
25 instant, and then it's gone.

1 UNIDENTIFIED MAN: Okay.

2 MR. BURNETT: The beauty of this location is the
3 distance it is from you. That's what's so significant. If
4 you were sitting right there looking down at me, I would not
5 be standing here today.

6 UNIDENTIFIED MAN: And visually, are we going to be
7 looking at a backhoe at any time --

8 MR. BURNETT: I am -- my personal opinion, but I'm
9 not going to have you rely on that -- we've hired, you know, a
10 view study to be done. It's done digitally. It's done quite
11 elaborately. It's -- to be quite frank, if you were in
12 downtown Edmonds and you were standing on a hill looking down
13 and someone wants to build an apartment building or a
14 condominium, that's an easy view analysis because it's going
15 to come up right in your view. You can see it. It's going to
16 block something.

17 This is much more complicated, and so we're working
18 hard to make some -- you know, give it some real meaning.
19 Because as you look out here over -- through a mile and a half
20 over the hills and through the trees, can you see us at all,
21 my first question. I don't think you're going to be able to
22 see me do anything, period, at all. But we're not going to
23 let -- I'm not asking you to take my word for it. We've got,
24 you know, people that are out there already. They've been in
25 some back yards. They've been on the golf course. They've

1 been everywhere we can think of, high points that someone
2 might be able to -- can we find this spot. And from that,
3 from some very elaborate digital photography, we create the
4 issue, can we be seen at all. And that report is going to be
5 available for you to see, and I want to hear from you when you
6 read it.

7 UNIDENTIFIED MAN: Yeah. Well -- and we'll continue
8 to sit on our couch in the living room. I guess we'll see it
9 if it will happen, and we'll let you know.

10 MR. BURNETT: As a practical matter, we blast in the
11 latter part of the afternoon. We do not do a shot at the
12 dinner hour. I don't like you to be sitting there having
13 dinner and have the chance of hearing or feeling it at all.
14 That's not a good thing. So we're not interested in trying to
15 disrupt or cause problems.

16 UNIDENTIFIED MAN: Thank you.

17 MR. BURNETT: Okay. Gentleman right here, wherever
18 the microphone is floating around.

19 UNIDENTIFIED MAN: I just want to say that I'm very
20 disappointed with Pope for leasing property adjacent to a
21 master planned community that they developed.

22 That's all I have to say.

23 MR. BURNETT: I -- my only reaction to that is I
24 think that once we're done, I would love to have you come and
25 visit our operation, because I think that when we're done with

1 this you're going to -- there's going to be a "wow" factor.
2 You're going to look at us, and I don't think you're going to
3 feel that way.

4 UNIDENTIFIED MAN: When I look at that picture right
5 next to a master planned community, that's not right.

6 MR. BURNETT: That picture is designed to kind of
7 give a depiction of how our operations go, not necessarily
8 what it exactly looks like.

9 So next behind in the tank?

10 UNIDENTIFIED WOMAN: Hi, Jim. A year or so ago, you
11 had some full-page ads in the local papers that said "the new
12 Shine Quarry," and it caused some confusion in the community
13 as to whether there was still going to be the old Shine Quarry
14 or if your intentions were to come in and take over the
15 existing Shine Quarry.

16 When you start your operations, are you going to
17 price your product competitively with the existing pricing
18 that's going on now so as to give, you know, the existing
19 Shine Quarry, you know, the same opportunities to sell their
20 product at a profit? You know, you've heard of lots of
21 airlines and such that come into an area, undercut the price
22 until they force the little guys out. Are you going to be a
23 good neighbor in that aspect? And what was the purpose behind
24 the wording of "the new Shine Quarry"?

25 MR. BURNETT: "The new Shine Quarry" wording was

1 driven by a -- some local newspaper press, and so we were
2 looking to distinguish ourselves from your old quarry
3 operation and not create a confusion between the two in that
4 campaign.

5 The pricing, quite frankly, today I haven't even
6 given a thought to pricing at this point. The market pricing
7 is what it is. We very much understand pricing and the need
8 to make money in the marketplace, so we've been doing this for
9 a long time and we're not cowboys.

10 Let's go all the way to the back.

11 UNIDENTIFIED MAN: Do you have a written exit plan
12 and is this available? Can you hear me?

13 MR. BURNETT: I couldn't hear you.

14 UNIDENTIFIED MAN: Do you have a written exit plan?
15 Is that available for us to read?

16 MR. BURNETT: I'm not sure I understand "exit plan."

17 UNIDENTIFIED MAN: When you get all through with it
18 and you've got a big hole up there, are you going to fill it
19 in and make a lake or are you going to make a golf course?
20 What are you going to do with it?

21 MR. BURNETT: Actually, when we're done out there,
22 we're going to have a flat floor that's going to be growing
23 trees again with some undulations in it. The floor of the
24 Shine Quarry, as it mines down, and the floor to this -- to
25 our quarry area will meld together. And as those areas are --

1 the topsoil, which we save, is put back on those sites and
2 trees are replanted, what you have is forest again, not a
3 hole, because we're not going that deep. There's not -- there
4 won't be a -- if that's the thought, that there's this huge
5 hole there, there isn't a huge hole.

6 As long as the microphone is right there, there's two
7 sitting right -- three against the window.

8 UNIDENTIFIED WOMAN: You were talking about new
9 procedures in blasting. As a child, I lived 15 miles from a
10 quarry, and I vividly remember four o'clock each day when they
11 blasted, to say nothing of the damage that was done to homes
12 in all the miles around it. That was a jolt in the ground --

13 MR. BURNETT: I can't speak to what it was at that
14 time when you were a child.

15 UNIDENTIFIED WOMAN: It was a few years ago --

16 MR. BURNETT: I can assure you today that it's
17 completely different, as are all of the standards that we
18 operate under.

19 Yes, sir?

20 UNIDENTIFIED MAN: I'm Mike Flemming from LTD 4 in
21 Port Ludlow.

22 I'd like to somewhat dispute Mr. Rose's comments
23 about Mats Mats Quarry. I was on the shoreline commission,
24 the county and planning commission for the County at that
25 time, and there was a noticeable effect to the residents in

1 their property values. I'm not a realtor, but from comments
2 from the public, that's what we got. So I know that was ten
3 years ago or more, but I don't know that the technology has
4 changed that much. You're still getting rock out of the
5 ground.

6 The other thing -- the gentleman up front here made a
7 comment about amazed that Pope and Talbot leasing land to your
8 company, if I may. I know that's not you. You're a mine
9 owner. But my understanding is they're going to develop
10 around Port Gamble, and I find it hard to believe that this
11 won't have some effect, what you're going to do, to Port
12 Gamble as far as reputation. We're talking property values,
13 the income here to live marginally. This is probably the last
14 place most of us will live. And regardless of how careful you
15 are, that doesn't add up in my book as far as a great place to
16 live. Thank you.

17 MR. BURNETT: Thank you. I appreciate your concerns.
18 I understand them. I honestly feel that you're going to find
19 us to be a good neighbor, that you're really not going to know
20 we're there, and that when you come by when we're running, I'd
21 be happy to show you what we're doing and how we're doing it.
22 I think you're going to find that we're an asset, not a
23 liability.

24 One woman sitting right next to you --

25 MR. ROSE: Just a quick time-out. We've got to

1 change the disk again, the video.

2 (Whereupon, there was a pause in the proceeding.)

3 MR. BURNETT: Sara, just give me the high sign when
4 you're ready.

5 Okay. We're back in the back.

6 UNIDENTIFIED WOMAN: Yes. Thank you. I'm Betty
7 Harmon, and first of all, I'd like to commend you. You've
8 been answering questions for an hour, and that's difficult.

9 Mr. Rose, when you talked about the County always
10 being in the mode of mining, when we bought our home seven
11 years ago, that was never explained to us, and in other states
12 that would be material for lawsuits.

13 Let's get back to the Iron Mountain. How many -- you
14 say you're in the business of quarries. How many quarries do
15 you have now under your auspices?

16 MR. BURNETT: Well, right now we operate a quarry in
17 Granite Falls called Iron Mountain Quarry. And Iron Mountain
18 Quarry just happens to be probably the largest hard rock
19 quarry operation in the state, if not in the Northwest.

20 The -- we also operate a company called Renton
21 Concrete Recyclers in Renton, Washington, in which we recycle
22 concrete and asphalt, a little bit of everything from the
23 greater Seattle marketplace.

24 We're also involved with a quarry operation in
25 Orting, although we are not involved with the operation of

1 that on a day-to-day basis.

2 UNIDENTIFIED WOMAN: And you're a good neighbor in
3 all these areas in there doesn't happen to be any problems
4 with these quarries?

5 MR. BURNETT: As a "for instance," at Iron Mountain
6 Quarry, we have some very immediate neighbors that live within
7 a thousand feet of the quarry operation. They have -- most of
8 those neighbors have built since we started that quarry
9 operation.

10 UNIDENTIFIED WOMAN: All right. And then thirdly,
11 this -- the MPR, as you notice, the majority of people here
12 are retired professionals, and the mean house average is about
13 399, 400 thousand. Any of these quarries next to an MPR that
14 has a mean of house price?

15 MR. BURNETT: Well, frankly, probably all of the
16 homes that are within this area that I describe close to Iron
17 Mountain Quarry are probably at that price range or greater.

18 The beauty of this site -- and I know this is a
19 struggle for some of you -- is its location, in that there is
20 a mile and a half between us and you. And that's important to
21 us. As I said, if we were right next door to me, I would not
22 probably be here, because I -- that's not where I want to be.

23 We've looked at operations where we had to drive down
24 a county road where the trikes and the bicycles and the kids
25 were right there. That's not for us. We're not interested in

1 anything like that, and we've passed on those over the years.
2 We've been doing this, you know, myself for 30 years, my
3 partner for 40-some years. You know, we've -- we don't have
4 to do it. We do this every day because we like to do it.

5 UNIDENTIFIED WOMAN: And I think that's wonderful.
6 We all should enjoy doing what we like. But I think, you
7 know, there are plenty of homes for sale now in the Port
8 Ludlow area, and since you're going to be on site, we would
9 welcome you as a neighbor. Thank you.

10 MR. BURNETT: Thank you.

11 Let's stay in the back where the microphone is and
12 work our way forward.

13 UNIDENTIFIED MAN: Hi Jim. My name is Tom Galetson
14 (phonetic). I live in Olympic Terrace 1. I have a couple of
15 questions.

16 You've been talking this afternoon about all of the
17 studies that have been going on, hydrology, noise level
18 studies, environmental studies, view studies, all of these
19 kinds of things; and as far as I get, all of these are very
20 positive results from your side. My question has to do with
21 the what-if's, and I'm wondering whether or not you have any
22 what-if plans. What if the hydrology reports come back and
23 there is a potential for the destruction of the aquifers? Are
24 you willing to drop the project and leave or do you have a
25 Plan B for this or a Plan C?

