

# HARD ROCK MINING IMPACT PLAN

**BLACK BUTTE COPPER PROJECT  
MEAGHER COUNTY, MONTANA**



**TINTINA MONTANA INC.  
a.k.a. SANDFIRE RESOURCES AMERICA INC.**

**WHITE SULPHUR SPRINGS, MONTANA**

**AUGUST 2018**

# BLACK BUTTE COPPER PROJECT IMPACT PLAN

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## **EXECUTIVE SUMMARY with MITIGATION SUMMARY**

Sandfire Resources America, Inc. has an application for a mine operating permit pending with the Montana Department of Environmental Quality to develop and operate an underground copper mine on private property in Meagher County.

The Impact Plan for the Black Butte Copper Project has been prepared to meet the requirements of the Montana Hard Rock Mining impact Act, Property Tax Base Sharing Act and associated Administrative Rules. This Impact Plan projects the fiscal impacts the proposed mineral development will have on the affected units of local government based on the best available information. The Impact Plan also identifies mitigation measures, as well as adjustment and amendment provisions to mitigate actual impacts if there are variances from projected impact.

Sandfire Resources America Inc. through its wholly owned subsidiary Tintina Montana Inc., proposes to develop and operate a new underground mine and mill at its Black Butte Copper Project located approximately 15 miles north of White Sulphur Springs in Meagher County, Montana. The mine is expected to have a life of about 18 years from mine construction through production to mine closure and reclamation.

Sandfire Resources America, Inc. expects to hire up to 200 contractors during the construction phase in years one and into year three. Not all 200 contractors will be at the site at the same time. The peak for contractors is projected to be 115 in year two. Up to 24 contractors are projected to be at the site from time to time during the production and closure/reclamation phases of the project.

Sandfire is projected to gradually ramp up hiring through the first three years up to an operating workforce of 235 mineral development employees. Secondary or indirect impacts are also projected beginning in the construction phase, reaching a peak during production and tapering off again during closure/reclamation.

At the peak during production phase Meagher County is projected to have 258 people move in, with 232 of them residing in the City of White Sulphur Springs. Two Elementary K-8 students and one High School student are projected during initial construction of the project with a peak of 25 Elementary K-8 students and 10 High School students during the production phase and tapering off to four Elementary K-8 students and two High School students near the end of the project.

Under the Montana Tax Base Sharing Act (MCA 90-6-403), Meagher County and the City of White Sulphur Springs can share the new mineral taxable value. Up to 20% of the impact mineral development taxable valuation or the percentage specified in the Impact Plan can be shared with the affected municipality. White Sulphur Springs is the only affected municipality, the City would receive 20% of the new taxable value, and Meagher County 80%. The added mineral development taxable value is projected to be \$8,235,000 at peak copper production. Revenue estimates are provided for each

affected unit of local government along with projected impact costs and net costs/revenues.

The affected units of local government are listed below:

- Meagher County
- City of White Sulphur Springs
- White Sulphur Springs school District #8

Meagher County is projected to experience net operating costs in the Sheriff's Department and Planning Services during the first three years of development of the mine project. Net impact costs will be mitigated with tax prepayments projected to total \$338,700. A method for tax crediting is proposed.

The City of White Sulphur Springs is projected to experience net operating costs in Planning Services during the first three years of development of the mine project. Net impact costs will be mitigated with tax prepayments projected to total \$98,300. A method for tax crediting is also proposed.

No net impact costs are projected for White Sulphur Springs School District #8 at this time. This is primarily the result of significant State statutory requirements in the school budgeting process. Net impact costs will be mitigated with grants through adjustment procedures, if they do occur in School District #8 as a result of the Black Butte Copper Project.

Total projected impact payments are \$437,000 and will be secured with a financial guarantee as required. Table S-1 provides an impact mitigation summary with the schedule and amount of each of the impact payments. Construction of the Black Butte Copper Project is projected to begin in 2019. Impact payments are shown as year 1, year 2 and year 3, with year 1 being the year the operating permit is granted by Montana Department of Environmental Quality, if not 2019. The trigger point is the issuance of the mine operating permit. Subsequent impact payments in year 2 and year 3 will be made to the Meagher County Treasurer in July of each year to coincide with the affected local governments fiscal year.

Numbers of employees and contractors will be monitored annually for variations in actual impact numbers in relation to projections. Adjustment and amendment procedures are proposed to mitigate actual fiscal impacts to Meagher County, the City of White Sulphur Springs and School District #8.

**TABLE S-1 SANDFIRE RESOURCES AMERICA, INC. IMPACT MITIGATION SUMMARY  
BLACK BUTTE COPPER PROJECT**

**Amount of Impact Payments**

**Meagher County**

**Tax Prepayments**

Year 1	Year 2	Year 3
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MC-1	<b>\$165,000</b>		
MC-2		<b>\$119,700</b>	
MC-3			<b>\$54,000</b>

**City of White Sulphur Springs**

**Tax Prepayments**

Year 1	Year 2	Year 3
--------	--------	--------

WSS-1	<b>\$40,000</b>		
WSS-2		<b>\$38,600</b>	
WSS-3			<b>\$19,700</b>

**WSS School District #8**

**Grants**

SD 8	No additional costs projected at this time. Impact payments will be based on costs directly associated with the Black Butte Copper Project.
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## 1.0 INTRODUCTION

Sandfire Resources America, Inc. (formerly Tintina Resources, Inc.) has applied for permits to construct and operate a copper mine approximately 15 miles north of White Sulphur Springs in Meagher County. The mine, known as the Black Butte Copper Project, is an underground copper mine. Ore mined from underground would undergo crushing and grinding on-site. The tailings would be managed on-site by storing a portion underground as cemented backfill and storing the rest as cemented paste in a surface tailings storage facility. The copper concentrate would be hauled off-site in sealed low profile containers to a nearby rail in either Townsend or Livingston for further processing, either in Utah, Arizona or Asia. The mine is expected to have a life of about 18 years from mine construction through production to mine closure and reclamation.

The Montana Hard Rock Mining Impact Act requires a large-scale mineral development to prepare an Impact Plan that describes the financial impacts the mineral development will have on affected units of local government. The units of local government affected by the Black Butte Copper Project are Meagher County, the City of White Sulphur Springs, and the White Sulphur Springs Public School District #8.

The Hard Rock Mining Impact Act addresses primarily the initial impacts of development by requiring that the mineral developer prepare an impact plan in which it identifies and commits to pay all increased local government costs resulting from the construction and operation of the new mineral development.

The Tax Base Sharing Act allows distribution of the increased taxable valuation from the mineral development among local government jurisdictions with increased costs regardless of where the mine is located. The City of White Sulphur Spring is eligible for tax base sharing under provision specified in the Impact Plan. This ensures a source of property tax revenue to help the City meet ongoing costs resulting from the mineral development.

Metal mines license tax allocation to counties allows for distribution of these funds through counties to school districts and other local government units. The primary purpose of this allocation is to assist local governments in preparing for and mitigating fiscal and economic impacts of a reduction in mine workforce or a mine closure. The metal mines license tax allocation is separate from impact payments and tax base sharing identified in this Impact Plan. Section 9.0 of this Impact Plan addresses the purpose of the metal mines license tax.

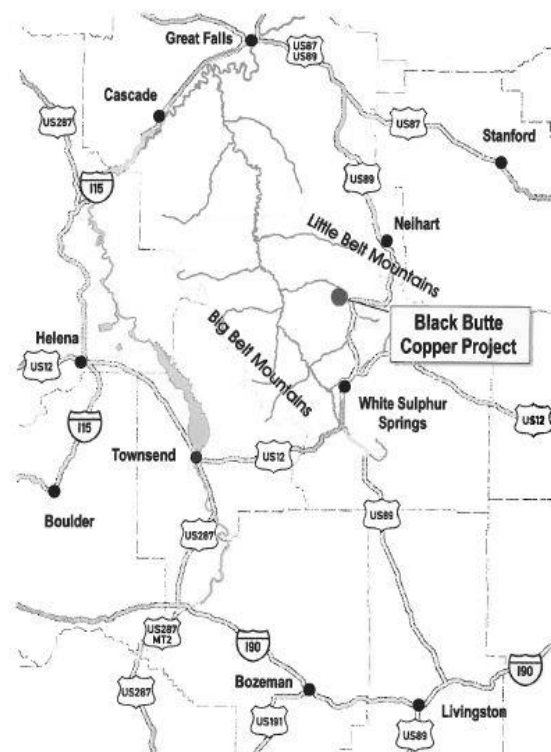
The Impact Act, Tax Base Sharing Act and Metal mines license tax allocation are intended to mitigate fiscal impacts of a hard-rock mineral development and assist local government units address the "front-end," "ongoing" and "tail-end" fiscal and economic. Sandfire Resources America, Inc. has prepared this Impact Plan in accordance with the Hard Rock Mining Impact Act and associated administrative rules adopted by the Hard Rock Mining Impact Board to project the fiscal impacts that this proposed development would have on affected local governments in the area.

## 1.1 Project Description

Sandfire Resources America Inc. through its wholly owned subsidiary Tintina Montana Inc., proposes to develop and operate a new underground mine and mill at its Black Butte Copper Project located approximately 15 miles north of White Sulphur Springs in Meagher County, Montana. Ore mined from underground would undergo crushing and grinding on-site. The tailings would be managed on-site by pumping a portion back underground as cemented backfill and storing the rest as cemented paste in a surface tailings storage facility. The Mine will produce and ship copper concentrate mined from both the upper and lower zones of the Johnny Lee copper deposit. All operations will occur within a Mine Permit boundary encompassing 1,888 acres of privately owned ranch land under lease to Sandfire Resources America.

Access to the mine site is by Montana Highway 89 and Sheep Creek Rd. Bozeman, Great Falls, Harlowton, Helena Livingston and Townsend are all within 110 miles of the Mine site (See Location Map). The Black Butte Copper Project is located entirely within Meagher County and White Sulphur Springs School District #8. The mine site is outside the City of White Sulphur Springs. However, the City of White Sulphur Springs is being considered an affected unit of local government and eligible for tax base sharing. Surrounding Counties of Broadwater, Cascade, Gallatin, Judith Basin, Lewis & Clark, Park and Wheatland are not projected to be fiscally impacted by the Black Butte Copper Project.

*Black Butte – Project Location*





The Black Butte Copper Project is projected to employ 240 people when fully operational. This level of employment meets the Montana Hard Rock Mining Impact statutory definition of a large scale mineral development. The primary purpose of the Hard Rock Mining Impact Plan is to identify and mitigate the net costs to affected local government facilities and services from a large scale mineral development without creating a burden on the local taxpayers. This Impact Plan will identify any net financial impacts to County, City, School District and Special Districts, if any, as a result of the mineral development and mitigation of net costs identified in the Plan.

### **1.2 Timetable for Mine Development**

The current schedule for the Black Butte Copper Project is for the permitting process to be completed in 2018 and commencement of development to begin in 2019. Construction would continue through 2021. The start of mining operations would begin in 2021 with commercial production beginning in 2022/2023. Mining operations are projected to continue into 2034. There will be some concurrent reclamation on the site during mining operations and final reclamation is projected to begin in 2035 and be completed by 2037.

### **1.3 Affected Units of Local Government**

The Affected Units of Local Government are Meagher County, the City of White Sulphur Springs and White Sulphur Springs School District #8. Contact information for the Affected Units of Local Government and the Mineral Developer follows.

#### Affected Units of Local Government

Meagher County Commissioners  
15 W. Main Street  
White Sulphur Springs, MT 59645  
Rod Brewer, Chair  
406-547-3612  
con@mtintouch.net

City of White Sulphur Springs  
Rick Nelson, Mayor  
105 West Hampton  
White Sulphur Springs, MT 59645  
406-547-3911  
wss@itstriangle.com

School District #8  
405 S Central Ave  
White Sulphur Springs, MT 59645  
Larry Markuson, Superintendent  
406-547-3751  
lmarkuson@whitesulphur.k12.mt.us  
Mineral Developer – Sandfire Resources America, Inc.

Sandfire Resources America, Inc.  
Black Butte Copper Project  
Nancy Schlepp, VP Communications & Corporate Secretary  
17 E. Main Street  
PO Box 431  
White Sulphur Springs, MT 59645  
406-547-3466  
[info@tintinaresources.com](mailto:info@tintinaresources.com)

#### **1.4 Methodology**

The methodology for the Black Butte Copper Project Impact Plan emphasizes a collaborative approach with the Meagher County, City of White Sulphur Springs and White Sulphur Springs School District #8 local government officials and in cooperation with other community groups designated by Meagher County.

A Case Study Method is being used in this impact plan to project future local costs based on specific service needs for the Black Butte Copper Project, employees, contractors and associated secondary impact population. This method provides a detailed analysis of projected impacts to operating and capital budgets for each affected unit of local government. Each department in the Meagher County and City of White Sulphur Springs will be included in the analysis along with School District #8 White Sulphur Springs.

The current population, housing, employment data and school enrollment information will be included in the plan based U.S. Census, Montana Office of Public Instruction and other relevant information sources. Mineral development employment, contractors / subcontractors, secondary employment estimates based on Black Butte Copper Project application and supporting information will also be included. Projections of population and student increases and distribution resulting from the mineral development will be based on the best available information.

Meagher County, White Sulphur Springs and School District #8 budget information is the initial source to identify current service levels, costs and revenues. Direct consultation with County, City and School officials throughout the impact planning process allows input from the people directly involved with affected local government facilities and services. Descriptions of existing facilities and services will be included in the impact plan, along with any existing capital and operating excess or deficient capacity.

The proposed timetable for the mineral development, including the anticipated opening and closing dates will be utilized to project anticipated changes resulting from the mining project. This includes employment and population changes anticipated as a result of the mineral development, including estimated numbers and timing of jobs as a

result of the mineral development. An estimate of the number of people hired from the local workforce, the number of persons moving into the area and an estimate of where the projected distribution of employees and in-migrating population may be based on available Census and housing information.

Analysis of the need for additional local government facilities and services to serve the mine, employees, related population and student increases will be determined with direct input from local public officials and their respective departments. A determination of the current capacity with the need for expanding or not expanding each local government's specific operating and capital capacities will be made based on the knowledge of the local government officials directly involved.

The need, timing and impact payments for increased local government facilities and services needs will be identified. Including how much lead-time the local government unit will require to provide the service or facility when it is needed. Costs associated with additional local government facilities and services needed to serve mine related impacts will be projected. Revenues projected from the Black Butte Copper Project, employees and associated taxes / fees will also be included. Net costs or revenue surplus will be determined by comparing projected revenues with projected costs for each affected unit of local government by specific service provided and fund. Commitments, policies, criteria and procedures that will enable the mineral developer and affected local government units to implement the plan in an effective manner will include Sandfire's commitment to make impact payments according to the amount, method and schedule shown in the plan.

The type of impact payments, procedures and criteria for the implementation of this impact plan will be specified. For any prepaid property taxes, the criteria and methods by which the affected the local government unit will calculate and provide property tax credits during the productive life of the mine will be included. The impact plan also identifies a jurisdictional revenue disparity with the City of White Sulphur Springs and Meagher County resulting in tax base sharing. The formula for tax base sharing among these two affected units of local governments is specified in this impact plan along with the fiscal effects of tax base sharing.

Procedures and the criteria for annual monitoring, adjusting or amending the plan to allow the affected units of local government and Sandfire's adequate flexibility to meet actual needs and fiscal impacts resulting from the mineral development in a timely manner, if actual conditions differ from the assumptions, estimates and projections in this impact plan.

## **1.5 Definitions**

**“Affected Unit of Local Government”** means a local government unit within which a large-scale mineral development is located or that will experience a need to increase services or facilities as a result of the commencement of large-scale mineral development in accordance with an adopted impact plan. Meagher County, City of White Sulphur Springs and School District #8 are affected units of local government.

**“Board”** means the Hard-Rock Mining Impact Board established in 2-15-1822 MCA.

**"Commencement of development"** and **“Commence operations”** means the date on which the developer initiates on-site disturbance directly related to the construction of the mine and associated facilities under an operating permit issued by the Department of Environmental Quality. The developer will notify the Board and the affected county of this date within 30 days of commencement of development.

**"Commencement of mining operations"** means the date on which the developer begins mining ore from the mineral deposit. **"Start of production"** means the date that ore is first removed from the mine and transported to the completed mill for processing. The developer will notify the Board and the affected units of local government of this date within 30 days following start of production.

**"Commercial production"** means the date on which the developer first ships mineral concentrate from its mill for further processing. The developer will notify the Board and the affected units of local government any time prior to, or within 30 days after, such shipment.

**“Fiscal Disparity”** means the increased costs of providing local government facilities and services for the Black Butte Copper Project and associated impact population is more than the increased revenues in any given fiscal year.

**“Impacted Area”** means fiscal impacts to local governments within Meagher County, which includes Meagher County, City of White Sulphur Springs and School District #8 White Sulphur Springs K-12. Job opportunities and economic benefits will extend to Broadwater, Cascade, Gallatin, Judith Basin, Lewis & Clark, Park and Wheatland Counties. Additional economic benefits will extend further depending on where goods and services for the Black Butte Copper Project are purchased.

**"Impact mineral development population"** means the total in-migrating population in the impact area associated with the large-scale mineral development.

**"Impact Costs"** means those additional costs projected to be incurred by affected units of local government for providing services and facilities needed as a result of the mineral development and in-migrating population.

**"Impact needs"** means the affected local government needs for increased facilities or services resulting from the mineral development and in-migrating population,

**"Impact operating costs"** means increased costs associated with the demand for local government services resulting from the mineral development;

**"Impact capital costs"** means the capital costs that are needed as a result of the mineral development not included as operating costs identified the budgets of the affected local government unit.

**"Impact revenues"** means those additional local tax and other revenues projected to be generated by the mineral development and impact population.

**"Impact assistance contingency fund"** means a payment provided by the mineral developer to the governing body of the county, city or school district as a contingency when specified in the plan. The fund will be used to provide impact assistance to pay costs resulting from the mineral development which were not anticipated by the plan at the time it was approved.

**"Jurisdictional revenue disparity"** means property tax revenues resulting from a large-scale hard-rock mineral development that are inequitably distributed among affected local government units as finally determined by the board in an approved impact plan.

**"Local government unit"** means a county, city, town, school district or independent special district specified in 90-6-302 MCA.

**"Local mineral employee"** means a mineral employee who has resided in Meagher County for a least a year prior to date of hire or a mineral employee who resides outside Meagher County a commutes to work at the mineral development site.

**"Mineral development employee"** means a person who resides within the jurisdiction of an affected local government unit as a result of employment with a large-scale mineral development or its contractors or subcontractors.

**"Mineral development student"** means a student whose parent or guardian resides within the jurisdiction of an affected local government unit as a result of employment with a large-scale mineral developer, its contractors or subcontractors.

**"Non-resident mineral development employee"** means a person who moves into an affected local government jurisdiction or the impact area and is not from the area within one year prior to or any time after obtaining employment resulting from the mineral development.

**"Non-resident secondary employee"** means a person who moves into an affected local government jurisdiction or the impact area for a job created by the additional demand for goods and services resulting from the mineral development and its impact population.

**"Non-resident mineral development student"** means a student whose parent or guardian is a non-resident mineral development employee.

**"Property tax prepayment"** means a potentially reimbursable impact payment made

by the developer of a large-scale mineral development to the impact fund of an affected unit of local government pursuant to an approved impact plan to be expended for the purpose or purposes identified in the plan.

**"Taxable valuation of a mineral development"** means the total of the gross proceeds taxable percentage specified in 15-6-132(2) MCA when added to the taxable value of real property, improvements, machinery, equipment, and other property.

## **1.6 Plan Preparation and Implementation**

The large scale mineral developer is required to submit to the affected counties and the board an impact plan describing the financial impact the large-scale mineral development will have on local government units. The impact plan must include a timetable for development, including the opening date of the development and the estimated closing date; identify each unit of local government within which the mineral development is located; the estimated number of persons coming into the impacted area as a result of the mineral development; identify as an "affected" local government unit each unit that is expected to experience an increased need to provide services and facilities as a result of the mineral development; projected need and any increased capital or net operating cost to affected local government units for providing services that can be expected as a result of the mineral development; projected increased local government revenues that will result from the mineral development; plus the financial or other assistance that the mineral developer will give to local government units to meet the increased need for services.

In addition, if a revenue disparity is identified in the Impact Plan, then the Montana Tax Base Sharing Act can be utilized to mitigate any resulting impacts. For example, the Black Butte Copper Project is outside the White Sulphur Springs City limits but many mine related contractors and employees are projected to stay within the City limits. The City may have fiscal impacts without benefit of the increased tax base from the mineral development. The Tax Base Sharing Act would be applicable to assist White Sulphur Springs in meeting the initial financial impact of the mineral development.

The mineral developer is also required to commit itself to pay all of the increased capital and net operating cost to local government units that will be a result of the development, as identified in the impact plan. Impact payments may be tax prepayments, special industrial local government facility impact bonds or other assistance from the developer. A schedule for impact payments is required to be part of the Impact Plan. A financial guarantee for the impact payments is required by the Hard Rock Mining Impact Board.

The Baseline Information and Projections include population, employment, housing, school enrollment, taxable valuation and school revenues. Impact Plan monitoring is describes, along with conditions for plan adjustments and conditions for impact plan amendment.

Existing Conditions, Impact Needs and Costs, Impact Revenues, Net Costs and

Revenues, Methods of Assistance, Conditions and Terms for Assistance and Special Conditions for Impact Plan Adjustments are specified for Meagher County, City of White Sulphur Springs and School District #8. Tax Crediting Procedures are also described in this Impact Plan.

### **1.7 Compliance with Applicable Laws and Regulations**

The mineral developer and the affected local government units are to ensure the statutory, regulatory and functional requirements for the format, content, review, approval and implementation of an impact plan are provided. An impact plan may provide for its own monitoring, adjustments and amendment under conditions specified in the plan itself within the criteria established by the Board. The monitoring, adjustment and amendment provisions allow flexibility to mitigate actual financial impacts that may differ from those projected in the Impact Plan.

The governing body of Meagher County is required to provide public notice and conduct a public hearing on this Impact Plan.

### **1.8 Statement of Commitments**

Sandfire Resources America, Inc. commits to pay all increased capital and net operating costs identified in this Plan and in any modifications to the Plan. These payments may be made in the form of prepaid taxes, grants, facility impact bonds, or other financing mechanisms that do not shift the increased costs to the "pre-impact population.

Sandfire Resources America, Inc. will make impact payments to the units of local government through Meagher County. Warrants, checks or other forms of payment to any of the units of local government will be transmitted to the Meagher County Treasurer for further disbursement. *Any* interest generated as a result of a Sandfire payment shall be accrued by the unit of local government receiving the payment.

This Impact Plan shows the baseline data, assumptions, and projections on which the projected mining-related costs and revenues are based. The affected units of local government and Sandfire intends the Impact Plan to be flexible enough to adjust to future changes and where actual circumstances deviate from the projections.

Sandfire Resources America, Inc. and the units of local government will make every effort to comply with all applicable laws, ordinances, rules, and regulations on the federal, state, and local levels in implementing this Impact Plan.

Sandfire Resources America, Inc. recognizes the importance of allowing units of local government as much lead time as possible to make appropriate improvements to public facilities. At the earliest possible point in its decision-making process, the company will notify local government officials about plans to proceed with the mineral development. Sandfire may provide tax prepayments and other expertise and assistance to units of local government during the exploration phase of the project to fund essential pre-impact planning activities.

Sandfire Resources America, Inc. will notify the Hard Rock Mining Impact Board and affected units of local government within 30 days of the start of production, if applicable, and within 30 days of the commencement of commercial production.

Sandfire Resources America, Inc. commits to prepare and provide annual monitoring reports to each affected unit of local government, Montana Hard Rock Mining Impact Board and Montana Department of Revenue in compliance with MCA 90-6-403.



## **2.0 BASELINE POPULATION, EMPLOYMENT, HOUSING, SCHOOL ENROLLMENT**

Information on population, employment, housing and school enrollment is provided for Meagher County and neighboring counties with employment opportunities and potential economic benefit from the Black Butte Copper Project.