1 I'm not so concerned with the aquifer being
2 chemically contaminated. My concern, I think, basically is a
3 geological change. Aquifers have a funny way of moving
4 around, especially if they're disturbed, and I'm, you know,
5 wondering if your report shows that. To me it's a big
6 what-if.

7 And my other question had to do with the sales tax
8 question that came up earlier. I would be surprised if your
9 marketing department hasn't mapped out what this market is
10 over the next 40 years and have located geographically where
11 these markets are, and from that you should be able to
12 determine where the taxes are going to be paid. And I think
13 you kind of skirted around that question.

14 MR. BURNETT: Well, I'm sorry. I didn't intend to.
15 The sales tax -- the issue -- I'll work backwards and see if I
16 remember all this.

17 The State has a pretty precise formula and law about
18 how and where sales taxes are paid and who gets those. So if
19 the material is delivered inside Jefferson County, Jefferson
20 County is going to get the sales tax for whatever that taxing
21 district or collection of districts are.

22 UNIDENTIFIED MAN: And we understand that.

23 MR. BURNETT: And I think you understand if the
24 material goes to Kitsap County, then the sales tax comes under
25 a completely different formula and is then going to be paid in

1 in Kitsap County.

2 The huge tax benefits are -- probably for Jefferson
3 County are the personal property taxes, which are considerable
4 on our equipment, and those schedules are sort of like the old
5 license tab fees in this state. They went on forever despite
6 the depreciating value of your car.

7 The same thing is basically true of that issue with
8 regard to hydrology. I'm trying to put this in a simple
9 perspective. Where the water supplies are now, which are on
10 top of this thousand feet or deeper bedrock, basalt flow
11 bedrock, are flowing out that door over there because that's
12 in this basin on this side of the room going that way. We're
13 clear over here, and our basin is going that way. So we're
14 not -- we can't, you know, topographically get any of this
15 water over there. It's not possible. We're in different
16 drainage basins completely in a -- or we'll call it a
17 subbasin.

18 So, quite frankly, and I'll tell you this straight,
19 if we thought there was any problem with a drinking water
20 supply, we wouldn't be here. I don't have time for that. I
21 don't want to spend that kind of money. I don't need any of
22 that. That's a ridiculous -- that's a quagmire to step into
23 that I just have no interest in. We wouldn't be doing that.

24 UNIDENTIFIED MAN: How about Plan B?

25 MR. BURNETT: Plan B --

1 UNIDENTIFIED MAN: When I asked the question, that if
2 something happened that you weren't expecting (inaudible)
3 unless you did some mitigation to what the problems were, do
4 you have a Plan B that --

5 MR. BURNETT: That's exactly what we're doing right
6 now. We're looking at every conceivable issue, turning over
7 every stone at a level that Jefferson County -- when that
8 application is submitted to Jefferson County, I will venture
9 you that they will probably have never seen one as complete or
10 as comprehensive as the application and the studies that we're
11 going to submit to Jefferson County. It's going to arrive in
12 boxes. And it's going to be in a manner that you can read and
13 see and understand. We're looking at all the Plan B's. We
14 want to know what they are, because I don't want to get hit in
15 the back of the head, with you coming up and saying, Hey,
16 Burnett, why the devil didn't you look at this? I mean, I'm
17 looking under every stone I can find.

18 MR. ROSE: But, sir, it's very common through the
19 environmental review process to do the studies. We have done
20 many environmental review processes with our projects. You
21 can get the studies, look at the studies and say, you know,
22 that we could mitigate this by changing the design of the
23 project. It's very rare that we've ever found -- I think what
24 you're asking about, is there a fatal flaw? And if there's a
25 fatal flaw, nobody wants to be in business or try to be in

1 business with something that can't be mitigated at a
2 reasonable cost or a reasonable price.

3 So this process of the environmental review is often
4 iterative. You do a first round of studies. The County and
5 the public weigh in on what they think the studies say and
6 what they show. And there's a round of comments that you'll
7 be able to make, and there's often a dialogue, a discussion,
8 you know, can you maybe move the operation over here, because
9 if you did that, it would mitigate the noise better or
10 mitigate the storm water better.

11 It's not a process where they make a proposal, they
12 do the studies and live with it, you know, like it or leave
13 it. It can be a very iterative process. And most proponents
14 don't want to design projects that fly in the face of impacts
15 that could be mitigated.

16 It's still a business for them. I mean, if there is
17 a fatal flaw that's going to making them subject to an entire
18 community bringing a civil suit, if that was a high risk,
19 which of you as business owners would enter your capital into
20 a risk that was so terrible? You wouldn't do it. You're all
21 former professionals. If that was a real, real high risk,
22 that you were going to have 2,000 people take you to a class
23 action in a civil action because of ground water, as a smart
24 businessperson, you wouldn't take that risk.

25 MR. BURNETT: I think, Jon, one of the great examples

1 here is that the Shine Quarry has been in operation now for 20
2 years without any of these issues.

3 So let's -- where have we got the microphone?

4 MS. BROWN: Right here. I'm Bev Brown. I live at
5 Teal Lake, and I have a question about your comments about
6 Granite Falls. You said they're all very happy with you
7 there, but the reports in the newspapers, most recently in the
8 Seattle Times, didn't indicate that at all. And so I'd like
9 to know how this operation is going to differ from that one.

10 MR. BURNETT: Well, I'm not sure what article -- I
11 don't know that -- to my knowledge, I've been in the Seattle
12 Times --

13 MS. BROWN: It was a full page. It was large.

14 MR. BURNETT: I'd certainly like to see that, because
15 I have no knowledge of that whatsoever.

16 Within the Granite Falls community, I can say at this
17 point that if any of you would like to call the mayor of
18 Granite Falls or the superintendent of schools or the Granite
19 Falls School District, I welcome you to call them and ask them
20 about Iron Mountain Quarry.

21 MR. ROSE: But, ma'am, also the big difference is in
22 the distance between the operation there and the residents
23 there and the operation here and the distance here.

24 MR. BURNETT: And at this point, I -- we literally
25 drive through the middle of downtown Granite Falls with every

1 single truckload of rock that leaves our quarry.

2 MS. BROWN: That was one of the things they
3 mentioned. They didn't like that very much.

4 MR. BURNETT: Well, it -- I might add to that. As a
5 result of that traffic through Granite Falls, for not only
6 ourselves but two other large operations, the -- as we speak,
7 a bypass of Granite Falls is being constructed to take that
8 truck traffic out of the streets of Granite Falls.

9 UNIDENTIFIED MAN: At whose expense? Paid for by the
10 County or the State?

11 MR. BURNETT: The County. There's state dollars,
12 there's federal dollars in that bypass.

13 Right up here. This woman right here.

14 UNIDENTIFIED WOMAN: Hi. I have a great voice. I
15 don't think I'm going to need that, but thank you very much --

16 UNIDENTIFIED VOICES: Yes, you do.

17 UNIDENTIFIED WOMAN: Good evening. This is a
18 question for both Pope and for Iron Mountain. Pope's Web site
19 says that "We profitably execute our mission with integrity,
20 mutual respect, and trust by maintaining a high level of
21 stewardship for the environment and respecting the communities
22 where we operate."

23 Additionally, your Iron Mountain Quarry new Shine
24 Quarry proposal Web site has stated for several months, quote,
25 "A protective wooded ridge will be maintained to the northeast

1 of the new Shine Quarry operations, shielding visibility from
2 Port Ludlow and maintaining the green landscape of our
3 community."

4 You chose to enter into negotiations with the Port
5 Ludlow Village Council and the South Bay Community Association
6 Boards, seeking their support for the East Jefferson trust
7 land exchange. In exchange for mitigations, you said you'd
8 coordinate with Iron Mountain Quarry regarding this mine.
9 Both Boards complied with your requests and gave testimony to
10 DNR to support the land exchange.

11 Now you're saying that unless the land exchange goes
12 through, you will not provide previously discussed buffers
13 even on land you currently own, and Iron Mountain Quarry is
14 saying they will not maintain the wooded ridge. Could you
15 explain how these current actions show integrity, mutual
16 respect, and trust?

17 And as a follow-up, to Iron Mountain Quarry, in your
18 dealings with Jefferson County, you chose litigation rather
19 than cooperation. Given that you are now suggesting some of
20 these exact pieces Jefferson County asked for in their
21 conditional use permit requests, specifically to mine only 20
22 acres at a time, some feel your epiphony is merely a
23 preemptive move to eliminate the need for an environmental
24 impact study. How should it be viewed?

25 MR. BURNETT: Well, let me answer this in a couple of

1 stages.

2 Our dispute with Jefferson County is really two
3 parts. One, the dispute was with this group, and the second
4 dispute was with Jefferson County.

5 Jefferson County was involved on this all the way
6 along. We disagreed with Jefferson County's interpretation of
7 the laws of the state of Washington. Jefferson County's sole
8 superior court judge agreed with us on two occasions that
9 Jefferson County wasn't following the law. So our issues
10 early on were a function of process and things that Jefferson
11 County wanted us to go through but didn't have a right to ask
12 us to go through.

13 We also started through a mineral lands process as a
14 parallel process early on during the first litigation, we'll
15 call it, because of certain trigger dates in which you have to
16 have the application in to be heard within that year's period
17 of time.

18 The issue of the ridge, we are leaving the ridge. At
19 the end the ridge will come down. But the ridge is like a
20 wedding cake. The top comes off real quick, and you get down
21 to the second and third layer. In this case, if you could see
22 us, and I don't believe you will -- but we're still going to
23 leave the ridge until the end. But if you could see us, we're
24 going to disappear overnight because we're going to -- we're
25 going to take the top of the ridge so it doesn't have any rock

1 in it. And once you cut the top off, it's like taking the
2 top off the wedding cake. To get to enough pieces to serve
3 the wedding guests, you got to get down to the meat and
4 potatoes. That's what's going to happen in this case in any
5 event, whether you can see us or not. But we're going to
6 leave that ridge until the tail end, and then the ridge would
7 come down.

8 UNIDENTIFIED WOMAN: So how is it that your Web sites
9 states one thing and you're doing the exact opposite? How is
10 that showing integrity, mutual respect, and trust? And if we
11 don't --

12 MR. BURNETT: It's not that at all. It's technology.
13 I'm not a technology guy. Quite frankly, I use a telephone
14 for a telephone, not games or a myriad of other issues. The
15 Web site was created. I need to talk to our people who
16 understand that Web site and tell them to fix the Web site. I
17 frankly wasn't aware that it was even still up. I had thought
18 it had been discontinued at this point, because the last time
19 I heard, there were no -- they call them hits on the Web site,
20 so it was pointless to keep it running.

21 UNIDENTIFIED WOMAN: So as a good businessman, you
22 didn't review the information put on your own Web site prior
23 to its being --

24 MR. BURNETT: We're not arguing about the ridge.
25 We're keeping the ridge. At the very end the ridge comes

1 down.