### **2.1 Population:**

Meagher County had a 2010 Census population of 1,891 and a 2016 population estimate of 1,827 indicating a continued decline of over 300 people since 1980 when Meagher County population was 2,154. White Sulphur Springs has also decreased from 939 in the 2010 Census to an estimated 908 in 2016. Over 54% of the Meagher County population is between the ages of 18 to 65.

Broadwater County had a 2010 Census population of 5,667 and a 2016 population estimate of 6,747 indicating a slight increase in population. The population of Townsend has increased from 1,878 in 2010 to an estimated 1,978 in 2016. Over 57% of the Broadwater County population is between the ages of 18 to 65.

Cascade County had a 2010 Census population of 81,327 and a 2016 population estimate of 81,755 indicating a slight increase. The population of Great Falls has also increased from 58,505 in 2010 to an estimated 59,178 in 2016. Over 59% of the Cascade County population is between the ages of 18 to 65.

Gallatin County had a 2010 Census population of 89,513 and a 2016 population estimate of 104,502 indicating a continued significant increase of almost 15,000 people. The population of Bozeman has increased from 37,280 in 2010 to 45,250 in 2016 and Belgrade has increased from 7,369 in 2010 to 8,254 in 2016. Over 67% of the Gallatin County population is between the ages of 18 to 65.

Judith Basin County had a 2010 Census population of 2,072 and a 2016 population estimate of 1,940 indicating a continued slight decline. The population of Stanford decreased from 401 in 2010 to an estimated 384 in 2016. Over 57% of the Judith Basin County population is between the ages of 18 to 65.

Lewis & Clark County had a 2010 Census population of 63,395 and a 2016 population estimate of 67,282 indicating a continued increase of over 3,880 people. The population of Helena increased from 28,190 in 2010 to 31,169 in 2016. Over 60% of the Lewis & Clark County population is between the ages of 18 to 65.

Park County had a 2010 Census population of 15,636 and a 2016 population estimate of 16,114 indicating a slight increase in population. The population of Livingston has increased from 7,044 in 2010 to an estimated 7,401 in 2016. Over 60% of the Park County population is between the ages of 18 to 65.

Wheatland County had a 2010 Census population of 2,168 and a 2016 population estimate of 2,117 indicating a continued slight decline. The population of Harlowton decreased from 997 in 2010 to an estimated 964 in 2016. Over 52% of the Wheatland County population is between the ages of 18 to 65.

**POPULATION BASELINE**

	2016	2010	Ages 18-65	% of Total
Meagher County	1,827	1,891	987	54%
White Sulphur Springs	908	939		
Broadwater County	6,747	5,667	3,845	57%
Townsend	1,987	1,878		
Cascade County	81,755	81,327	48,235	59%
Great Falls	59,178	58,505		
Gallatin County	104,502	89,513	70,016	67%
Bozeman	45,250	37,280		
Belgrade	8,254	7,369		
Judith Basin	1,940	2,072	1,214	57%
Stanford	384	401		
Lewis & Clark County	67,282	63,395	40,369	60%
Helena	31,169	28,190		
Park County	16,114	15,636	9,668	60%
Livingston	7,401	7,044		
Wheatland County	2,117	2,168	1,101	52%
Harlowton	964	997		

Source: U.S. Census Bureau, 2010 Census  
 U.S. Census Bureau, 2016 Population Estimates

## **2.2 Employment:**

Baseline information on county employment is from federal and state agencies. Estimates on total workforce, employment, unemployment, occupations and income vary over time. The most current estimates were used whenever possible.

Montana Department of Labor & Industry estimated the labor force in Meagher County to be 875 with 839 employed and an estimated 36 people unemployed in 2017. The unemployment rate was 4.1%. Natural resources, construction and maintenance occupations were estimated to be 127 jobs. The median household income was reported to be over \$38,100.

The estimated labor force in Broadwater County was 2,541 with 2,440 employed and 101 unemployed in 2017. The unemployment rate was estimated to be 4.0%. Natural resources, construction and maintenance occupations were estimated to be 605 jobs. The median household income was reported to be over \$45,900.

Cascade County had an estimated workforce of 37,757 with 36,449 employed and an estimated 1,308 to be unemployed in 2017. The unemployment rate was 3.5%. Natural resources, construction and maintenance occupations were estimated to be 4,148 jobs. The median household income was reported to be over \$38,000.

Gallatin County had an estimated workforce of 64,364 with 62,543 employed and estimated 1,308 to be unemployed in 2017. The unemployment rate was estimated to be 2.8. Natural resources, construction and maintenance occupations were estimated to be 6,132 jobs. The median household income was reported to be over \$52,800.

Judith Basin County had an estimated workforce of 933 with 905 employed and estimated 28 to be unemployed in 2017. The unemployment rate was estimated to be 3.0%. Natural resources, construction and maintenance occupations were estimated to be 201 jobs. The median household income was reported to be over \$41,932.

Lewis & Clark County had an estimated workforce of 35,335 with 34,224 employed and an estimated 1,111 unemployed in 2017. The unemployment rate was estimated to be 3.1%. Natural resources, construction and maintenance occupations were estimated to be 2,979 jobs. The median household income was reported to be over \$56,200.

Park County had an estimated workforce of 8,464 with 8,167 employed and an estimated 297 unemployed in 2017. The unemployment rate was estimated to be 3.5%. Natural resources, construction and maintenance occupations were estimated to be 1,184 jobs. The median household income was reported to be over \$42,400.

Wheatland County had an estimated workforce of 791 with 759 employed and an estimated 32 unemployed in 2017. The unemployment rate was estimated to be 4.0%. Natural resources, construction and maintenance occupations were estimated to be 201 jobs. The median household income was reported to be over \$31,800.

## EMPLOYMENT BASELINE

	EMPLOYMENT			INCOME	
	Labor	Resources	Unemployment	Median Household Income	
	Force	Construction			Employed
Meagher County	875	127	839	4.10%	\$38,100
Broadwater County	2,541	605	2,440	4.00%	\$45,900
Cascade County	37,757	4,148	36,449	3.50%	\$38,000
Gallatin County	64,364	6,132	62,543	2.80%	\$52,800
Judith Basin County	933	201	905	3.00%	\$41,932
Lewis & Clark County	35,335	2,979	31,335	3.10%	\$56,200
Park County	8,464	1,184	8,167	3.50%	\$42,400
Wheatland County	791	201	759	4.00%	\$31,800

Source: U.S. Census Bureau, 2011-2015 Community Survey 5-Year Estimates  
 Montana Department of Labor, Montana-County Labor Force Statistics, October 2017

## **2.3 Housing:**

Meagher County had a 2010 Census count of 1,432 housing units. The City of White Sulphur Springs had 986 units. Owner occupied housing was 72.9% or 1,044 units. The median housing value was \$139,500. An additional 388 housing units were either vacant or rented. The median rent was \$625/month. There are also four motels in White Sulphur Springs with 87 rooms.

Broadwater County had a 2010 Census count of 2,695 housing units. City of Townsend had 888 units. Owner occupied housing was 77.9% or 2,099 units. The median housing value was \$184,600. An additional 596 housing units were either vacant or rented. The median rent was \$655/month. One motel in Townsend also has 36 rooms.

Cascade County had a 2010 Census count of 37,276 housing units. The City of Great Falls had 26,854 units. Owner occupied housing was 63.5% or 23,670 units. The median housing value was \$216,900. An additional 13,606 housing units were either vacant or rented. The median rent was \$655/month. There are multiple motels / hotels in Great Falls with over 2,100 rooms

Gallatin County had a 2010 Census count of 42,289 housing units. The City of Bozeman had 17,463 units and Belgrade had 3,174 units. Owner occupied housing countywide was 61.5% or 26,008 units. The median housing value was \$271,500. An additional 16,281 housing units were either vacant or rented. The median rent was \$876/month. There are also multiple motels / hotels in Bozeman with over 2,000 rooms

Judith Basin County had a 2010 Census count of 1,336 housing units. The City of Stanford had 247 housing units. Owner occupied housing countywide was 69.2% or 924 units. The median housing value was \$117,000. An additional 396 housing units were either vacant or rented. The median rent was \$485/month. Stanford has one motel with 11 rooms.

Lewis & Clark County had a 2010 Census count of 30,180 housing units. The City of Helena had 13,457 units. Owner occupied housing countywide was 69.4% or 20,945 units. The median housing value was \$206,600. An additional 9,235 housing units were either vacant or rented. The median rent was \$783/month. There are also multiple motels / hotels in Helena with over 1,500 rooms

Park County had a 2010 Census count of 9,375 housing units. The City of Livingston had 3,779 units. Owner occupied housing countywide was 73.8% or 6,919 units. The median housing value was \$216,900. An additional 9,235 housing units were either vacant or rented. The median rent was \$666/month. There are over 380 motel / hotels rooms in Livingston.

Wheatland County had a 2010 Census count of 1,197 housing units. The City of Harlowton had 585. Owner occupied housing countywide was 67.0% or 802 units. The median housing value was \$83,300. An additional 395 housing units were either vacant or rented. The median rent was \$551/month. Harlowton has two motels with 37 rooms.

## HOUSING BASELINE

	Housing Units	Median Value	Vacant/ Rented	Median Rent	Motel- Hotel Rooms
Meagher County	1,432	\$139,500	388	\$625	
White Sulphur Springs	986				87
Broadwater County	2,695	\$184,600	596	\$655	
Townsend	888				36
Cascade County	37,276	\$216,900	13,606	\$655	
Great Falls	26,854				>2,100
Gallatin County	42,289	\$271,500	16,281	\$876	
Bozeman	17,463				>2,000
Belgrade	3,174				>200
Judith Basin County	1,336	\$117,000	396	\$485	11
Stanford	247				
Lewis & Clark County	30,180	\$206,600	9,235	\$876	
Helena	13,457				>1,500
Park County	9,375	\$216,900	9,235	\$783	
Livingston	3,779				>380
Wheatland County	1,197	\$83,300	395	\$551	
Harlowton	585				37

Source: U.S. Census Bureau, 2010 Census.

U.S Census Bureau, Quick Facts, July 2016

## **2.4 School Enrollment:**

There is one school district in Meagher County serving all grades K-8 and high school 9-12. Enrollment in 2016-2017 was 129 students for K-8 and 61 students in high school grades 9-12. K-8 enrollment is down 30 students from the 2010-2011 school year and the high school enrollment is down 19 students.

Broadwater County has an elementary school K-6, a junior high school 7-8 and high school 9-12. Enrollment in 2016-2017 was 356 students for the elementary school K-6, 106 students at the junior high school 7-8 and 208 students enrolled at the high school grades 9-12 in the 2016-2017 school year. Enrollment is up at the elementary school by 32 students but, down at the junior high and high schools from 2010-2011.

Cascade County has multiple elementary schools, junior high schools and high schools. Total enrollment for K-8 was 8,400 in the 2016-2017 school year. Enrollment for the high school grades 9-12 was 3,313. Total enrollment in Cascade County schools has declined since the 2010-2011 school year.

Gallatin County also has multiple elementary schools, junior high schools and high schools. Total enrollment for K-8 was 9,580 in the 2016-2017 school year. Enrollment for the high school grades 9-12 was 3,530. Total enrollment in Gallatin County schools has increased since the 2010-2011 school year.

Judith Basin County has several elementary schools, junior high schools and high schools. Total enrollment for K-8 was 180 in the 2016-2017 school year. Enrollment for the high school grades 9-12 was 77. Total enrollment in Judith Basin County schools has declined slightly since the 2010-2011 school year.

Lewis & Clark County has multiple elementary schools, junior high schools and high schools as well. Total enrollment for K-8 was 6,598 in the 2016-2017 school year. Enrollment for the high school grades 9-12 was 2,998. Total enrollment in Lewis & Clark County elementary schools has increased since the 2010-2011 school year but, enrollment in high schools has declined.

Park County has several school districts. Total enrollment for K-8 was 1,356 in the 2016-2017 school year. Enrollment for the high school grades 9-12 was 611. Total enrollment in Park County grades K-8 and high schools have declined slightly since the 2010-2011 school year

Wheatland has two elementary schools K-6, two junior high school 7-8 and two high schools 9-12. Total enrollment in the two high schools was 75 during the 2016-2017 school year and 90 in 2010-2011. There has been little change in grades K-8 enrollment but, high school enrollment declined since the 2010-2011 school year.

### SCHOOL ENROLLMENT BASELINE

	2016-17 K-8 Students	2016-17 High School Students
Meagher County	129	61
Broadwater County	462	208
Cascade County	8,400	3,313
Gallatin County	9,580	3,530
Judith Basin County	180	77
Lewis & Clark County	6,598	2,998
Park County	1,356	611
Wheatland County	236	75

Source: Montana Office of Public Instruction, Enrollment 2016-2017



### **3.0 PROJECTIONS OF BLACK BUTTE COPPER PROJECT IMPACTS**

An Impact Plan is required to estimate the number of persons coming into the impacted area as a result of a mineral development. These estimates are based on numerous assumptions. The assumptions are based on the best available information on contractors needed for construction, employees needed to operate the mine and secondary support services and associated people. Estimates include percentage of jobs projected to be filled with existing residents and percentage of jobs filled with people moving into the area. Estimates for secondary impacts are based on labor statistics of the ratio of primary basic industry employment to secondary service employment for the area. Estimated average household size is based on state averages. The estimated number of students is also based on state averages. The distribution of people coming into the area as a result of the mineral development is based on distance, demographics, labor and available housing variables. Assumptions used to estimate the numbers of persons coming into the impacted area as a result of the Black Butte Copper Project are listed below.

#### **3.1 Assumptions**

##### Project Overview

- The Black Butte Copper Project site and underground mineral deposit are located entirely within Meagher County and are approximately 15 miles north of White Sulphur Springs.
- The life of the project from construction, mining operations and reclamation is approximately 18 years total.
- Construction of the mine, mill, tailing facility and associated site development work will take two to three years and require an estimated workforce of 70 to 115 contractors during a given year based on construction scheduling. An estimated total of 200 contractors will be working on the project during the entire construction phase.
- The average number of contractors on day shift during construction is estimate to average approximately 75 due to shift work and days off.
- The operational mine life is over 11 years and will require an estimated workforce of 235 employees with additional contract miners working at the site during the first four years of mining operations.
- Approximately 3,600 tons of rock per day will be mined and concentrated at the site. The concentrate will be trucked from the site in sealed shipping containers to a regional railhead facility in either Townsend or Livingston, Montana.
- Access to the mine site is by Montana Hwy. 89, north-south and Hwy.12, east-west. Both State highways are classified and maintained as primary routes.

- Less than a mile of a Meager County's Sheep Creek road provides access off Montana Hwy. 89. This portion of county road is assumed to be impacted by the project and require additional maintenance.
- Sandfire Resources America anticipates at least one shuttle vehicle for each shift change capable of transporting 40 employees two times daily (160 employee trips total). Additional shuttle vehicles could be provided as needed.
- Sandfire Resources America does not intend to provide transportation to the mine site for employees or contractors residing outside the White Sulphur Springs area but, will encourage carpooling.

### Impact Population

- Sandfire Resources America currently has around 18 employees. Over 80% are local residents.
- During the construction phase 50% of non-resident construction contractors are projected to stay in White Sulphur Springs on a temporary basis.
- It is unlikely construction workers projected to stay in White Sulphur Springs on a temporary basis during construction will bring their dependents with them. The remainder of the construction workforce will commute from outside Meagher County.
- The operating workforce is projected to be 235 employees by year four.
- The average employee household size is projected to be 2.46 based on the state average.
- An estimated 30% of workforce needs can be hired from the area within 110 miles of the mining operation. An estimated 70% of employees will be hired from outside the area and 50% of employees moving into the area are estimated to move into Meagher County.
- The impact population in the White Sulphur Springs area is estimated to be over 250 people during full operation of the mine.
- Secondary employment for support services is estimated to be a ratio of .54 for every employee and contractor.
- An estimated 70% of secondary employees may be local residents of the broader impact area. The remaining 30% will move into the impact area.
- The level of employees and impact population will decline during the final years of mining and through the reclamation phase of the Black Butte Copper. Reclamation may take up to three years to complete.

### Impact Population Distribution

- Distribution of the Mine impact employees will be influenced by workforce skills, distance from the mine site, population demographics and housing availability, especially rental housing.
- Areas with the largest population and housing availability within 110 miles of the Black Butte Copper Project include Bozeman, Great Falls and Helena.
- Sandfire Resources America estimates at least 30% of the workforce can be hired from the local area within 110 miles of the mining operation.
- An estimated 50% of the non-resident contractors are projected to reside in rental units in Meagher County. The remainder will commute into the County.
- Among employees moving into to Meagher County, 90% are estimated to stay in White Sulphur Springs.
- Over 100 motel rooms and RV sites are available in White Sulphur Springs.
- Sandfire Resources America does not intend to provide a construction camp or housing for employees.
- It is anticipated private housing developers will provide additional housing after the permitting process is completed and construction begins.
- An estimated 50% of the non-resident employees are projected to reside in Meagher County during mine production. The remainder will commute.

### School Enrollment

- Increased school enrollment will occur gradually from the construction phase to the operating phase of the project.
- Elementary students (K-8) are projected to be .25 per household based on the state average.
- High School students (9-12) are projected to be .10 per household based on the state average.
- School enrollment is assumed to be spread relatively evenly over grades K-12.

### Increased Local Government Revenue

- The taxable value of Meagher County is projected to increase by an estimated \$6.7 million after the Black Butte Copper Project is constructed and in commercial production.
- New taxable value is assessed and included in local government budgets one year after it occurs due to the assessment and budgeting process.
- The property tax portion of new revenue will be centrally assessed and included on county tax rolls beginning in the second year of the mine development.
- The gross proceeds portion of Sandfire's taxable valuation will be centrally assessed included on county tax rolls in the second year of operations.

- No significant increase in taxable valuation is projected until year four after the mine goes into production.
- The City of White Sulphur Springs will have a jurisdictional revenue disparity, because the Black Butte Copper Mine is located outside the City limits but, employees will live in the City with resulting needs and costs.
- The City of White Sulphur Springs will qualify for tax base sharing and receive 20% of the taxable value of the Black Butte Copper Mine.
- Mineral development employees moving into the area are expected to pay property taxes and local government fees at the same rate as current residents.
- School District #8 will receive State ANB payments for additional students in the same amount per student as determined by Montana OPI.
- Metalliferous Mines License Tax will be collected by the State of Montana and 35% will be distributed to the County. At least 37.5% is required to go into a Hard Rock Mining Trust Fund.

#### Housing Consideration

- Construction workers are willing to commute up to two hours and car pool for higher paying jobs.
- Construction workers often share rental housing on a temporary basis with coworkers and their families remain in their home location.
- The Montana Business Assistance Connection has projected an additional 112 housing units may be needed as a result of this project.
- Sandfire Resources America intends to collaborate with Meagher County and the City of White Sulphur Springs on implementation of community planning and economic development efforts.
- There may be additional demand on housing, especially rental units, if the Gordan Butte Pumped Storage Project proceeds during the time the Black Butte Copper Project are being developed.
- Opportunities for existing rental accommodations and housing developers will increase as of the Black Butte Copper Project progresses from permitting and construction into mine operations.

### **3.2 Projected Employment**

Sandfire Resources America expects to hire up to 200 contractors during the construction phase in years one and into year three. Not all 200 contractors will be at the site at the same time. The peak for contractors is projected to be 115 in year two. Up to 24 contractors are projected to be at the site from time to time during the production and closure/reclamation phases of the project. Sandfire is projected to

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- The City of White Sulphur Springs will qualify for tax base sharing and **receive 20%** of the taxable value of the Black Butte Copper Mine.
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Sandfire Resources America expects to hire up to 200 contractors during the construction phase in years one and into year three. Not all 200 contractors will be at the site at the same time. The peak for contractors is projected to be 115 in year two. Up to 24 contractors are projected to be at the site from time to time during the production and closure/reclamation phases of the project. Sandfire is projected to

gradually ramp up hiring through the first three years up to an operating workforce of 235 mineral development employees. Secondary or indirect impacts are also projected beginning in the construction phase, reaching a peak during production and tapering off again during closure/reclamation.

	Construction			Production		Closure/Reclamation		
	Year-1	Year-2	Year-3	Years 4 through 14	Year 15	Year 16	Year 17	Year 18
<b>Employees/Contractors</b>	<b>Projected Workforce for Black Butte Copper Project (Higher estimates used)</b>							
<b>Sandfire Resources</b>	14	37	165	235	203	90	60	40
<b>Contractors</b>	70	115	108	24	24	24	24	24
<b>Secondary (.54)</b>	8	20	89	127	110	49	32	22
<b>Total</b>	92	172	362	386	337	163	116	86

An estimated 30% of Sandfire Resources' employees and contractors are projected to be hired from the impact area. The remaining 70% are projected to move into the area. An addition 70% of secondary employees are projected to be hired from the local area and 30% projected to move into the area,

	Construction			Production		Closure/Reclamation		
	Year-1	Year-2	Year-3	Years 4 through 14	Year 15	Year 16	Year 17	Year 18
<b>Non Resident Employees</b>	<b>Estimated 30% hired from Impact Area and 70% moving into the area. Secondary 70% / 30%</b>							
<b>Sandfire Resources (70%)</b>	10	26	116	165	142	63	42	28
<b>Contractors (70%)</b>	49	81	76	17	17	17	17	17
<b>Secondary (30%)</b>	2	6	27	38	33	15	10	7
<b>Total</b>	61	113	219	220	192	95	69	52

### 3.3 Projected Impact Population and Distribution

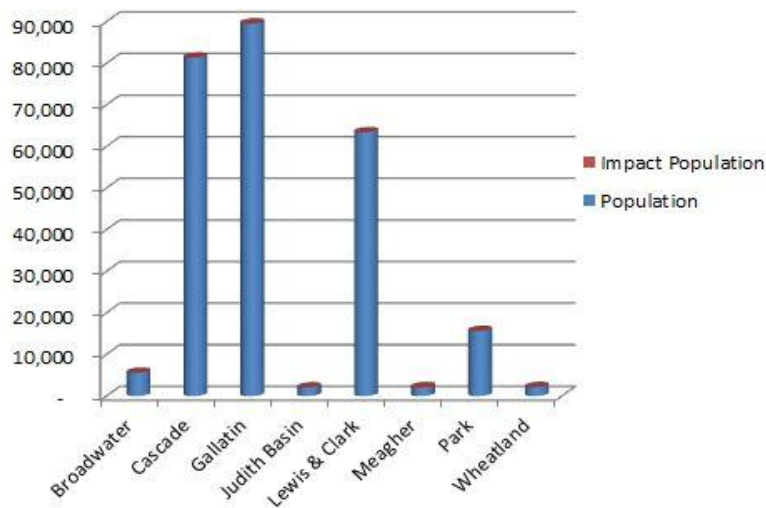
An average of 2.46 people per household are projected for each employee of Sandfire Resources and secondary or indirect impacts. Construction contractors are projected without dependents. The total impact population is projected to be 79 people at the beginning of the project, reach a peak of 516 people during the production years and taper off to 103 people near the last year of closure/reclamation.

Meagher County is projected to have 50% of Sandfire Resources employees that move to the area relocate to the County. The remaining 50% are projected to live outside Meagher County in counties within 110 miles or approximately one and a half hour commute. An estimated 30% of secondary or indirect impact is projected to move into the area. Half of the secondary people moving into the area are projected to relocate to Meagher County and the remaining people reside outside Meagher County. At the peak during production phase Meagher County is project to have 258 people move in, with 232 of them residing in the City of White Sulphur Springs.