2 UNIDENTIFIED WOMAN: So you're not keeping the ridge?

3 MR. BURNETT: Well, the ridge doesn't -- what good
4 does a ridge do after we're gone?

5 UNIDENTIFIED MAN: Blocks sound.

6 UNIDENTIFIED WOMAN: It blocks sound --

7 MR. BURNETT: What sound? If we're over, it doesn't
8 make any difference.

9 UNIDENTIFIED MAN: Yeah, it does.

10 MR. BURNETT: Let me answer a couple questions. Once
11 we're over, there is no purpose for the ridge to stay. And so
12 at that point, I'm not sure why that isn't exactly what we
13 agreed to do.

14 MR. ROSE: Jim, will your sound study look at what
15 effects are out there and whether or not the ridge is going to
16 play this role? Because these folks are really convinced the
17 ridge is really important in terms of noise, not from just the
18 mine, but I also heard from the highway. Is that something we
19 can -- that might get addressed in that study?

20 MR. BURNETT: It's what -- it will be addressed.

21 Let's talk about noise a bit. Noise is -- as I said
22 earlier, distance is the enemy of noise. And as noise goes up
23 and out -- let's assume that you were standing behind a noise
24 wall along the freeway. Right behind the noise wall, it's
25 really effective. But as you move out from the noise wall a

1 block or two -- and I live a block and a half from a noise
2 wall myself in Seattle -- the noise goes up and right back
3 down to the ground. So out there the noise is lessened by the
4 distance, of course, than if you were right next to the noise.
5 In this case, the sheer distance, the noise level just falls
6 off. It disappears, essentially.

7 UNIDENTIFIED WOMAN: You're addressing the noise
8 issue, and really my issue was more towards a trust issue.
9 You have a poor reputation at this point because you started
10 out with litigation. Pope Resources has a lengthy history
11 with Port Ludlow and surrounding areas. And could you please
12 address how you feel starting a hard rock mine on the borders
13 of an MPR shows integrity, mutual respect, and trust?

14 MR. ROSE: We started the Shine Quarry back before
15 almost any of you moved here. Well, not all of you. I see
16 familiar faces. And we started the Port Ludlow Master Planned
17 Community in the late 1960's and '70s. And in our first
18 meeting, what I heard over and over again is we love the Shine
19 Quarry and the operators because they've never bothered us,
20 over and over again. So as that quarry winds down and
21 finishes up, our thought was that we're just going to continue
22 that as they run out of rock, and we're doing essentially the
23 same activity that we've done from before most of you showed
24 up and lived in the community.

25 And so, you know, I'm not saying it's exactly the

1 same, but I'm also saying it is definitely not substantially
2 different. So we started that before darn near all of you got
3 here with the Shine Quarry. At the last meeting, you said we
4 love the Shine Quarry, we think they're great neighbors, and
5 we never notice they're there. So our thought was doing more
6 of what we've been doing was in keeping with integrity and it
7 certainly wasn't counter to integrity.

8 And then I heard a question about buffers. And, Jim,
9 if you could explain how far the distance is between the
10 closest part of Phase 2 and any existing residence and what
11 that distance is. If that's the buffer, maybe talk -- if I
12 think that's the buffer you're talking about --

13 UNIDENTIFIED WOMAN: I'm discussing the 20-acre
14 buffers that you were negotiating with the Port Ludlow Village
15 Council and the South Bay Community Association if the DNR
16 land exchange has gone through. And what we heard most
17 recently was that if the land exchange did not go through, you
18 would not be able to provide buffers even on the land that you
19 currently own.

20 MR. ROSE: No, that's not true. That was never said
21 by us.

22 So the history on the 20-acre buffers was -- this is
23 the MPR boundary right here. And we -- when we went through
24 and we created the MPR, that was probably a three-to-four-year
25 process with a million meetings like this. And the number one

1 concern that people had was, Pope, we don't want any more
2 people here, you know. That's what we don't want. Nobody
3 said we don't want any more of the Shine Quarry. Not one
4 person brought that up.

5 So when we sat down to negotiate, folks said the
6 number one thing we don't like here is people, more people.
7 So we're going to cap the number of residents at 2,250 or
8 2,275, and you're going to put them inside the MPR, and then
9 you go and do your forestry thing and your resource thing
10 outside of the MPR.

11 And then what we agreed to do was put a line of
12 20-acre zoning so that there wouldn't be any more density and
13 more people, because we didn't want those people. And so we
14 did a line of 20-acre zones that goes here, and we did a line
15 of 20-acre zoning that goes here. And within this little
16 corner -- there's a little bit of an overlap between this 20
17 acres and this lease area -- it's still going to be 20-acre
18 zoning, but the issue was we weren't going to up-zone and take
19 the MPR up another thousand people.

20 That was the issue, and that was the reason for the
21 conversation. The conversation never revolved around will
22 that buffer -- and will there be resource extraction, whether
23 it be timber or whether it be gravel or whether it be basalt.
24 That was never part of the conversation ten years ago. And so
25 we haven't changed a thing.

1 Recently we haven't changed anything. What we said
2 was, if we get the DNR lands, we aren't going to ask to
3 up-zone it. That's what we said. So this little piece right
4 here that is zoned as commercial forestry, what we said
5 recently was, if we end up getting DNR 6, we will not zone it
6 as 20-acre lots. We will zone it -- because that would be
7 more people. People are bad. We are going to keep it in
8 forestry because forestry is good. And that's the way the
9 whole MPR was set up, and that's the way that negotia -- we
10 never said anything recently that you're not going to get the
11 same buffers. And we're not going to roll back zoning.

12 What we said is, when we did a rezone up on Tala
13 Point, we made an agreement that the area in this
14 crosshatch -- and you can look at it afterwards -- that the
15 area in the crosshatch we wouldn't try to up-zone to something
16 more dense. So during -- when we got Tala Point up-zoned, we
17 said, listen, in consideration for the fact that we're getting
18 more units now on Tala, we will promise not to up-zone and get
19 more people, and we'll keep the zoning the same on the
20 properties that we own. And then in a letter that Dave Nunes
21 wrote to the commissioners, he said, if we end up with DNR 6,
22 we will do the same restriction on the DNR properties, and we
23 will not up-zone them for the same period of time.

24 UNIDENTIFIED WOMAN: I have a second question, maybe
25 a third, if you look at it that way.

1 There are provisions in the state tax law that allow
2 timberland owners to divert 10 percent of their contiguous
3 land holdings to other uses such as mining without incurring
4 an increase in property taxes. Timberland taxes are a
5 smaller, much smaller portion of what mining taxes are.

6 Currently you own approximately 2,000 contiguous
7 acres of which the Shine and new Shine Quarries would be
8 approximately 200 acres total, and so you would not have to
9 pay mining taxes on those.

10 If the East Jefferson trust land exchange goes
11 through, your contiguous land holdings would increase to
12 roughly 5,000 acres, meaning 500 acres could be mined without
13 paying the higher mining taxes.

14 Additionally, county geological maps show that the
15 vein of basalt under the proposed mine is far larger than the
16 142 acres that the mine is said to cover.

17 Could you explain how the land exchange isn't just a
18 tax dodge and a way to mine more basalt without having to pay
19 an increase in taxes? And do you have plans to start other
20 mines in this area?

21 MR. ROSE: Okay. So I would say the first thing is,
22 in terms of the acres, we actually have much more land than
23 2,000 contiguous acres. We have 20,000 acres in the block
24 here that are contiguous. And so if this was all a big tax
25 dodge, it would be a very, very complicated way to avoid

1 paying some taxes.

2 You know more about taxes than I personally do, but,
3 Jim, as this area goes into mining, is it going to -- is this
4 particular 142 acres, is it going to stay and pay timber taxes
5 or is it going to pay something that looks more like taxes on
6 vacant land?

7 MR. BURNETT: Well, as far as I'm concerned, it goes
8 into vacant land type taxes. I'm not -- I've not heard of
9 this concept, which is very interesting, but I'm not aware of
10 that. That's not in our plan.

11 MR. ROSE: I mean, theoretically, with 20,000
12 acres -- and it is a contiguous plot -- we could have a
13 2,000-acre quarry and not pay taxes.

14 The reality is, this 142 acres is going to last for
15 42 years or 40 years. So how much more do you need to get
16 permitted? I mean, the reality is -- also, this vein of
17 rock -- Don just asked -- Don Cooper who left just asked -- is
18 this green area. That rock goes all the way up and underneath
19 this building. Okay. But how many decades or centuries of
20 rock supply do we need? This area right here is a 40-year
21 supply. That area there is probably a 500-year supply.

22 UNIDENTIFIED WOMAN: So are you not planning to start
23 any other mines, to lease any other land for mines other than
24 this?

25 MR. ROSE: We have no plans and not planning --

1 there's no discussion in house because we've already got the
2 market covered here. Why would -- I mean, we've already got
3 two mines covering a small market. Why would we have a third?
4 We wouldn't do that. It would just -- there would be no
5 reason to do it.

6 The Shine Quarry is going to run out, and it takes a
7 long lead time to get these projects permitted, a very long
8 lead time. And you can see it's not easy. No matter where
9 you are, mines and gravel quarries are -- mines and quarries
10 take a long time to get permitted. You don't wait until the
11 rock runs out to start a permitting process. So Iron Mountain
12 has started ahead of time so that there's not a big drop and a
13 big gap between one operation starting and another one -- one
14 stopping and another one starting. No, we have no need, and
15 there's no need in the marketplace for another supply of
16 basalt. We have a 40-year supply we're working with here.

17 MR. BURNETT: Okay. Let's -- gentleman with the
18 microphone.

19 MR. ROSE: However, if SBCA wants to get into this
20 business, there is a great supply of basalt right underneath
21 this building.

22 UNIDENTIFIED MAN: There may be some who would like
23 that idea.

24 How high is that ridge line? What is the elevation,
25 and what would be the elevation of your final floor?

1 MR. BURNETT: The -- if we draw a line sort of along
2 through here after we've taken off the little peaks, we're at
3 about 300 feet. And when we get to the final floor, we're at
4 about 150 feet.

5 UNIDENTIFIED MAN: So you're taking out 150 feet up
6 and down?

7 MR. BURNETT: That's correct.

8 UNIDENTIFIED MAN: And how many tons or yards of
9 material are you planning to remove over the 40-year period
10 and perhaps by stages?

11 MR. BURNETT: We -- our estimates are that there's
12 about 20 million tons in this reserve.

13 UNIDENTIFIED MAN: And you're going to remove 20
14 million tons in 150 feet of elevation, basically?

15 MR. BURNETT: Well, we're going to remove it down to
16 the lowest elevation. We're not going to have a hole. You'll
17 be able to walk in from the lowest point. You're not going to
18 walk down into this pit --

19 UNIDENTIFIED MAN: It's 150 -- you're going from 300
20 feet in elevation to 150 feet in elevation?

21 MR. BURNETT: That's correct.

22 The gentleman right behind you.

23 UNIDENTIFIED MAN: You have referenced throughout
24 your presentation your consultants' reports, which I assume
25 are getting close to being finished. Is that correct?

1 MR. BURNETT: That's correct.

2 UNIDENTIFIED MAN: And do you have a date when you
3 anticipate presenting them to the County?

4 MR. BURNETT: Well, I would have liked to had them
5 done by now, quite frankly, but I think that we're probably
6 going to be the latter part of November by the time they're
7 all in place. Some of them are taking a little bit longer
8 than I had hoped, but we wanted it to be done correctly and
9 not rushed, and we've added some scope to the charges given to
10 some of the consultants as we progressed into this and thought
11 of things going along the road.

12 UNIDENTIFIED MAN: Would you consider providing a
13 copy of those reports to the community? Obviously, up at the
14 county they're a public record. We live 20 miles from the
15 county. A copy of those reports in this community would be
16 invaluable in terms of access that these people would have to
17 it.

18 MR. BURNETT: We'll give you a complete copy.

19 UNIDENTIFIED MAN: Thank you.

20 MR. BURNETT: Every single page.

21 This gentleman.

22 UNIDENTIFIED MAN: The question I have is, will these
23 studies be available when you file your permits or will they
24 be found after you --

25 MR. BURNETT: Found that day. They will be in the

1 boxes. Part of the application is all of these studies.

2 UNIDENTIFIED MAN: Okay. And with the tax situation,
3 the last I saw, Shine was still forestland.

4 MR. ROSE: You know more than I do.

5 MR. BURNETT: Okay. Moving back to the gentleman --
6 oops, excuse me. This woman here.

7 [***OVERLAPPING TEXT AS VOLUME 1 GOES TO VOLUME 2 TEXT IN RED***]

8 UNIDENTIFIED WOMAN: Just a question. You had
9 indicated that you'd already submitted a traffic report to
10 WSDOT, so I assume that's already been prepared.

11 (End of audio recording of the first 96 minutes of
12 the meeting.)

13

14

1 TRANSCRIPT OF THE LAST 60 MINUTES OF THE
2 IRON MOUNTAIN QUARRY MEETING OF OCTOBER 14, 2009

3
4 --ooOoo--

5
6
7 UNIDENTIFIED WOMAN: Just a question. You had
8 indicated that you'd already submitted a traffic report to
9 WSDOT, so I assume that's already been prepared.

10 Can you show us on a map where the ingress and egress
11 site, point of the ingress and egress is to your site in
12 relation to where Fred Hills Materials' trucks come onto
13 the --

14 MR. BURNETT: Absolutely. Let's walk right over
15 here. There have been ongoing discussions with WSDOT in this
16 region about traffic, what they were interested in, you know.
17 This is an ongoing affair. Where my finger is, if you go down
18 on this map, that'll take you into Fred Hill Materials. If
19 you turn this direction, you will go in and -- to the old
20 highway and on in at this point to the Shine Quarry.

21 UNIDENTIFIED WOMAN: So they're directly across from
22 each other?

23 MR. BURNETT: They're directly across from each
24 other.

25 UNIDENTIFIED WOMAN: Okay. Now, sort of a follow-on

1 question, since you've already submitted it, how many trucks
2 trips per day did you identify within that study?

3 MR. BURNETT: Boy, I wish I knew it off the top of my
4 head.

5 MR. NUNES: Has it -- it hasn't been submitted yet,
6 has it, the traffic study?

7 MR. BURNETT: No.

8 MR. NUNES: So it has not been submitted. All of
9 that will be submitted -- all the studies will be submitted --

10 MR. BURNETT: I can get that information for you, and
11 I'd be happy to call you with it. I don't have it on the top
12 of my head.

13 UNIDENTIFIED WOMAN: Okay. Thank you --

14 MR. BURNETT: Because they think -- I think in terms
15 of a trip is a load leaves and -- but they think of a trip
16 is -- one in and one out is two trips. So they -- traffic
17 people think in different terms than I think.

18 UNIDENTIFIED WOMAN: Right. So -- but you don't
19 recall -- in your report, are you also including the trips
20 from the -- that are existing from the Shine Quarry as well as
21 what's coming from Fred Hill Materials' site?

22 MR. BURNETT: We've had counters out and have counted
23 all of those trips.

24 UNIDENTIFIED WOMAN: And so all of those are
25 identified --

1 MR. BURNETT: They will all be identified in the
2 report.

3 UNIDENTIFIED WOMAN: Okay.

4 MR. BURNETT: Absolutely.

5 UNIDENTIFIED MAN: With the trips, is that from
6 historical data or is this from a recent study?

7 MR. BURNETT: Counts, recent counts actually out on
8 the highway when the bridge was open.

9 UNIDENTIFIED MAN: And this is in the middle of a
10 recession that's the greatest recession in 80 or 90 years. Do
11 you think that reflective of what happens in a good economy?

12 MR. BURNETT: Well, what we've found is -- WSDOT also
13 has information, and so we -- they tend to compare that
14 information. We also did it in the summertime, which -- where
15 the trips are actually historically higher. We're looking at
16 a.m. and p.m. peak. We don't have any impact on what was
17 called the p.m. peak, which is the commute home. Where we
18 would have impact is on the go-to-work commute, and we look at
19 the impact we have on that and, frankly, it's minuscule.

20 UNIDENTIFIED MAN: But your -- well, I guess my
21 concern is, if you just did the study in the summertime here
22 when there was no business or very minimal business, how are
23 you guys going to upscale it to what we think normal business
24 is like?

25 MR. NUNES: You know, there are lots of years -- so

1 what -- if I could sort of rephrase. Jim took studies during
2 a bad economy when there just wasn't much traffic issue out
3 there. What about when this economy comes back? The
4 background trips are up, and then he has trips on top of that
5 number. Is that right?

6 So -- and I haven't seen his report and I don't know
7 if it takes that on directly, but that is a totally reasonable
8 comment for you to make when you look at the study. If you
9 think that it's getting close -- those historical trips in
10 that data is -- every year WSDOT does those studies, and that
11 would be -- if it's not in that report, then that would be a
12 totally reasonable study -- or comment for you to make to take
13 a look at. That was --

14 MR. BURNETT: I think what we found is that despite
15 the economy that the number of trips, the traffic on 104,
16 frankly, hasn't decreased as much as one would think.

17 UNIDENTIFIED MAN: I -- maybe you've made the issue.
18 You guys have the data. Why don't you provide it for them?

19 MR. ROSE: Well, no, his traffic guys have that -- I
20 mean, his traffic folks get that because it's right available
21 on the Web site --

22 UNIDENTIFIED MAN: You have the historical data.

23 MR. ROSE: No, WSDOT has it. We don't count -- we
24 don't take WSDOT highway studies.

25 UNIDENTIFIED MAN: You've got tonnage.

1 MR. ROSE: Oh, tonnage, tonnage, tonnage. Okay. You
2 meant traffic from Shine --

3 UNIDENTIFIED MAN: Shine, Fred Hill.

4 MR. ROSE: I'm sorry. I thought you meant ambient --
5 I thought you meant ambient traffic and --

6 UNIDENTIFIED MAN: No, no.

7 MR. BURNETT: Jon, I can answer it. We've used not
8 what we would consider to be a first year, second year, or
9 third year start-up. We've used what we would consider a high
10 number in our traffic study because we like to be
11 conservative. Because I don't want you to come back and knock
12 me in the back of the head and say, Geez, Burnett, how come
13 you used this, you know, cheesy little number to fool us? We
14 didn't do that. We took, you know, a solid year of known
15 tonnages that we thought that we would impact at and did the
16 study without taking away from Shine Quarry; added that on and
17 then looked at the number to see what it was.

18 UNIDENTIFIED MAN: And you included Fred Hill?

19 MR. BURNETT: Well, our people looked at the traffic
20 coming out of Fred Hill.

21 MR. NUNES: So we haven't gone back and looked at
22 tonnage and added. I'm sure -- I'm sure -- I know that I
23 certainly didn't go back and look at that historical -- if
24 that number looks like it's getting close to some sort of a
25 threshold or a level of service issue, I mean, then we would

1 probably -- probably the best records would be from Shine
2 Quarry and from Fred Hill, or we could make some kind of
3 reasonable estimation, hey, our -- you know, Fred Hill could
4 say, you know, our business is off 30 percent, so we could add
5 that back on pretty reasonably. And so, you know, I don't
6 know if that was done, but I don't think it's an unreasonable
7 or really a very difficult exercise to take on at all.

8 MR. BURNETT: This gentleman right here.

9 UNIDENTIFIED MAN: What is the daily tonnage that you
10 assume for your traffic studies?

11 MR. BURNETT: I believe that I told them to use
12 400,000 as an annual number for the traffic study.

13 UNIDENTIFIED MAN: Okay, that's not a peak value. If
14 you take the 40 years and what you've said was the tonnage
15 that you would take off of that 142 acres, the average is
16 500,000 tons a year.

17 MR. BURNETT: Well, understand, I can't predict year
18 30. And one of the issues of traffic studies and in anything
19 like this where you're studying the traffic, we're subject to
20 the cyclical nature of the market, the economy, and there are
21 going to be ups and downs through that entire period. So
22 there's, you know, surges, there's improvements that
23 potentially will be made to 104 in that period of time.
24 There's a whole host of things -- we're required and have to
25 look at it today, but we can't anticipate -- we don't have a

1 crystal ball.

2 UNIDENTIFIED MAN: Well, if you take the averages and
3 the average would work out to 2,000 tons a day removed from
4 that area, that's approximately a truck going onto 104 every
5 four minutes.

6 MR. BURNETT: Where did the 2,000 come from?

7 UNIDENTIFIED MAN: Just taking your averages and
8 dividing them by the years and days.

9 MR. BURNETT: If you really achieved that number,
10 yes, that's correct. So I'm guilty of using a worst-case
11 number in order to say what happens if we plug in the
12 worst-case number to the traffic study. And that's what
13 you're going to see.

14 MR. NUNES: Typically, developers and folks like this
15 get criticized because they say, oh, it's only going to -- we
16 only think it's going to be this much traffic. And the
17 neighbor will come in and say, oh, you guessed so low, you
18 guessed you weren't going to be adding a lot so you wouldn't
19 show a bunch of impact. So Jim may have guessed high so that
20 he had, you know, a more conservative traffic result.

21 UNIDENTIFIED MAN: Well, that's what I asked him,
22 that according to his numbers, he has not taken a high guess
23 but an average guess (inaudible).