	Construction			Production		Closure/Reclamation		
	Year-1	Year-2	Year-3	Years 4 through 14	Year 15	Year 16	Year 17	Year 18
<b>Non Resident Employees Meagher County</b>	<b>Meagher County 50% of Non-resident Employees, Contractors and Secondary impact.</b>							
	31	57	110	110	96	48	35	26
<b>Meagher County Impact Population</b>	<b>Meagher County 50% of Employees &amp; Secondary w/dependents plus Contractors.</b>							
	40	80	214	258	224	105	73	52
<b>Non Resident Employees Outside Meagher County</b>	<b>Impact Area outside Meagher Co. 50% of Non-Res. Employees, Contractors &amp; Secondary</b>							
	30	56	109	110	96	47	34	26
<b>Impact Population Outside Meagher County</b>	<b>Area outside Meagher Co. 50% of Employee &amp; Secondary w/dependents plus Contractors</b>							
	39	80	213	258	223	104	72	51
<b>White Sulphur Springs Non Resident Employees</b>	<b>Employees moving into Meagher Co., 90% will stay in City of White Sulphur Springs</b>							
	28	51	99	99	86	43	32	23
<b>White Sulphur Springs Impact Population</b>	<b>Est. 90% of Impact Population in Meagher Co. will stay in City of White Sulphur Springs</b>							
	36	72	193	232	202	95	66	47

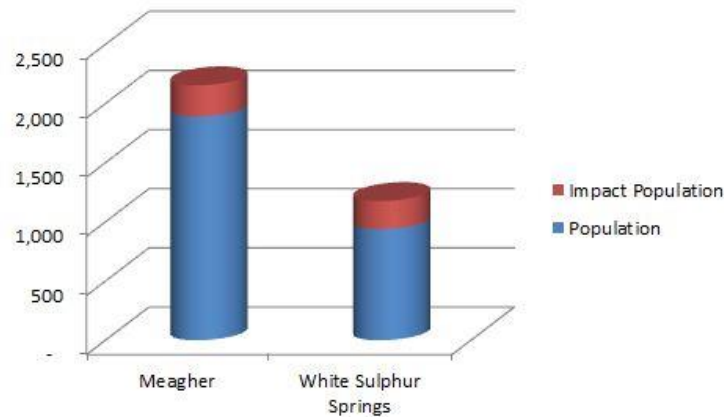
The projected distribution of impact population of area counties is shown in red in relation to the existing population in blue in the following Graph. In each county, Except Meagher County, the number of people projected to move in as a result of the Black Butte Copper Project is a small fraction of one percent of their population. The minimal projected increase in population outside Meagher County excludes these counties and units of local governments within them from consideration as potentially affected.

### Projected Impact Population





Meagher County overall is projected to have a 14% increase in population as a result of the Black Butte Copper Project, with the City of White Sulphur Springs projected to have a 25% increase in population. Meagher County, City of White Sulphur Springs and School District #8 are considered potentially affected units of government.



### 3.4 Projected School Enrollment – School District #8

An average of .25 Elementary K-12 and .10 High School students per employee moving into Meagher County are project to be enrolled in White Sulphur Springs School District #8. Two Elementary K-8 students and one High School student are projected during initial construction of the project with a peak of 25 Elementary K-8 students and 10 High School students during the production phase and tapering off to four Elementary K-8 students and two High School students near the end of the project.

	Construction			Production		Closure/Reclamation		
	Year -1	Year -2	Year -3	Years 4 through 14	Year 15	Year 16	Year 17	Year 18
<b>Student Impacts</b>	<b>Avg .25 Elementary K-8 Students and .10 High School Students/ household (Meagher Co.)</b>							
<b>White Sulphur Springs</b>	<b>Employees &amp; Secondary Non-residents. Assumes Contractors are w/o dependents</b>							
<b>Elementary K-8</b>	2	4	18	25	22	10	7	4
<b>High School</b>	1	2	7	10	9	4	3	2

### 3.5 Projected Increased Taxable Valuation

The Black Butte Copper Project and ore deposit are located entirely within Meagher and will add substantially to the property tax base of Meagher County and School District #8 through increased real property improvements, new mining equipment, and gross proceeds tax. The Black Butte Copper Project is outside the City of White Sulphur Springs but, the City is eligible for tax base sharing. In addition to the increased taxable valuation produced by the mine itself, the increased number of employees, population and students will create added revenues through additional housing, commercial development, state school funding, and other revenues.



Table 3-5 below shows the expected increase in taxable valuation. Because the mine will be located in the only school district in Meagher County, the White Sulphur Springs Public School District #8 will receive all of the added mineral development taxable value, projected to be \$8,235,000 at peak copper production. Under the Montana Tax Base Sharing Act (MCA 90-6-403), Meagher County and the City of White Sulphur Springs can share the new mineral taxable value. Up to 20% of the impact mineral development taxable valuation or the percentage specified in the Impact Plan can be shared with the affected municipality. White Sulphur Springs is the only affected municipality, the City would receive 20% of the new taxable value, and Meagher County 80%.

The residences of mine-related employees moving into the area are projected to add \$130,000 in taxable value during the peak production years. The impact population is also projected to add approximately \$15,000 in taxable valuation through increased commercial properties.

TABLE 3-5: BLACK BUTTE COPPER PROJECT INCREASED TAXABLE VALUATION PROJECTIONS (\$000'S)								
YEAR:	2019 (Yr.1)	2020 (Yr.2)	2021 (Yr.3)	2022 (Yr.4)	2023-34 (Yrs.5-16)	2035 (Yr 17)	2036 (Yr. 18)	2037 (Yr. 19)
Gross Proceeds								
BBCP Taxable Value	\$0	\$0	\$0	\$2,900	\$6,800	\$0	\$0	\$0
Class 4 Taxable Value (Real Property)	\$0	\$0	\$575	\$1,145	\$1,145	\$575	\$145	\$0
Class 8 Taxable Value (Mining Equipment)	\$0	\$55	\$145	\$150	\$145	\$130	\$70	\$0
<b>BBCP Mine Tax Value</b>	<b>\$0</b>	<b>\$55</b>	<b>\$720</b>	<b>\$4,195</b>	<b>\$8,090</b>	<b>\$705</b>	<b>\$215</b>	<b>\$0</b>
Residential Tax Value	\$0	\$17	\$35	\$103	\$130	\$110	\$55	\$30
Commercial T.V.(12% Res.)	\$0	\$2	\$4	\$12	\$15	\$13	\$7	\$4
<b>Total Res. &amp; Com. Increase</b>	<b>\$0</b>	<b>\$19</b>	<b>\$39</b>	<b>\$115</b>	<b>\$145</b>	<b>\$123</b>	<b>\$62</b>	<b>\$34</b>
<b>Total Tax Value Increase</b>	<b>\$0</b>	<b>\$74</b>	<b>\$759</b>	<b>\$4,310</b>	<b>\$8,235</b>	<b>\$828</b>	<b>\$277</b>	<b>\$34</b>

AFFECTED LOCAL GOVERNMENTS TAXABLE VALUATION INCREASE DISTRIBUTION (000's)								
MEAGHER COUNTY PROJECTED TAXABLE VALUE INCREASE (000's)								
YEAR:	2019 (Yr.1)	2020 (Yr.2)	2021 (Yr.3)	2022 (Yr.4)	2023-34 (Yrs.5-16)	2035 (Yr 17)	2036 (Yr. 18)	2037 (Yr. 19)
Meagher County BBCP Mine General Fund T.V.Increase	\$0	\$55	\$720	\$4,195	\$8,090	\$705	\$215	\$0
Meagher County 100% Res. & Com. T.V.Increase	\$0	\$19	\$39	\$115	\$145	\$123	\$62	\$34
Meagher Co. General Fund Total TaxValue Increase	\$0	\$74	\$759	\$4,310	\$8,235	\$828	\$277	\$34

MEAGHER COUNTY ROAD FUND PROJECTED TAXABLE VALUE INCREASE (000's)								
Meagher Co. - Road Fund BBCP Tax Value (80%)	\$0	\$44	\$576	\$3,356	\$6,472	\$564	\$172	\$0
Meagher County 10% Res. & Com. T.V.Increase	\$0	\$2	\$4	\$12	\$15	\$12	\$6	\$3
Meagher Co. - Road Fund Total TaxValue Increase	\$0	\$46	\$580	\$3,368	\$6,487	\$576	\$178	\$3

CITY OF WHITE SULPHUR SPRINGS PROJECTED TAXABLE VALUE INCREASE (000's)								
YEAR:	2019 (Yr.1)	2020 (Yr.2)	2021 (Yr.3)	2022 (Yr.4)	2023-34 (Yrs.5-16)	2035 (Yr 17)	2036 (Yr. 18)	2037 (Yr. 19)
White Sulphur Springs*(20%) BBCP Tax Value Increase	\$0	\$11	\$144	\$838	\$1,618	\$141	\$43	\$0
White Sulphur Springs 90% Res. & Com. T.V.Increase	\$0	\$17	\$35	\$103	\$130	\$111	\$56	\$31
White Sulphur Springs Total Tax Value Increase	\$0	\$28	\$179	\$941	\$1,748	\$252	\$99	\$31

*\*Under the MT Base Sharing Act, up to 20% of the impact mineral development taxable value can be shared with the affected municipalities.*

SCHOOL DISTRICT #8 TAXABLE VALUATION PROJECTED INCREASE (000's)								
YEAR:	2019 (Yr.1)	2020 (Yr.2)	2021 (Yr.3)	2022 (Yr.4)	2023-34 (Yrs.5-16)	2035 (Yr 17)	2036 (Yr. 18)	2037 (Yr. 19)
School District #8 BBCP Tax Value Increase	\$0	\$55	\$720	\$3,356	\$8,090	\$705	\$215	\$0
School District #8 100% Res. & Com. T.V.Increase	\$0	\$19	\$39	\$115	\$145	\$123	\$62	\$34
School District #8 Total Tax Value Increase	\$0	\$74	\$759	\$3,471	\$8,235	\$828	\$277	\$34

Details of the added impact revenues for each jurisdiction is described in the individual sections of this Impact Plan for each jurisdiction. Specific fiscal impacts the non-resident employees, population and students would have on services in Meagher County, City of White Sulphur Springs, and the White Sulphur Springs Public Schools will be addressed in each of the sections discussing the three local entities. Existing conditions, impact needs and costs, impact revenues, methods of assistance, terms of assistance and any special conditions for impact plan adjustments for Meagher County, the City of White Sulphur Springs and for White Sulphur Springs School District #8 are specified in Sections 5, 6 and 7 respectively.

## **4.0 Monitoring, Adjustments and Amendments**

Sandfire America will conduct a survey of its employees and contractors before May 1st of each year and report the annual monitoring information to Meagher County, the City of White Sulphur Springs, School District #8, Montana Hard Rock Mining Impact Board and Department of Revenue.

### **4.1 Monitoring**

Monitoring information will include:

1. The number of mineral development employees residing in Meagher County, the City of White Sulphur Springs and other areas outside the County will be included in the monitoring reports.
2. The level of resident and non-resident mineral development employment and the number of local residents employed by Sandfire America, Inc. and contractors will be shown in the monitoring reports.
3. The total number of Mineral Development Students residing in the affected School District #8 will be shown for elementary, middle school and high school students. ;
4. The number of resident and non-resident mineral development students from dependents of people employed by Sandfire America, Inc. and contractors will be shown in the monitoring reports.

Each affected unit of local government may establish their own internal monitoring procedures to determine and quantify actual fiscal impacts resulting from the mineral development.

### **4.2 Conditions for Plan Adjustments**

The Black Butte Copper Project Impact Plan may be adjusted to address actual fiscal impact costs different than projected in this impact plan. Adjustments are made by mutual written consent of Sandfire America, Inc. and the affected unit of local government. All adjustments will be submitted to the Montana Hard Rock Mining Impact Board for concurrence.

### **4.3 Conditions for Plan Amendment**

At any time, Sandfire America, Inc. and Meager County Commissioners may join in a petition for an amendment of the Black Butte Copper Project Impact Plan.

The Black Butte Copper Project Impact Plan can be amended if employment at the mine is forecast to increase or decrease by at least 75 people, if the approved impact plan is materially inaccurate because of errors in assessment and within two years commercial production began or under conditions specified in the approved plan itself.

The Meager County Commissioners may submit a petition on behalf of the county or on behalf of any affected local government unit within the county, at its request. If the petition is filed on behalf of a local government unit other than the county, the petition must also bear the signatures of the governing body of the local government unit requesting the amendment.

A petition to amend an approved plan must contain an explanation of the need for the amendment, a statement of the facts and circumstances underlying the need for the amendment, a description of the corrective action proposed by the petitioner, and any other information required for the petition.

## **5.0 MEAGHER COUNTY**

Meagher County had a 2010 Census population of 1,891 and a 2016 population estimate of 1,827 indicating a continued decline of over 300 people since 1980 when Meagher County population was 2,154. Over 54% of the Meagher County population is between the ages of 18 to 65.

### **5.1 Existing Conditions**

#### **GENERAL FUND**

Administration. Meagher County is governed by a three-member board of county commissioners. Other Administrative officers include the clerk and recorder, treasurer, county attorney, superintendent of schools, law enforcement, justice of the peace, disaster and emergency services, clerk of district court. The 2018 General Fund budget was \$1,372,862 and included 14.25 employees

Law Enforcement. The Sheriff Department provides law enforcement to the county and to the City of White Sulphur Springs under contract. The department employs a sheriff, 2 full-time deputies and five dispatchers. All officers are stationed in White Sulphur Springs. The entire county is served by the 911 emergency services. Law Enforcement portion of the 2018 General Fund budget was \$240,326. There is also a Special Police fund of \$96,177 for City law enforcement.

#### **ROAD/BRIDGE FUNDS**

The County Road Department maintains approximately 300 miles of roads, most of which are gravel. The department is also responsible for maintaining 10 bridges on those roads. The department includes a road supervisor and 3 full-time employees. . The 2018 Road/Bridge Fund budget was \$541,130. An additional \$136,788 was available in Gas Tax funds.

#### **FIRE PROTECTION FUND**

Fire protection is provided in Meagher County by several fire departments: City of White Sulphur Springs, Meagher County Fire District, Martinsdale Fire Service Area, Grassy Mountain Rural Fire District. In total Meagher County has 12 structure trucks, 7 tenders, and one bucket truck. The agencies are manned by volunteer fire fighters, with a ½ FTE fire chief. The 2018 Fire Protection Fund budget was \$80,120.

#### **AMBULANCE FUND**

Ambulance and emergency medical service is provided by 18 certified emergency medical technicians (EMTs) and three ambulances. A ½ FTE is employed by Meagher County. . The 2018 Ambulance Fund budget was \$115,713

LIBRARY FUND. The Meagher County City Library provides library service to Meagher County and White Sulphur Springs. The Library Foundation has secured sufficient funding to construct a new library on a site adjacent to U.S. Highway 12/89. Construction began in the Spring of 2018. One full-time librarian and a part-time employee staff the library. The 2018 Library Fund budget was \$94,003.

#### OTHER FUND ACCOUNTS

Other fund accounts administered by the County include: Weed , Airport, District Court, Special Police, Cemetery, Extension, County Health Nurse, Land Use Planning, Health Insurance, 911, Soil and Water District, White Sulphur Springs TV, Checkerboard TV, Martinsdale TV, Predatory Animal Control, Sheep and Cattle, Mental Health, Liability Insurance,

Below is a summary of the 2018 Other Fund budgets and number of FTEs for these fund accounts.

<u>FUND</u>	<u>2018 Budget</u>	<u>FTEs</u>
Airport	\$ 50,000	1
District Court	\$ 76,149	1
Cemetery	\$ 78,385	1
Extension	\$ 50,356	0.5
Meagher County Health	\$ 60,798	0.75
Liability Insurance	\$132,236	
Health Insurance	\$319,839	
Land Use Planning	\$ 20,563	
Comp Absence	\$ 23,737	
Weed	\$318,465	1

#### 5.2 Impact Needs and Costs

Black Butte Copper Project employees, contractors and secondary workers are projected to begin moving into Meagher County beginning in Year-1. The number of non-resident employees to Meagher County will increase to 110 through years 4-14 (during the production phase) and then begin to decline as the operation begins to decrease production and eventually shut down. The increased population that accompanies the increasing employment is expected to build up to 258 during the years of peak production in years 4-14 and begin to decrease until mine closure and reclamation in about Years 15 through 18.

The results of the case study for Meagher County indicate the Sheriff's office would need an additional deputy as a result of the increased mine-related population. The

total cost of an additional officer would be approximately \$85,000 per year for four years plus an initial cost of a patrol car of \$40,000. In addition, funding for county planning may be needed in the amount of \$40,000 for years one through closure of the Black Butte Copper Project. See Table 5-2.

**TABLE 5-2 IMPACTS; NEEDS AND COSTS, MEAGHER COUNTY**

	Year 1	Year 2	Year 3	Year 4	Year 5-15	Year 16	Year 17	Year 18
Sheriff: 1 FTE @ \$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$0
1 Patrol Car @ \$40,000	\$40,000	\$0	\$0	\$40,000	\$0	\$0	\$0	\$0
Planning Services*	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$0	\$0	\$0
	\$165,000	\$125,000	\$125,000	\$165,000	\$125,000	\$85,000	\$85,000	\$0

NOTE\*: Planning / Economic Development Services still needed after mine closure but, funded with MMLT.

### 5.3 Impact Revenues

Meagher County will receive impact revenues as a result of the Black Butte Copper Project operation. Black Butte Copper Project will generate additional property taxable valuation, and thus, additional tax revenues. The mineral development will generate taxable value in Class 8 mining machinery, Class 4 real property, Class 2 gross proceeds taxable value, which is a property tax value placed on the gross value of the mined minerals.

In addition to the additional mining taxable value, non-resident employees and their families will build or rent new homes in Meagher County, which will add to the tax base. Also, some additional taxable valuation occurs because of some derivative commercial property that will be added. The increase in tax revenues is determined by multiplying the additional tax base by the mill levies in each fund account.

Actual tax revenues are not received by the County until November after the property has been appraised, assessed and entered on the tax rolls, Table 5-3 shows a one-year lag between the increase in mine related taxable valuation and the actual receipt of tax payments to reflect the local government taxation process.

Because the mine is not located within the City of White Sulphur Springs, yet the City will have to provide certain city services and facilities (a “jurisdictional revenue disparity”), the Montana Tax Base Sharing Act provides for the City and County to share a part of the impact taxable value. Municipalities may receive up to 20% of the mineral development taxable value to offset part of their costs to meet the impacts



**TABLE 5-3. MEAGHER COUNTY: BBCP REVENUES (\$000'S)**

	Year 1	Year 2	Year 3	Year 4	Year 5-16	Year 17	Year 18	Year 19
Gross Proceeds Tax Value	\$0	\$0	\$0	\$2,900	\$6,800(avg)	\$0	\$0	\$0
*Class 4 (Real Property) Tax Value	\$0	\$0	\$575	\$1,145	\$1,145	\$575	\$145	\$0
Class 8 (Mining Equipment)	\$0	\$55	\$145	\$150	\$145	\$115	\$70	\$0
<b>BBCP Mineral Tax Value</b>	<b>\$0</b>	<b>\$55</b>	<b>\$720</b>	<b>\$6,590</b>	<b>\$8,090</b>	<b>\$680</b>	<b>\$215</b>	<b>\$0</b>
Residences Taxable Value	\$0	\$0	\$17	\$35	\$103	\$58	\$32	\$30
Commercial (@Res.)	\$0	\$0	\$2	\$4	\$12	\$7	\$3	\$4
<b>Total Impact Taxable Value</b>	<b>\$0</b>	<b>\$0</b>	<b>\$739</b>	<b>\$ 6,629</b>	<b>\$8,205</b>	<b>\$735</b>	<b>\$240</b>	<b>\$34</b>
<b>Impact Tax Revenues (\$000's)</b>								
General Fund @96.3	\$0	\$5.3	\$71	\$638	\$790	\$71	\$23	\$3.3
** Special Police @45.49	\$0	\$0.5	\$7	\$40	\$78	\$9	\$4	\$1.4
***Road Fund 80% @40.1	\$0	\$1.8	\$24	\$213	\$329	\$24	\$8	\$1.1
Other Co-Wide Levies @54.66	\$0	\$3.0	\$40	\$362	\$448	\$40	\$13	\$1.9

\*Improvements will take about one year to begin being put on county tax rolls, so a one year lag is projected on the taxable valuation of Real Property.

\*\*Under Montana Tax Base Sharing Act, Meagher County and the City of White Sulphur Springs share the mineral taxable valuation 80%/20%. Projected Mine Impact Tax Value for City used to estimate Special Police Revenues.

\*\*\*The Road Fund Levy is not levied against property within municipalities

#### 5.4. Net Costs and Revenues

It is projected Meagher County will experience net costs for law enforcement of \$125,000 initially and an estimated \$85,000 annually during the construction phase of the Black Butte Copper Project and the first year of mining operations. These are years one through four and includes wages, benefits, training and other associated costs. Tax revenues are then projected to exceed costs beginning in year five. Additional funding for county planning may also be needed in the amount of \$40,000 for planning services in years one through closure of the black Butte copper Project. All other County services were determined by the County to have sufficient capacity and funding to accommodate the temporary influx of contractors during the construction phase. Additional tax revenue will be available to the County during the mine operation and closure/reclamation phases of the project.

See the following Table 5-4 for Impact needs and costs for Meagher County.

TABLE 5-3. MEAGHER COUNTY:BCP REVENUES (\$000's)

	Year1	Year2	Year 3	Year4	Year 5-16	Year 17	Year18	Year19
Gross Proceeds Tax Value	\$0	\$0	\$0	\$2,900	\$5,500(avg)	\$0	\$0	\$0
*Class 4 (Real Property) Tax Value	\$0	\$0	\$575	\$1,145	\$1,145	\$575	\$145	\$0
Class 8{MiniEquipment	\$0	\$55	\$145	\$150	\$145	\$118	\$70	\$0
BCBP Mineral Tax Value	\$0	\$55	\$720	\$6,90	\$8,090	\$680	\$215	\$0
Residences Taxable Value	\$0	\$0	\$17	\$35	\$103	\$58	\$32	\$30
Commercial (@Res.)	\$0	\$0	\$2	\$4	\$12	\$7	\$3	\$4
<b>Total Impact Taxable Value</b>	\$0	\$0	\$739	\$6,629	\$8,205	\$735	\$240	\$34
<b>Impact Tax Revenues (\$000's.)</b>								
General Fund @95.3	\$0	\$5.3	\$71	\$538	\$790	\$71	\$23	\$3.3
**Special Police @45.49	\$0	\$0.5	\$7	\$40	\$78	\$9	\$4	\$1.4
***Road Fund 80% @40.1	\$0	\$1.8	\$24	\$213	\$329	\$24	\$8	\$1.1
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\*improvements will take about one year to begin being put on county tax rolls, so a one year lag is projected on the taxable valuation of Real Property.

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See the following Table 5-4 for Impact needs and costs for Meagher County.

**TABLE 5-4 IMPACTS; NEEDS AND COSTS, MEAGHER COUNTY**

	Year 1	Year 2	Year 3	Year 4	Year 5- 16	Year 17	Year 18	Year 19
Impact Revenue	0	\$5,300	\$71,000	\$638,000	\$790,000	\$71,000	\$33,000	\$3,300
Impact Costs	\$165,000	\$125,000	\$125,000	\$165,000	\$125,000	\$0	\$0	\$0
Net Cost/Revenue	(\$165,000)	(\$119,700)	(\$54,000)	\$473,000	\$665,000	\$71,000	\$33,000	\$3,300

### 5.5 Methods of Assistance

Sandfire Resources America, Inc. will make tax prepayments to Meagher County in Years one through four to cover the net deficit in operating costs for the Meagher County Sheriff’s Department and planning services. In the subsequent years when the Black Butte Copper project results in net impact revenues, Meagher County will provide tax credits to Sandfire Resources America, Inc. until the total amount of tax prepayments are reimbursed.

### 5.6 Conditions and Terms of Assistance

After the DEQ grants permission to the developer to commence operation, Sandfire Resources America, Inc. notifies Meagher County of commencement of development, the governing body of Meagher County, on behalf of all local government units in the county, requests Sandfire Resources America, Inc. to prepay property taxes as specified in the impact plan.

In addition, the governing body of each local government unit requests its individual tax prepayments from the developer, according to the schedule provided in the impact plan. The local government unit also requests any other assistance provided for in the impact plan.

Sandfire Resources America, Inc. will provide the tax prepayments identified in this Plan and make all impact payments directly to the county treasurer, as provided in the Impact Plan.

Meagher County will budget for and appropriate funds in their annual budget to meet the impact costs identified in this Impact Plan. Any unexpended or unencumbered funds

from previous tax prepayments will be credited towards Sandfire's future tax prepayments.

The county treasurer credits each payment to the impact fund of the recipient local government unit. For purposes of tax crediting the treasurer distinguishes tax prepayments from any grants or other contributions. When payment is made directly to the county treasurer, the developer and the local government unit each issue to the Board written verification of each payment requested, made, and received, specifying the amount and method of payment and its intended use in compliance with the Impact Plan.