24 MR. BURNETT: Well, we need to talk about this
25 because you're -- we're mixing up several different factors

1 here. Because you're asking -- you know, we're looking at
2 what we think, you know, in our crystal ball now is the
3 traffic that will happen as we come out of there or could
4 happen, say, in a reasonable period of time. But I have no
5 idea what it's going to look like exactly in 30 years, nor can
6 I predict that, nor can I predict the improvements or the
7 changes that would -- that might completely change the needs
8 and the traffic issues. So we've done this by adding and
9 doing a worst-case scenario in our opinion to achieve that.

10 Now, it's possible that after 40 years we're not
11 mined out. That's very, very possible. We've -- I've checked
12 that out there. That's a time where -- I'm not sure what
13 that's exactly going to be. I can take a good guess. But
14 then if the market might -- we might have a severe depression
15 at some point for 10 years and we don't sell squat. I don't
16 know. But to use the map and pin the 40 on me is not -- is --
17 because the 40 is just an estimate. Let's --

18 MR. NUNES: When we developed Port Ludlow, we assumed
19 all the homes would be built by now and there would be no more
20 development, and we assumed that was going to be done a long
21 time ago. And those are guesses you make. You don't control
22 how many homes actually get sold. You try to do a good job of
23 making an estimation, but theoretically there shouldn't be any
24 more construction in Port Ludlow because we've sold the darn
25 thing out. But that's just not the way it's gone, and so it's

1 gone slower than what we thought when we first started this.

2 And Jim's numbers might be high and it might be low.

3 The only question is, is it an educated guess and is it
4 reasonable? And you can read the report and say I think it's
5 unreasonable, or you could read the report and say it looks
6 reasonable.

7 MR. KADESH: I'm Stan Kadesh, and do you have an
8 estimate as to when the Shine Quarry will be mined out?

9 MR. BURNETT: I do not at this point.

10 MR. KADESH: Because earlier in conversation here, it
11 was stated that you were jumping in here early so that when
12 the Shine Quarry went dry you'd be able to pick it up at that
13 point without a time delay.

14 MR. NUNES: But nobody is trying to hit that as an
15 exact number, so --

16 MR. KADESH: Well, five years, ten years, two years?
17 You don't know?

18 MR. NUNES: I think the Shine folks would probably
19 answer that question on how long -- and maybe they're going to
20 be here seven years. But Jim's operation has to get
21 permitted. He can make a decision to start this year or even
22 the year after it gets permitted. He can make the decision,
23 you know, I'm going to wait for three more years, and it's all
24 going to depend on that economy. And so -- but having your
25 permits ahead of when you need them is just something we've

1 always done in Port Ludlow as well.

2 UNIDENTIFIED MAN: Okay. Thank you for that
3 question.

4 Would you consider assisting the State in putting an
5 underpass at Paradise Road and 104 to compensate for the
6 additional traffic that'll be on 104 going to the bridge?

7 MR. BURNETT: Well, it's -- it is not realistic for
8 us to get involved with the State of Washington in building
9 underpasses. That's just not an economic reality.

10 UNIDENTIFIED MAN: It is as far as those of us who
11 live here --

12 MR. NUNES: The annual -- the average daily traffic
13 over the Hood Canal Bridge during the summer is 20,000
14 vehicles. So if he has a banner year, 20,000 vehicles a
15 day -- if Jim has a banner year, what's your highest number of
16 trucks over the bridge? And trucks have more impact certainly
17 than cars do, but it certainly isn't anything on the order of
18 20,000. So is it 100 trucks a day or 50 trucks a day? But,
19 you know, it's less than a percent. So he's not bringing
20 traffic here that is going to drive that number.

21 UNIDENTIFIED MAN: Okay. One more thing. Will you
22 promise to come before this group in 40 years and tell us you
23 were right?

24 MR. BURNETT: If you're here, I'll be.

25 Okay. We've got a gentleman right here in front, and

1 then we're going to work our way forward and then we've got
2 someone (inaudible).

3 UNIDENTIFIED MAN: This is Craig. My name is Howard
4 Kessler. I'm on the South Bay board.

5 I've got one comment about estimating what's going to
6 happen 40 years from now. When I was in my -- when I was a
7 young man, we had 138 million people in this country. Today
8 we have over 300 million. Now, that's about 60 years. Trying
9 to estimate what's going to happen in 42 years, I think, is
10 asking an awful lot from anybody in terms of what our country
11 is going to be like, where our population is going to be, and
12 those kind of things. I just think that I would hate to be in
13 your shoes to try to estimate what's going to happen 42 years
14 from now. And that's all I've got to add here.

15 MR. BURNETT: Okay. We've got a gentleman right here
16 in the doorway that's been waiting. And we've got a woman
17 right here I'm trying to -- sorry, a gentleman, so we're --
18 we're going to get to everybody.

19 UNIDENTIFIED MAN: Your method of mining reminds me
20 of where I grew up, strip mining, and in those days that left
21 a lot of scarring in beautiful places with nobody obliged to
22 do anything about it. Regulations and laws have changed such.
23 Do you have any obligations from a regulatory or a legal
24 standpoint to prevent that from happening here? And I have
25 another question also.

1 MR. BURNETT: You want --

2 UNIDENTIFIED MAN: Well, the second question is,
3 early on you talked about IMQ's other interests. I read
4 recently that there was a superfund decision for Superior,
5 Montana. Were you involved with that?

6 MR. BURNETT: No.

7 UNIDENTIFIED MAN: I saw IMQ's name associated with
8 that, but I didn't know whether that was you or not.

9 MR. BURNETT: I have no idea what that is.

10 With regard to the site itself and what happens after
11 we're done, we have to obtain and maintain a Department of
12 Natural Resources surface mining reclamation permit and post a
13 surety bond or equivalent with the Department of Natural
14 Resources to guarantee that that area is reclaimed as we
15 create additional area beyond what that surety covers. We
16 have to add to that. As we reclaim area as we go, then that
17 can be reduced. But the State of Washington Department of
18 Natural Resources takes reclamation very seriously, so it
19 won't be -- when we're done, these gentlemen are going to be
20 growing trees again.

21 MR. DARROW: Hi. Dan Darrow, Teal Lake Village.
22 I've heard reference in general conversations about EIS,
23 Environmental Impact Statements, and SEPA, which is the State
24 Environmental Protection Agency. Will you be required to file
25 both of those, and if so, what is the process?

1 MR. BURNETT: The SEPA stands for State Environmental
2 Policy Act, and initially -- and you would probably do this on
3 a very simple project -- you fill out what's called an
4 environmental checklist. It's about a 15-page checklist. It
5 covers the gamut of all the issues. In this case, we are
6 filing a checklist, but we're doing the studies.

7 If -- the County can have several options. They can
8 give us a declaration of nonsignificance and move forward.
9 They could give us a mitigated declaration and list certain
10 mitigated measures that have been identified. They can also
11 do a declaration of significance, which is the process that
12 would in effect trigger an Environmental Impact Statement.
13 The purpose of that is to identify issues or mitigation that
14 has not already been put on the table or dealt with with this
15 process.

16 We are taking the proactive step of doing all of this
17 work beforehand, so when we hand that application to Jefferson
18 County, as I said, their -- it will be tantamount to virtually
19 an Environmental Impact Statement in terms of its scope and
20 its comprehensiveness.

21 This woman right here, and then we'll skip to a
22 couple in the back that haven't --

23 UNIDENTIFIED WOMAN: I've got a couple of questions,
24 I know for sure.

25 Recently, within the last six weeks, the tennis

1 courts, which are right by the golf course, have had a lot of
2 dust on them, which we can only assume is some basalt dust
3 coming from the Shine Quarry. I mean, we just can't figure
4 out where it's come from. The wind does blow that way.

5 You said that there would be mitigation for dust.
6 Does that just mean that you hope the blast goes without dust,
7 or do you wait until the wind isn't blowing, or what do you do
8 to make the minimum amount of dust?

9 MR. BURNETT: Well, I can't speak to the dust that's
10 on your tennis court now or what Shine Quarry is doing at this
11 point, but my visits there over the years and around there, I
12 haven't seen a dust issue coming from the Shine Quarry today.
13 So I can't speak to the dust, but we --

14 UNIDENTIFIED WOMAN: We're pretty confused.

15 MR. BURNETT: It's -- and for it to be emerging now
16 and it didn't emerge last year, that's a little confusing.
17 Because I doubt if they're doing anything different this year
18 than they did last year.

19 MR. NUNES: They're probably doing less blasting this
20 year because of the economy.

21 UNIDENTIFIED WOMAN: Yeah. It has been very dry this
22 year, so that might have helped.

23 MR. BURNETT: The types of measures that we undertake
24 to keep dust down are fairly strict in that, you know, we have
25 some very strict state requirements coming from your local

1 Olympic Clean Air Agency and the EPA that regulates us and
2 what we call -- what's called in the industry "fugitive dust"
3 from any kind of industry.

4 UNIDENTIFIED WOMAN: Thank you. How many employees
5 do you expect to have?

6 MR. BURNETT: About nine.

7 UNIDENTIFIED WOMAN: And third, would it be possible
8 for Pope to agree to leave the trees that are on the ridge
9 until this is all over so that we'd have a tree buffer?

10 MR. BURNETT: I think that's a given. I don't think
11 that Pope is interested in taking the trees down off the
12 ridge.

13 UNIDENTIFIED WOMAN: (Inaudible.) Okay. Great.
14 Thank you.

15 MR. BURNETT: Okay. We've got one in the back, and
16 we'll come back to you. Don't -- we'll be there. We've got
17 some -- one, this gentleman -- this woman and a gentleman in
18 the back that haven't --

19 MR. SULLIVAN: Hi. David Sullivan, Jefferson County
20 Commissioner. As been mentioned, Phil Johnson and John Austin
21 are down in Olympia working for you today. They wish they
22 could be here. And thanks for being here. Just a couple of
23 quick points.

24 One is that if you present all this information to us
25 in electronic form, we could get it on our Web site almost

1 immediately so people could see these studies.

2 The other is, with all due respect to Jon, you can
3 ask for changes in zoning, but the ultimate decision is made
4 by the County. And we have plenty of residential land in the
5 county for our growth needs right now.

6 The question that I want to bring forward is, this is
7 an unrenewable resource. So would you support a mineral
8 severance tax or something like that? Which, like all taxes,
9 end up getting passed on to the consumer, but this would bring
10 something back to Jefferson County to help mitigate those
11 costs and so it wouldn't all be going out of county, or a lot
12 of it.

13 MR. BURNETT: I'd be happy to have a conversation
14 with you directly about how we can benefit Jefferson County,
15 but I am on record against the mineral tax for our industry in
16 this state. And for a variety of reasons that we probably
17 don't need to go through here today. But I'd be happy to have
18 a great conversation with you about the benefits that we can
19 bring to Jefferson County in terms of revenue for you.

20 This woman right here in front, and then this
21 gentleman right behind her in the blue shirt (inaudible).

22 UNIDENTIFIED WOMAN: I'm concerned that our county is
23 going to look like West Virginia at some point, with all the
24 strip mining and so on. What are you going to do with all
25 that soil that comes off those ridges, for starters?

1 The second question is, what would be wrong with
2 digging a big hole and getting it out of the bottom instead of
3 taking down the mountains? I know it's probably more
4 difficult for you, but mines have been created that way, as
5 holes. Usually it goes very deep. And I've forgotten what
6 else I was going to say.

7 MR. BURNETT: I'll work it backwards. On the hole
8 issue, in order to go deep, you have to go wide, because you
9 can't just have a high wall down -- you have these benches,
10 and as you bench out, with the requirements of the Department
11 of Natural Resources, the bottom gets quite narrow quite
12 quick. So you -- those are all -- that doesn't make that very
13 practical.

14 In the sense of the topsoil, we're going to save
15 every yard of topsoil. We're not going to screen it and
16 process it and sell it to you for your back yard. We're going
17 to save all of that topsoil on site. And in some cases I may
18 have to move it a couple of times because of the -- the space
19 in which, you know, where I want to put it in the first place
20 may not be where I want it to sit for the entire period before
21 we start to utilize it back on the site to do reclamation so
22 that we can begin to grow trees again. So when -- we're
23 not -- this material does not leave this site, the topsoil,
24 whatsoever.

25 MR. NUNES: And, ma'am, I suppose some folks have

1 concerns as you dig down that you're going to get closer to
2 groundwater and some aquifer issues, so lots of folks prefer
3 you don't dig a deep hole, then fill it back up with water.

4 UNIDENTIFIED WOMAN: I'm sorry I forgot -- I remember
5 my last question. What do you expect your hours of operation
6 to be?

7 MR. BURNETT: Well, we typically are open from about
8 6:30 to 4:30, something on that basis, Monday through Friday.
9 We are also open on Saturdays on a shortened day. In that
10 case, frankly, we get a lot of homeowners that come in and
11 want to buy a little material or, you know, got some
12 contractors that would still be working on those.

13 We don't run at night. We have no interest in
14 running at night. The only time we might run at night is if
15 Jefferson County has an emergency or some agency calls and
16 says we're declaring an emergency and we need you to run at
17 night because we need to buy something from you to help
18 alleviate that emergency. Quite frankly, we'd do that.
19 It's -- I don't like that. We have to wake our people up.
20 They've got to get up and work all night, then they've got to
21 work all day. We don't have all these extra people, you know,
22 standing around to do all this. So it's something you do, but
23 we're a daytime, single-shift operation, period.

24 The gentleman right here.

25 MR. PHELAN: Hi. Steve Phelan, Timberton.

1 I'm going to be a little critical, and you said,
2 concerning the water flow, and quite logically, that the water
3 flow flows away from us where you are, and on the other side
4 it flows towards the water, and so there would be no problem.
5 However, I dispute this. We have very deep wells and this is
6 a rocky area, and underground water can travel for miles in
7 seams, and I don't see how your experts have any knowledge of
8 where those seams are and where they might intersect your rock
9 removal. So I do question your experts on that. And if you
10 answer that, then I'll continue.

11 MR. BURNETT: The water you're drawing is not from
12 down in the rock as much as it is from the gravel areas that
13 were deposited on top of the rock that you're drawing out of.
14 So if you keep drilling down into this rock, you're going to
15 be hard-pressed to come up with enough water to run a drinking
16 fountain in this Bay Club. So that's why it's -- the
17 topography and geology come into play, particularly in this
18 particular instance because of the basalt flow.

19 MR. PHELAN: So that would be nonaquifer, basically.
20 It's a very localized one, and it does not have flow for long
21 distance. That's -- well, I would doubt that, but, okay,
22 we'll take that as an answer.

23 You made several promises to us. I'll enumerate some
24 of them. And you promised that you would not transfer any
25 rock to barges. That's a promise.

1 MR. BURNETT: That's correct. I would not give up --
2 through Mats Mats. We're not going to drive rock through.

3 MR. PHELAN: Well, we're talking about anywhere.
4 We're talking about either side of the Hood Canal Bridge.

5 MR. BURNETT: Well, we've never had a discussion
6 about what might happen if, for instance, the contractor who
7 operates some site that they lease from Pope at Port Gamble
8 who loads rock there now on barges, that we might not sell him
9 rock that he would load on a barge. Now, if he's gone from
10 there and he doesn't load rock, I don't know where I'd load
11 the rock. But we're not what the -- all the discussions have
12 been centered around hauling rock through Port Ludlow to Mats
13 Mats to load on a barge or on a conveyor line that was some
14 fantasy that we'd go out and load some ship and send it off to
15 San Francisco.

16 MR. PHELAN: We are not concerned about a conveyor
17 line, but we are very concerned about a barge or string of
18 barges hitting any part of the Hood Canal Bridge and putting
19 it out of service. That is our big concern. It doesn't
20 matter that you are saying we won't ship from Mats Mats. It
21 matters greatly to us that we are -- that you may be shipping
22 through that bridge, and you could jeopardize our life line.

23 MR. BURNETT: I don't know of any reason to ship rock
24 south through the Hood Canal Bridge into Hood Canal.
25 Frankly --

1 MR. PHELAN: North, north through the Hood Canal
2 Bridge and Hood Canal. I would point out that Mats Mats
3 currently ships as far -- or has shipped as far away as Alaska
4 to the north and San Francisco to the south. So there are
5 markets.

6 MR. BURNETT: I'm pretty familiar with those
7 marketplaces. I won't get into those today. Mats Mats is --
8 for all practical purposes, has been dormant for a decade, and
9 I don't see that changing at this point based on what I know
10 about their plans for that. There have been a few rumors
11 floating around. I think at this point they are all that,
12 just rumors.

13 The -- anything that we would entertain is so
14 minuscule -- frankly, within Puget Sound today, aside from the
15 very odd repair work because of the issues with what we'll
16 call hardening of the shoreline with riprap -- it's not
17 considered very fish friendly, or the rivers -- the amount of
18 riprap work, as we'll talk about it, in Puget Sound has shrunk
19 to almost nothing. And I don't expect, frankly, that market
20 to change in the near future or probably in my lifetime.

21 MR. PHELAN: There is a whole West Coast, basically,
22 and into Canada too that would like rock, and are you
23 promising us that you will not be shipping through underneath
24 the Hood Canal?

25 MR. BURNETT: Yes. We're not going to go south

1 through the Hood Canal Bridge.

2 MR. PHELAN: North through the Hood Canal Bridge.

3 MR. BURNETT: Well, we're not -- we wouldn't go
4 through the Hood Canal Bridge -- (inaudible).

5 MR. PHELAN: That satisfies me. Thank you. We also
6 heard that there would be no impact on our water. We've
7 covered that a little bit already, that the ridge won't be
8 disturbed for 40 years. Let's say, 35 years, okay? It's a
9 hard guess. And that you won't be removing rock below 150
10 feet.

11 Now, these are things that you've said, you've
12 promised us, and we can take you at your word, but it's also
13 very nice to have these things in contract. Will you state
14 that you will have these things in contract, that you will not
15 do these things? And if you do do them, where you would have
16 violations where -- or situations where, for example, our
17 groundwater or our air quality is adversely affected that you
18 will curtail the operations that are providing this violation?

19 MR. BURNETT: As we talked about, the groundwater and
20 the air quality issues, air quality is again very strictly
21 governed by the Olympic Clean Air Agency. So if we're not
22 complying, they're going to make us comply. It's just that
23 simple. If we're talking about hydrology issues, I don't
24 think that's an issue because I don't think we're going to
25 have any effect on your hydrology at all.

1 I will say that at this point I can't, as you said,
2 predict completely the future. It might happen that at some
3 point that it's said, wow, maybe this resource -- it would be
4 better to maximize this resource than open up another resource
5 because -- and so we might want to take another lift off the
6 floor. That's possible.

7 So to -- the one thing that I can't tell you is the
8 150 feet. But that might be a good thing, because it might be
9 a lot better to take that extra lift off that floor than have
10 the next group back at a meeting like this wondering why we're
11 having another -- opening up another operation at that point
12 other than maximizing the current one.

13 MR. PHELAN: Okay. So we would have basically --
14 aside from the 150 feet, you would agree that these things
15 could be into contract and in writing as opposed to just
16 saying to us?

17 MR. BURNETT: I think there's some way that that
18 could probably be achieved. I'm not sure what the vehicle yet
19 for that is as we speak here.

20 MR. PHELAN: Well, we'd be very appreciative.

21 MR. BURNETT: I'd have to probably talk to counsel
22 and see what they think about the way --

23 UNIDENTIFIED MAN: Yeah, you know what counsel says.

24 MR. BURNETT: Yeah, I've been there.

25 This woman right here. Do we have anybody else -- we

1 have this gentleman here again and two gentlemen here. So
2 this woman -- this woman. Okay. Go on over to the mike.

3 UNIDENTIFIED WOMAN: I have a couple of
4 clarifications. You said that you would reclaim in 20-acre
5 units. Are you going to have more than 20 acres disturbed at
6 a time, or are you going to reclaim as you go so that there's
7 only 20 acres disturbed at a time?

8 MR. BURNETT: The 20-acre emerge is an active mining
9 area because there's transition from one type of activity to
10 the other. And as I explained here, there's various kinds of
11 activities going on within the mining area, talking about 20
12 acres of active mining area. That really emerged because we
13 were having a difficult time at one point getting the
14 Jefferson County to understand that the 10-acre standard that
15 they wanted us to utilize was just completely unworkable in
16 today's world. Now, that might not apply to some little
17 gravel pit over here that's taking a few loads out every day,
18 but it doesn't apply to this kind of operation.

19 UNIDENTIFIED WOMAN: So you may have more than 20
20 acres disturbed at a time?

21 MR. BURNETT: Disturbed, but not active mining area,
22 no.

23 UNIDENTIFIED WOMAN: Understood.

24 Also, you've talked about boxes of studies that
25 you're going to be dropping off. Currently, I believe, SEPA

1 requires only two weeks for the County to review it before
2 they have to make a determination. And if there is no
3 determination of a significant impact, there is no EIS
4 required, and so no public scoping meeting would be necessary
5 to be held after that two-week period.

6 Will you go on record as being in favor of extending
7 that review period and having a public scoping meeting after
8 the review period to -- so the public can weigh in as to
9 concerns?

10 MR. BURNETT: I think that I'm -- that we may very
11 well consider the review or comment period for longer than the
12 14 days. The public scoping becomes a little bit problematic.
13 And I think that you need to see what we're going to submit.
14 I think Jefferson County is going to be impressed with what we
15 do. I think it's probably going to be as comprehensive and
16 complete an application as they've ever seen. And I have --
17 I've talked with David Johnson, their planner. He's on top of
18 it. He understands the issues, and we'll have to see where
19 that goes.