Sandfire Resources America, Inc. will notify the Meagher County Board of County Commissioners, the City of White Sulphur Springs, White Sulphur Springs School District #8 and the Montana Hard Rock Mining Impact Board within 30 days of the start of production and within 30 days of the commencement of commercial production, as these terms are defined in the plan. Each fiscal year after the mine starts production, Meagher County calculates the portion of prepaid tax that is to be credited to the developer, according to the criteria and method established in Section 8.0 of this Impact Plan.

## **5.7 Special Conditions of Impact Plan Adjustments**

The amount and scheduling of impact payments identified in this Impact Plan can be adjusted to meet actual needs and amounts required at the time this Impact Plan is implemented. Sandfire Resources America, Inc. and Meagher County may mutually agree to adjust this Impact Plan if the County experiences a mine related fiscal impact in other County services not projected to be impacted in this Impact Plan.

In the event the taxable valuation from the Black Butte Copper Project puts Meagher County into a different county classification and causes an increase in elected or other county official's salaries, this Impact Plan can be adjusted to meet the increased amounts. Any change in county classification is not projected to occur until the mine is in full production and net revenues from the mine are available to cover these costs.

## **6.0 CITY OF WHITE SULPHUR SPRINGS**

White Sulphur Springs has also decreased from 939 in the 2010 Census to an estimated 908 in 2016.

### **6.1 EXISTING CONDITIONS**

The City of White Sulphur Springs, county seat of Meagher County, is a Class 3 municipality with a population of approximately 900 people. The City has an assessed valuation of \$69,103,325, a taxable valuation of \$1,121,994 (value of a mill is \$1,122), and a 2018 total mill levy of 172.05 mills. The General Fund budget is \$509,585, the combined budgets of the other funds is \$368,219, for a total City budget of \$877,804. In addition, the water and sewer enterprise funds total \$717,360 in maintenance and operating expenses, which are paid through user fees, and intergovernmental revenues.

**Administration.** The City budgets its general operations through the General Fund, which includes the mayor, city council, city clerk office, roads and streets, city court, parks and recreation, law enforcement. White Sulphur Springs has a mayor-council form of government consisting of a mayor and four council members. The city clerk office employs 2 full-time equivalents ( FTEs), and 3 FTEs constitute the city crew that maintain the streets, water and sewer systems and city parks and recreation facilities. The City contracts with a private attorney to serve as city attorney.

**Law Enforcement.** Law enforcement is provided by the County Sheriff Department under contract with the City. All officers are stationed in White Sulphur Springs. The Sheriff Department consists of the sheriff and two deputies. There is a Special Police fund of \$58,224.77 for City law enforcement based on 51.10 mills levied.

**Fire Protection.** Fire protection is provided to the City by the White Sulphur Springs Volunteer Fire Department. The 2018 White Sulphur Springs Fire Department budget was \$16,100 with an additional Fire Retirement budget of \$6,732.

**Water System.** The City water system obtains the water supply from two wells located in the northeast part of the city near the city shops, and surface water from a slow sand filter system on South Willow Creek, about two miles east of the city. The sand filter facility was rebuilt in 2004, and a new 560,000 concrete water storage tank has been built, modifications to the well house plumbing, replacing the water line on Main Street before the Montana Department of Transportation reconstructed Main Street (US Highway 12/89) in 2015 have been made. Water chlorination treatment facilities are located at the well house in the northeast corner of the city, and at the slow sand filter east of White Sulphur Springs. The water system and the sewer system are enterprise funds, funded by user fees. Most water users in the City are on meters and user fees for the water and

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wastewater systems are based on the volume of water each customer uses. The system has 538 consumers. The 2018 Water maintenance and operating budget was \$444,060.

Sewer System. The White Sulphur Springs sewage treatment plant is currently being upgraded. The old system did not comply with the state sewage treatment permit and needed some necessary improvements. Phase 1 of upgrading the wastewater system involved eliminating water infiltration and inflows into the sewer collection system, primarily along Main Street and 10th Avenue SW. Approximately 8,300 linear feet of sewer line was lined with cured-in-place pipe, and a number of manholes were replaced. Phase 2 involves improvements to the lagoon treatment facility. Treatment is provided by two facultative lagoon cells with a total of 20 acres in size on the west side of the city. Improvements included enlarging the lagoon cells, rebuilding dikes, and some new piping at the lagoon. The collection system flows by gravity except for a small lift station located on the east side of the city, near the city shops. The upgraded wastewater system will be able to serve 1800 population. The 2018 Sewer maintenance and operating budget was \$273,300.

Library. The Meagher County City Library provides library service to Meagher County and White Sulphur Springs. Funding for the library is contributed jointly by Meagher County and the City. The Library Foundation has secured sufficient funding to construct a new library on a site adjacent to U.S. Highway 12/89. Construction began in spring of 2018. One full-time librarian and a part-time employee staff the library.

Streets and Alleys. The City maintains 22.5 miles of streets and alleys, through Public Works, under the General Fund. Three FTEs maintain the streets, and the water and sewer systems, parks, recreation facilities. US Highway 12/89 serves as the city's main street, and is maintained by the Montana Highway Department. In 2015, the MDOT reconstructed the highway (Main Street). Sufficient money was raised within the community through contributions to install historic street lights along Main Street. Donations and several grants were used to make upgrades to city parks. The City also received Gas Apportion Tax of \$137,500 and Special Apportion Gas Tax of \$12,553.

While White Sulphur Springs has been enhanced by upgrades to the water and sewer systems, Main Street, and several city parks, the condition of many city streets need additional improvement, despite efforts by the public works department to maintain and repair the streets. The street situation also involves many of the water and sewer lines beneath the streets are deteriorating with age and need to be replaced. The conclusion from the Case Study is that planning is needed for a street/water and sewer line capital improvements program to replace the deteriorated water and sewer lines before or in conjunction with street reconstruction.



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Below is a summary of the other fund accounts in the 2018 White Sulphur Springs budget:

FUND	BUDGET
Airport	5,940
Liability/Comp Ins	15,000
Library, Voted, Non-voted	13,182
P.E.R.S.	15,100
Group Insurance	35,000
CDBG-Econ,Dev, Planning	24,000
CDBG fund	87,112

## 6.2 Impact Needs and Costs

The 232 additional residents projected to live in White Sulphur Springs as a result of the Black Butte Copper Project are expected to create additional demands for increased street maintenance. However, the City does not expect to need additional equipment or manpower to handle the added maintenance.

The City is completing upgrades to both the water system and sewer system, which will be able to accommodate the increased mine-related population. The City Fire Department, under a mutual aid agreement with the Meagher County Fire Department, expects to be able to provide adequate fire protection for the increased population. The city streets, water distribution system and sewer collection system need repair and replacement in places. These are existing conditions and not the result of the projected impact population but, can be addressed through the proposed planning services. See Table 6-2.

**TABLE 6-2 IMPACT NEEDS AND COSTS, CITY of WHITE SULPHUR SPRINGS**

	Year 1	Year 2	Year 3	Year 4	Year 5-16	Year 17	Year 18	Year19
Planning Services*	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$0	\$0	\$0

NOTE\*: Planning / Economic Development Services still needed after mine closure but, funded with MMLT.

## 6.3 Impact Revenues

Under the Montana Tax Base Sharing Act, municipalities affected by hard rock mining fiscal impacts may receive up to 20% of the mineral development taxable valuation. In the case of the Black Butte Copper Project, 90% of the in-migrating mine-related employees to Meagher County are projected to live in White Sulphur Springs. Thus, the City will experience a fiscal revenue disparity, tax base sharing of 20% of the added taxable

valuation from the black Butte Copper Mine with Meagher County is intended to address the fiscal disparity identified in this Impact Plan.

Table 6-3, below, shows the 20% share of the mineral taxable valuation that the City of White Sulphur Springs is projected to receive. In addition to the mineral taxable valuation, in-migrating employees will build or rent homes that will add to the tax base, as well as some derivative commercial property.

Table 6-3 also shows the projected tax revenues that the City will receive as a result of the increased taxable valuation. Because there is a an approximately one year lag between the time new property is entered on the tax rolls, and the time new tax revenues are actually received, the tax revenues in Table 6-3 are lagged by one year.

**TABLE 6-3, BLACK BUTTE COPPER PROJECT TAX REVENUE PROJECTIONS (000'S) CITY OF WHITE SULPHUR SPRINGS**

	Year 1	Year 2	Year 3	Year 4	Years 5-16	Year 17	Year 18	Year 19
Gross proceeds tax value	\$ -	\$ -	\$ -	2,900	6,800(avg)	\$ -	\$ -	\$ -
Class 4 (Real Property) Tax Value	\$ -	\$ -	\$ 575	1,145	\$ 1,145	\$ 575	\$ 145	\$ -
Class 8 (Mining Equipment) TV	\$ -	\$ 55	\$ 145	150	\$ 145	\$ 130	\$ 70	\$ -
<b>Total Mineral Tax Value</b>	<b>\$ -</b>	<b>\$ 55</b>	<b>\$ 720</b>	<b>\$4,195</b>	<b>\$ 8,090</b>	<b>\$ 705</b>	<b>\$ 215</b>	<b>\$ -</b>
<b>City of WSS Tax Base Sharing (20%)</b>	<b>\$ -</b>	<b>\$ 11</b>	<b>\$ 144</b>	<b>\$ 839</b>	<b>\$ 1,618</b>	<b>\$ 141</b>	<b>\$ 43</b>	<b>\$ -</b>
Residential (90%)	\$ -	\$ -	\$ 15	\$ 32	\$ 93	\$ 52	\$ 29	\$ 27
Commercial (@13% Res.)	\$ -	\$ -	\$ 2	\$ 4	\$ 12	\$ 7	\$ 4	\$ 4
<b>Total WSS Impact Tax Value</b>	<b>\$ -</b>	<b>\$ 11</b>	<b>\$ 161</b>	<b>\$ 875</b>	<b>\$ 1,723</b>	<b>\$ 197</b>	<b>\$ 76</b>	<b>\$ 31</b>
<b>WSS Impact Tax Revenues</b>								
General Fund @126 mills	\$ -	\$ 1.4	\$ 20.3	\$ 110.3	\$ 217.0	\$ 25.2	\$ 9.6	\$ 3.9
Fire @4 mills	\$ -	\$ 0.0	\$ 0.6	\$ 3.5	\$ 6.9	\$ 0.8	\$ 0.3	\$ 0.1
Library @9.5 mills	\$ -	\$ 0.1	\$ 1.5	\$ 8.3	\$ 16.4	\$ 1.9	\$ 0.7	\$ 0.3
Other Funds @32.5 mills	\$ -	\$ 0.4	\$ 5.2	\$ 28.4	\$ 56.0	\$ 6.4	\$ 2.5	\$ 1.0
	\$ -	\$ 1.9	\$ 27.6	\$ 150.5	\$ 296.3	\$ 34.3	\$ 13.1	\$ 5.3

#### 6.4. Net Costs and Revenues

It is projected the City of White Sulphur Springs will experience net costs for planning services during the construction phase of the Black Butte Copper Project and the first year of operations. These are years one through four. Tax revenues are then projected to exceed costs beginning in year five.

**TABLE 6-4 PROJECTED NET IMPACT COSTS, CITY OF WHITE SULPHUR SPRINGS**

	Year 1	Year 2	Year 3	Year 4	Year 5-16	Year 17	Year 18	Year 19
Impact Revenue	0	\$1,400	\$20,300	\$110,300	\$217,000	\$25,200	\$33,000	\$3,300
Impact Costs	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Net Cost/Revenue	(\$40,000)	(\$38,600)	(\$19,700)	\$70,300	\$177,000	(\$14,800)	(\$7,000)	(\$36,700)

NOTE\*: Planning / Economic Development Services still needed after mine closure but, funded with MMLT.

## **6.5 Methods of Assistance**

Sandfire Resources America, Inc. will make tax prepayments for the City of White Sulphur Springs in Years one through four to cover the net deficit in operating costs for additional planning services. In the subsequent years when the Black Butte Copper project results in net impact revenues, the City will provide tax credits to Sandfire Resources America, Inc. until the total amount of tax prepayments are reimbursed.