20 UNIDENTIFIED WOMAN: You also talked about contract
21 vendors, which are people who own trucks who are not owned by
22 Iron Mountain Quarry. Will you hold your contract vendors to
23 the same standards that you are telling us, that they won't go
24 through Port Ludlow --

25 MR. BURNETT: Well, I didn't -- I don't remember the

1 contract vendor discussion. Maybe there was some
2 misunderstanding. If we sell material to a customer and
3 they're hauling it up the old -- what I call the old highway
4 toward Port Townsend because they have a customer up there,
5 then that's a perfectly legitimate activity and one they need
6 to carry out. Now, I don't know where else they're going to
7 go with it because they just can't pile up in their back yard
8 for the fun of it. That doesn't make any sense. So there
9 is -- if someone were starting to haul the material to Mats
10 Mats, let's say, because they thought they were going to
11 circumvent what we've agreed to today, we would stop that.

12 UNIDENTIFIED WOMAN: State spec rock refers to rock
13 that meets specific state standards for hardness. This rock
14 is required for use in state and federal agency projects,
15 state road surfacing, the Army Corps of Engineers' Elwha Dam
16 project, which is quite large and coming on line fairly soon.
17 Currently no mines in Jefferson County provide state spec
18 rock. It must be imported from Canada at a very huge expense.

19 One mine bordering your proposed quarry has found
20 some veins of state spec rock. When informed by the Army
21 Corps of Engineers that they would pay any amount for that
22 state spec rock, as it was critical, they were unable to
23 comply because they are such a small mining operation. I
24 believe Jon Rose referred to them as an inefficient mining
25 operation. They couldn't separate it out.

1 In the past few months, men were observed at what
2 will be the entrance and exit to your mine. When approached,
3 they explained they were with the Army Corps of Engineers and
4 they were counting traffic.

5 Additionally, a large number of test pourings have
6 been conducted at the proposed mine site, and the extracted
7 samples, I would guess, have been tested for hardness. Could
8 you explain what the results of those tests were and whether
9 or not your mine has state spec rock, and if so, how much?

10 MR. BURNETT: Well, I've got to run my hard drive on
11 that one. The -- what the Army Corps of Engineers was or
12 wasn't doing standing out there on the road and somebody saw,
13 I have no idea.

14 In the rock business, whether it's here or wherever
15 it is, we have to deal with what Mother Nature gives us and --
16 whether that's in Jefferson County or in Snohomish County or
17 in King County. So there are -- rock is not all the same.
18 There is rock that is harder. There is rock that's softer.

19 Basalt is not necessarily the very best rock, but it's what
20 the rock is in. It's here. And you don't ship rock very far.

21 We're not going to be shipping rock to the Elwha Dam,
22 I can tell you. That's not -- that's not an option. There's
23 plenty of sources up there that can be utilized for whatever
24 activity would take place at that point.

25 It's my knowledge that the Shine Quarry today has

1 some good rock, and I don't -- I have not heard of any issues.
2 I think that we have to understand that in the rock work,
3 gravel business that there are various sizes from stuff that's
4 no larger than three-eighths of an inch to dust to big rockery
5 rocks and everything in between. But the gravel guys that
6 sell sand and gravel can take their oversized gravel and crush
7 that into a very nice product. They're competitors, and they
8 can do a darn good job of it. And I think that whoever is
9 picking on Shine Quarry, they're a credible operation and I
10 think -- you know, they're doing okay. They're making rock
11 for this market at this point. So --

12 UNIDENTIFIED WOMAN: So you won't address what type
13 rock you have found on your site?

14 MR. BURNETT: Oh, pardon me. I forgot about that.
15 That was too many questions for me at one time.

16 MR. NUNES: That was one really big, long question.

17 MR. BURNETT: A big, long question. We have
18 drilled -- what else have we drilled. Now I got to think.
19 One, two, three, four holes is all we drilled, and we drilled
20 them when we were out there ourselves, took a drill over there
21 and drilled some test holes early on to satisfy ourselves that
22 the -- you know, about the rock that we found. We didn't do
23 elaborate hardness tests, which we -- we clearly understand
24 basalt and we clearly understand the rock that's in the
25 existing Shine Quarry, and, frankly, the rock that's on our

1 site, so to speak, is no different.

2 UNIDENTIFIED WOMAN: The County asked in their
3 conditional use permit request that you allow them to come in
4 on a regular basis to ensure compliance with your permits.
5 Will you allow them to do that?

6 MR. BURNETT: The difference we had with the County
7 was whether or not they could require us to go through a
8 conditional use permit process, and we disagreed and felt that
9 that didn't apply to -- in this instance. We have not had
10 discussions with the County about a continuing monitoring
11 program or monitor -- we're, frankly, a very heavily regulated
12 industry. Whether it's by MSHA, Ecology, the clean air
13 agencies, all these people come on a regular basis to do
14 inspections to cover the area in which they have authority.
15 And if we have some issues that Jefferson County has
16 jurisdiction over that we need to be continuing to comply
17 with, let's say, storm water, they probably will also have the
18 right to come and look at our storm water ponds to be sure
19 we're properly maintaining them, they're working properly,
20 even though Ecology is doing the same thing.

21 UNIDENTIFIED WOMAN: But isn't that on a yearly
22 basis? Will you allow them to come in more frequently than
23 that?

24 MR. BURNETT: That's a conversation I haven't had
25 with Jefferson County. I don't even know if they want to.

1 UNIDENTIFIED WOMAN: And I'm sure you're grateful of
2 my last question. Do you believe SEPA requires an examination
3 of cumulative impacts?

4 MR. BURNETT: You get into the cumulative impact
5 issue if you get into an EIS, but you do not get into
6 cumulative impacts if -- without an EIS. But you have to
7 understand the -- you have to have cumulative impacts that you
8 can measure and that relate to each other.

9 UNIDENTIFIED WOMAN: So are you saying that --

10 MR. BURNETT: I don't think we have cumulative
11 impacts here. I don't think we -- frankly, I think what
12 you're going to find, when you read things that we're going
13 to, you know, bring here for you to see, that we don't have
14 those impacts. So we've had to go through the process to
15 assure you we don't.

16 MR. NUNES: Ma'am, cumulative impacts usually means
17 there's an operation here, there's another operation here, and
18 an operation here; and when you study any one of them, it
19 doesn't look too bad, but when you study all three of them and
20 their cumulative -- is that what you're speaking of, that kind
21 of cumulative impact?

22 And then if that's -- the answer is yes, I'm just
23 asking what other -- I'm just asking a question because I
24 don't know -- what other operations -- would you look at Shine
25 and this to look at a cumulative impact? Or what other things

1 would you think would be in a cumulative --

2 UNIDENTIFIED WOMAN: Well, I would say both
3 vertically and horizontally, where you're looking at not only
4 the proposed quarry, because it has specific impacts, but
5 there are impacts from other industries around it. But also
6 within the quarry itself, are we looking at -- are you going
7 to be looking at the cumulative -- or do you think you need to
8 look at the cumulative impact of -- on the environment of the
9 noise, the vibration for some of the endangered species that
10 are there, the possible loss of wetlands from the mining
11 operation diverting or changing the flow of groundwater?
12 Those are like vertically cumulative impacts of your mine site
13 in a specific --

14 MR. BURNETT: You're using the premise that there is
15 an impact that can't be mitigated. Let's assume that we have
16 some wetlands that we have to destroy, but we have to mitigate
17 that destruction by creating new wetlands. So that impact is
18 then mitigated. The same -- but if we don't have an impact,
19 consider traffic or an impact for dust or an impact for noise,
20 then there can't be cumulative impact. The reason I'm here is
21 because I don't think those impacts are going to -- are there
22 and you're not going to know that.

23 Now, the cumulative impact issue is a very
24 complicated one that is still very much winding itself through
25 the court system, federally and state. That is very

1 complicated and much more complex than I can speak to this
2 evening.

3 MR. NUNES: But is he going to be studying Fred Hill
4 and adding Fred Hills' information to a cumulative impact
5 study for something that's not related to our -- to this
6 property? If that's the question, probably not. We're
7 probably not going to do that. But the impacts that are there
8 will already be studied as part of the ambient background
9 studies of how much traffic is already there, how much
10 background noise is already there.

11 UNIDENTIFIED WOMAN: So the boxes of studies that
12 you're doing is basically to ensure that you won't have to do
13 an EIS?

14 MR. BURNETT: They're designed -- did I say "boxes"?
15 So I figure they may fit in a box, but it's going to be a box.
16 It's not going to be something you're going to carry in any
17 briefcase. It is designed to look at all those issues and be
18 sure we have answered these questions or are there issues
19 there.

20 So yes, to answer your question, I'm doing those
21 because I'd like to hand the County a very complete
22 application that the County says, wow, what would be the
23 purpose of an Environmental Impact Statement? They've already
24 done it.

25 UNIDENTIFIED WOMAN: Well, the purpose would be the

1 cumulative effect.

2 MR. BURNETT: If -- potentially, if that flows. But
3 again here, that's a tread out into a whole new dark area.
4 And if the whole purpose is simply, then, to do cumulative
5 impacts to then foil us, that is a wrong purpose and that's
6 what lands agencies in lawsuits, which is not a good place for
7 everyone to go. So that's not where we're going to go, where
8 anybody goes, because you don't want to get into this issue of
9 we're only going to do this because we think we can slow Iron
10 Mountain down by throwing all this, you know, firewood under
11 their wheels. That's not -- that's not right and it's not
12 fair.

13 UNIDENTIFIED WOMAN: We live here, so for us
14 cumulative impacts are really important because we have to
15 live here with all of the impacts.

16 MR. BURNETT: But if I don't have any impacts, then
17 how can it be cumulative?

18 This woman right here.

19 UNIDENTIFIED WOMAN: One question and a comment. One
20 question is, are you going to be submitting your reclamation
21 plan concurrently with your application package to the County?

22 MR. BURNETT: That's a good question, and I -- it's
23 getting close. Because they go to the Department of Natural
24 Resources.

25 UNIDENTIFIED WOMAN: Right. But usually those two

1 agencies will coordinate the SEPA review of those applications
2 together. Is that correct, Jon?

3 MR. BURNETT: SEPA will be covered -- the SEPA
4 required for DNR will be covered in the SEPA that we'll be
5 going through with Jefferson County. The Department of
6 Natural Resources doesn't want to go through SEPA a second
7 time just for that.

8 UNIDENTIFIED WOMAN: Right. So won't you be
9 submitting -- so you would be submitting your application at
10 the same time so that can occur?

11 MR. BURNETT: We hope so.

12 UNIDENTIFIED WOMAN: Okay. Then my second thing is
13 just a comment on sort of the relative value of an EIS versus,
14 you know, documentation that you've compiled and submitted,
15 and I think one of the big differences is in the independent
16 analysis that an EIS would allow. I understand you've brought
17 experts in, transportation experts, hydrologists. Sometimes
18 experts differ in opinion.

19 And I think given the amount of concern that there
20 has been for this project in the community, having that
21 independent evaluation of that data done at -- I understand it
22 would be at your expense -- has some real value. And I
23 think -- as opposed to viewing the community's main concern
24 and desire for an EIS as a way to stop, I think it's really --
25 I know my concern is trying to make sure that the information

1 that is provided to us is the best information, that it's been
2 validated in that the community can trust it and it's
3 comfortable with the mitigations that come out of it.

4 MR. ROSE: Well, one of the things that can happen
5 when the studies are done is -- I mean, Jefferson County -- I
6 mean, a wetland mitigation study Jefferson County sees every
7 day with applications that come in. So that is really not --
8 that's not a study that's going to exceed the County's ability
9 to make a good review of that.

10 UNIDENTIFIED WOMAN: Hydrology is --

11 MR. ROSE: Hydrology can be different, and the County
12 always has the ability to say I want somebody to look at this
13 report ourselves. We want -- they can always do that and say
14 we just need a second opinion. And nothing stops the County
15 from doing that or nothing stops any of you from doing that if
16 that's something you want to do, and then you'll have two
17 opinions on the same thing.

18 But the traffic studies are done every day, so
19 it's -- they're very, very -- I don't want to say generic, but
20 they're not real controversial in terms of, gee, your opinion
21 is way out there or not. They are approached in a standard
22 format. Probably the hydrology one would be the one that has
23 the most opinion in it.

24 MR. BURNETT: Jon, the -- quite frankly, the people
25 we've hired to do these studies would take great exception to

1 the notion that I have steered them down a path that they
2 didn't want to go, written a report that is -- that they
3 shouldn't have written. Frankly, there -- many of them, all
4 of them are some of the same consultants that have applied on
5 many occasions to do work for Jefferson County. They're very
6 professional. They're not -- these aren't people that are
7 writing a report just to satisfy me. They could care less.
8 I'm just another guy along the way. They wouldn't compromise
9 their integrity for a second. So any notion that the next guy
10 is going to write a better report, that's just not the case
11 here.

12 MR. ROSE: But you can always verify that and talk to
13 hydrologists. Don't take his word for it; just have a look at
14 it.

15 MR. BURNETT: Let's do a couple more and we'll --

16 MR. SHELLEY: I've got the mike here, so I guess
17 we'll ask my questions for a few minutes.

18 Let's talk about experts for just a bit. I was a
19 trial attorney who has hired probably ten thousand experts in
20 my career, and there are experts all over the place that will
21 say all sorts of things. So I'm sure you can understand our
22 concern that we would like independent experts to look at it.
23 We don't have the resources that you do. The County doesn't
24 have the resources. If you do an Environmental Impact Study,
25 then the expense attendant in having other experts look at it

1 is on you and not on the County, where it should be. You're
2 the one that has the affirmative of the obligation in this
3 regard. Why are you resisting an Environmental Impact Study?

4 MR. BURNETT: Expense and time and need. The only
5 reason for an Environmental Impact Study is if you can
6 identify issues that haven't been identified or properly
7 mitigated. In this case if we have, then that would -- the
8 law is fairly structured there, and we're going to follow it.
9 But the simple idea of throwing an EIS at us just because
10 everybody wants to -- I'm not sure what, the use has been
11 decided. That's no longer in question. It's not a function
12 of we can go down this path and all of a sudden find a way
13 to -- that it's going to happen. We're trying to do this as
14 well as it can possibly be done. But if there's no purpose
15 for that, then what happens there is the credibility thing
16 flips. It's not from me. It's from the other side.

17 MR. SHELLEY: Well, let me suggest that there's
18 another reason, and that is, when you file an Environmental
19 Impact Study, the government places certain requirements on
20 you to live up to the results of that study, which may not be
21 present if you simply try to do something off to the side and
22 say it's just as good.

23 MR. BURNETT: That's not the case. If we agree to a
24 mitigated EIS, then those requirements are just the same.

25 MR. SHELLEY: Second, this gentleman over here was

1 talking to you about whether you would be willing to enter
2 into a contract to confirm the things that you've promised to
3 us today. You may or may not know that the statute of frauds
4 in this state requires that agreements that impact realty must
5 be in writing or they're nonenforceable, which means that all
6 of the promises that you've made today, even though they're on
7 tape, presumably, can not be enforced if they're not in
8 writing. And that's what he's talking about, and that's what,
9 quite frankly, greatly concerns me. You could die tomorrow.
10 I could die tomorrow. All of this would be lost. If it's in
11 writing and recorded, then it's enforceable, and that's what
12 we would like to have from you with regard to all of these
13 promises that you've made.

14 MR. BURNETT: I did indicate to that gentleman that
15 there were several issues that we would probably entertain
16 that. The exact format of that I wasn't sure of at this point
17 and don't think it's appropriate for me to try to get into
18 what that format is because I'm not an attorney. So those are
19 to be determined, what the format of that agreement with and
20 who that agreement would be with and how that would unfold.

21 MR. SHELLEY: Your attorneys work for you.

22 MR. BURNETT: I hope so.

23 MR. SHELLEY: That's right. And if you say to them,
24 I want to put this in writing so it's enforceable and I've
25 satisfied the concerns of these good people that -- in good

1 faith, they'll work it out. It can be done.

2 MR. BURNETT: Well, I think that that's a discussion
3 I'm going to have with them about how that would work, but
4 that can't happen here tonight.

5 MR. SHELLEY: Okay.

6 MR. BURNETT: So we have any other --

7 MR. SHELLEY: Well, I've got several other questions.

8 MR. BURNETT: Okay. Keep going.

9 MR. SHELLEY: Can I get a copy of this tape that
10 you've done here tonight, even though it's nonenforceable,
11 just to remind me in the future of all the various promises
12 that you've made? I'll be happy to pay for it.

13 MR. BURNETT: That tape is going to be on Pope's Web
14 site. So you'll be able to look at it on Pope's Web site.

15 MR. SHELLEY: I'm just looking at it. I want to get
16 a copy of it.

17 UNIDENTIFIED MAN: You could download a tape.

18 UNIDENTIFIED MAN: (Inaudible) on the Web site.

19 MR. NUNES: Randy, we'll give -- we gave copies of
20 the disk to the PLBC and the SBCA, and we'll give them copies
21 of the disk again.

22 MR BURNETT: I think it's fair to say I've stood here
23 and in good faith tried to answer I don't know how many dozens
24 of questions in as straightforward a manner as I could answer
25 those questions. I object to your characterizing that a host

1 of statements made to honestly answer a question that at that
2 point be taken out of character or context and placed into the
3 premise of a promise. So let's not go down that path.

4 If the Association has some things that they feel
5 they would like Iron Mountain to agree to, then meet and that
6 board can put those in writing, and we'll look at those things
7 and try to figure out what best vehicle to achieve that and
8 with whom that should be, whether it's with the South Bay
9 Community Council or whether it's with Jefferson County or who
10 that is.

11 MR. SHELLEY: Two more quick questions.

12 Number one -- this is of Pope. When did Pope first
13 consider that the Shine would come out and this new Shine
14 would come in? Was that back in the '60s that you were
15 talking about where you knew that it would expire and then you
16 would have to go on?

17 MR. BURNETT: I don't know that I have a memory of
18 that.

19 MR. NUNES: I don't know. I was born in '62, and I
20 lived in Connecticut and I wasn't here, and I don't have
21 records that --

22 MR. SHELLEY: That's why it's important to have
23 things in writing. Is there anyone else that has looked back
24 in the history of -- you know, some of the records that
25 exist --

1 MR. NUNES: The records start in 19 -- the 1980's
2 when we started with Shine, and we (inaudible) --

3 MR. BURNETT: Don't know if -- (inaudible).

4 MR. NUNES: We're not sure what we're going to be
5 doing 40 years from now. We really don't know. So if
6 something happens 40 years from now and somebody could look
7 back and say what was Jon Rose thinking 40 years ago and -- I
8 don't even know what I'm thinking right now.

9 MR. BURNETT: I want to let some other people have
10 some -- this gentleman has been waiting.

11 MR. SHELLEY: I just have one more quick question,
12 then he can have it.

13 MR. BURNETT: All right.

14 MR. SHELLEY: Have you created a separate entity to
15 own the quarry out here that we've been talking about all
16 evening, a separate corporation?

17 MR. BURNETT: We will.

18 MR. SHELLEY: Okay. Why?

19 MR. BURNETT: Because that's the way we want to do
20 it.

21 MR. SHELLEY: Okay. That limits liability, then, to
22 the assets of that corporation. Will that corporation have
23 enough in assets or insurance to respond to damages in the
24 event all of the promises that you've made to us turn out not
25 to be the case?

1 MR. BURNETT: I would think so.

2 MR. SHELLEY: You have about half a billion?

3 MR. BURNETT: Well, that's your estimate of that. I
4 can't --

5 MR. SHELLEY: (Inaudible).

6 MR. BURNETT: I can't even begin to estimate --

7 MR. SHELLEY: How much -- is it a shell corporation?
8 Will it have assets? How much?

9 MR. BURNETT: We don't have shells.

10 MR. SHELLEY: Okay. Why are you then creating
11 separate corporations? Why not have it one big corporation so
12 all of your assets are at risk since our lives are at risk?

13 MR. BURNETT: That's a business decision that we make
14 with counsel that would be inappropriate for me to discuss
15 with you.

16 This gentleman right there had his hand up in the
17 plaid shirt. No?

18 UNIDENTIFIED MAN: (Inaudible).

19 MR. BURNETT: Then this gentleman with a microphone
20 right here in front.

21 UNIDENTIFIED MAN: Randy, you could find a lot of
22 information in the archives of the Village Council. They're
23 in the process of getting those things in order and checked
24 out. I'm not sure that you'll be able to answer that
25 question, but at least it's a try.

1 UNIDENTIFIED MAN: Well, I would like to just say
2 something, and it kind of affects the cumulative part of this
3 thing and dust control. In the early '80s, the late '80s, we
4 had very little dust in this community, and today we have a
5 tremendous change in air quality. And if you add another
6 mine, it's going to be more poor air quality. That's all I
7 want to say.

8 MR. BURNETT: Anybody else have a question?
9 Dan, it's your microphone.

10 MR. MEADE: Two and a half hours standing up
11 there answering questions, I don't think I've ever done that.
12 I want to thank you very much for it. And I'm sure there will
13 be a lot of conversations between little groups and big
14 groups, and remember SBCA and PLBC will be kicking this
15 around. Anybody that wants to influence what either one of
16 those boards say, do, or whatever are welcome to come in, and
17 we'll recognize you and you can say whatever you want to. And
18 I'd like to thank everybody for showing up. And I'm surprised
19 you're not hoarse and haven't hit the water.

20 Thank you.

21 (End of recording.)