## **6.6 Conditions and Terms of Assistance**

After the DEQ grants permission to the developer to commence operation, Sandfire Resources America, Inc. notifies Meagher County of commencement of development, the governing body of Meagher County, on behalf of all local government units in the county, requests Sandfire Resources America, Inc. to prepay property taxes as specified in the impact plan. In addition, the governing body of each local government unit requests its individual tax prepayments from the developer, according to the schedule provided in the impact plan. The local government unit also requests any other assistance provided for in the impact plan.

Sandfire Resources America, Inc. will provide the tax prepayments identified in this Plan and make all impact payments directly to the county treasurer, as provided in the Impact Plan. The City of White Sulphur Springs will budget for and appropriate funds in their annual budget to meet the impact costs identified in this Impact Plan. Any unexpended or unencumbered funds from previous tax prepayments will be credited towards Sandfire's future tax prepayments.

The county treasurer credits each payment to the impact fund of the recipient local government unit. For purposes of tax crediting the treasurer distinguishes tax prepayments from any grants or other contributions. When payment is made directly to the county treasurer, the developer and the local government unit each issue to the Board written verification of each payment requested, made, and received, specifying the amount and method of payment and its intended use in compliance with the Impact Plan.

Sandfire Resources America, Inc. will notify the Meagher County Board of County Commissioners, the City of White Sulphur Springs, White Sulphur Springs School District #8 and the Montana Hard Rock Mining Impact Board within 30 days of the start of production and within 30 days of the commencement of commercial production, as these terms are defined in the plan. Each fiscal year after the mine starts production, the City of White Sulphur Springs calculates the portion of prepaid tax that is to be credited to the developer, according to the criteria and method established in Section 8.0 of this Impact Plan.

## **6.5 Methods of Assistance**

Sandfire Resources America, Inc. will make tax prepayments for the City of White Sulphur Springs in Years one through four to cover the net deficit in operating costs for additional planning services. In the subsequent years when the Black Butte Copper project results in net impact revenues, the City will provide tax credits to Sandfire Resources America, Inc. until the total amount of tax prepayments are reimbursed.

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Sandfire Resources America, Inc. will provide the tax prepayments identified in this Plan and make all impact payments directly to the county treasurer, as provided in the Impact Plan. The City of White Sulphur Springs will budget for and appropriate funds in their annual budget to meet the impact costs identified in this Impact Plan. Any unexpended or unencumbered funds from previous tax prepayments will be credited towards Sandfire's future tax prepayments.

The county treasurer credits each payment to the impact fund of the recipient local government unit. For purposes of tax crediting the treasurer distinguishes tax prepayments from any grants or other contributions. When payment is made directly to the county treasurer, the developer and the local government unit each issue to the Board written verification of each payment requested, made, and received, specifying the amount and method of payment and its intended use in compliance with the Impact Plan.

Sandfire Resources America, Inc. will notify the Meagher County Board of County Commissioners, the City of White Sulphur Springs, White Sulphur Springs School District #8 and the Montana Hard Rock Mining Impact Board within 30 days of the start of production and within 30 days of the commencement of commercial production, as these terms are defined in the plan. Each fiscal year after the mine starts production, the City of White Sulphur Springs calculates the portion of prepaid tax that is to be credited to the developer, according to the criteria and method established in Section 8.0 of this Impact Plan.

## **6.7 Special Conditions of Impact Plan Adjustments**

The amount and scheduling of impact payments identified in this Impact Plan can be adjusted to meet actual needs and amounts required at the time this Impact Plan is implemented. Sandfire Resources America, Inc. and the City of White Sulphur Springs may mutually agree to adjust this Impact Plan if the City experiences a mine related fiscal impact in other City services not projected to be impacted in this Impact Plan.

## 7.0 School District # 8

There is one school district in Meagher County serving all grades K-8 and high school 9-12. Enrollment in 2016-2017 was 129 students (this figure does not include the attendance center at Springdale Hutterite Colony which would add 13 students to the enrollment) for K-8 and 61 students in high school grades 9-12. K-8 enrollment is down 30 students from the 2010-2011 year and the high school enrollment is down 19 students.

## 7.1 Existing Conditions

### SCHOOL ENROLLMENT BASELINE

	2017-18 K-8	2017-18 High School
Meagher County	159	60
Students (enrollment on last day of SY17-18 with 17 in the colony elementary)		

Source: District Superintendent's Report: May, 2018

## Capital Projects

In tax year 2018, the second payment of a twenty (20) year bond was made. The bond was passed to build a new school building in FY 2016. The bond was in the amount of \$9.4 million. In budget year 2017-2018 the payment of \$678,000 was made and it required a mill levy of 79.27 mills. Increasing the mill value will significantly reduce the number of mills needed to pay off the bond issue. The reduction in the number of mills needed for the annual payment should be reduced by 40-50% of the current requirement.

In addition to the bond issue, a building reserve is being established to provide funds of additional projects without requiring voter approval for a bond. The building reserve was established by a vote of the public in the 2016-2017 SY. The building reserve has a current fund balance of \$196,920.55. The Montana Legislature in the 2017 session voted to allow districts to permissive levy mills to support their building reserve. The amount would be equal to but not exceed the established voter approval. Funds may be used to fund capital expenditures to meet the building needs as established by the 2007-2008 statewide facilities survey.

## District Transportation

School District currently owns and operates seven (7) school buses. The transportation system has eighty (80) eligible transportees. The system runs an average of 392.4 miles per day. The annual route mileage would total approximately 71,000 miles. In addition the activity buses travel approximately 30,000 miles annually. The activity uses the route buses.

## 7.2 Impact Needs and Costs

### School Enrollment

- Increased school enrollment will occur gradually from the construction phase to the operating phase of the project.
- Elementary students (K-8) are projected to be .25 per household based on the state average.
- High School students (9-12) are projected to be .10 per household based on the state average.
- School enrollment is assumed to be spread evenly over grades K-12.

Two elementary K-8 students and one high school student are projected during year #1 of construction. The projected peak will have 25 elementary (K-8 students) and 10 high school students. This enrollment will taper off to four elementary K-8 students and two High School students near the end of the project. This projection indicates that the greatest increase in school populations will be in years 4 through 14 of actual production. During Closure/Reclamation these numbers will decline to pre-construction numbers.

	Construction			Production	Closure/Reclamation			
	Year-1	Year-2	Year-3	Years 4 through 14	Year 15	Year 16	Year 17	Year 18
<b>Student Impacts</b>	<b>Avg .25 Elementary K-8 Students and .10 High School Students/ household (Meagher Co.)</b>							
<b>White Sulphur Springs</b>	<b>Employees &amp; Secondary Non-residents. Assumes Contractors are w/o dependents</b>							
<b>Elementary K-8</b>	2	4	18	25	22	10	7	4
<b>High School</b>	1	2	7	10	9	4	3	2

Table 5-2 indicates the school budgets for the years of operation of BBCP. The table below shows the estimated budgets based on the school enrollment projections, information in Direct State Aid (DSA), Guaranteed Tax Base (GTB), and Local Efforts to fund the budgets.

Table 5-2 Impacts ; Needs and Costs, School Dist. #8, Meagher County

Year	Max Budget W/O Vote	Base Budget	DSA	GTB	Local Effort	Budget per ANB	Mills for G. F.
1	\$ 2,229,449.96	\$ 1,783,559.97	\$ 797,251.31	\$ 180,662.57	\$ 1,251,536.08	\$ 9,250.83	118.33
2	\$ 2,279,774.48	\$ 1,823,819.58	\$ 815,247.35	\$ 182,844.04	\$ 1,281,683.09	\$ 9,343.34	120.3
3	\$ 2,302,572.22	\$ 1,842,057.78	\$ 823,399.83	\$ 193,368.50	\$ 1,285,803.89	\$ 8,668.34	112.46
4	\$ 2,390,122.50	\$ 1,912,098.00	\$ 854,707.91	\$ 212,255.52	\$ 1,323,159.17	\$ 8,755.03	84.59
5	\$ 2,414,023.72	\$ 1,931,218.98	\$ 863,254.88	\$ 212,255.52	\$ 1,338,513.32	\$ 8,842.58	65.48
15	\$ 2,653,268.04	\$ 2,122,614.44	\$ 948,808.65	\$ 178,979.78	\$ 1,525,479.61	\$ 9,863.45	69.56
16	\$ 2,495,452.84	\$ 1,996,362.28	\$ 892,373.94	\$ 168,334.14	\$ 1,434,744.76	\$ 9,863.45	65.1
17	\$ 2,455,999.04	\$ 1,964,799.24	\$ 878,265.26	\$ 165,672.73	\$ 1,412,061.05	\$ 9,863.45	121.7
18	\$ 2,416,545.24	\$ 1,933,236.20	\$ 864,156.58	\$ 163,011.32	\$ 1,389,377.34	\$ 9,863.45	129.61

### 7.3 Impact Revenues

The most significant financial effect will be an increase in the taxable valuation manifested by the higher mill value thereby reducing the number of mills levied to support the school system. This increase will be felt across all budget areas including general fund, retirement, transportation, bus depreciation, technology fund and adult education.

Mills needed to support the general fund could decrease by 40-60% during the years of production. Mill values could increase from the current level of \$8500.00 per mill to the projected increase in years 4-14 of operation to \$14,000 to \$15,000 per mill.

Other direct revenues that could affect the school are the proceeds from the Metal Mine License Tax. These fees will be paid to a county fund and then shared with taxing entities throughout the county. These funds will be direct dollars and not be part of the taxable valuation calculations.

TABLE 3-5: BLACK BUTTE COPPER PROJECT INCREASED TAXABLE VALUATION PROJECTIONS (\$000'S)								
YEAR:	2019 (Yr.1)	2020 (Yr.2)	2021 (Yr.3)	2022 (Yr.4)	2023-34 (Yrs.5-16)	2035 (Yr 17)	2036 (Yr. 18)	2037 (Yr. 19)
Gross Proceeds								
BBCP Taxable Value	\$0	\$0	\$0	\$2,900	\$6,800	\$0	\$0	\$0
Class 4 Taxable Value (Real Property)	\$0	\$0	\$575	\$1,145	\$1,145	\$575	\$145	\$0
Class 8 Taxable Value (Mining Equipment)	\$0	\$55	\$145	\$150	\$145	\$130	\$70	\$0
<b>BBCP Mine Tax Value</b>	<b>\$0</b>	<b>\$55</b>	<b>\$720</b>	<b>\$4,195</b>	<b>\$8,090</b>	<b>\$705</b>	<b>\$215</b>	<b>\$0</b>
Residential Tax Value	\$0	\$17	\$35	\$103	\$130	\$110	\$55	\$30
Commercial T.V.(12% Res.)	\$0	\$2	\$4	\$12	\$15	\$13	\$7	\$4
<b>Total Res. &amp; Com. Increase</b>	<b>\$0</b>	<b>\$19</b>	<b>\$39</b>	<b>\$115</b>	<b>\$145</b>	<b>\$123</b>	<b>\$62</b>	<b>\$34</b>
<b>Total Tax Value Increase</b>	<b>\$0</b>	<b>\$74</b>	<b>\$759</b>	<b>\$4,310</b>	<b>\$8,235</b>	<b>\$828</b>	<b>\$277</b>	<b>\$34</b>

SCHOOL DISTRICT #8 TAXABLE VALUATION PROJECTED INCREASE (000's)								
YEAR:	2019 (Yr.1)	2020 (Yr.2)	2021 (Yr.3)	2022 (Yr.4)	2023-34 (Yrs.5-16)	2035 (Yr 17)	2036 (Yr. 18)	2037 (Yr. 19)
School District #8								
BBCP Tax Value Increase	\$0	\$55	\$720	\$3,356	\$8,090	\$705	\$215	\$0
School District #8 100% Res. & Com. T.V.Increase	\$0	\$19	\$39	\$115	\$145	\$123	\$62	\$34
School District #8 Total Tax Value Increase	\$0	\$74	\$759	\$3,471	\$8,235	\$828	\$277	\$34



#### **7.4 Net Costs and Revenues**

It is assumed based on available data that the revenues and net costs will not significantly change the district's position. Potential future net costs will more than likely be reflected in possibly adding classroom staffing and aide positions, transportation costs, if necessary, depending on where workers with students live and special needs programs. School funding is dependent on significant State regulation. As a result, no additional costs are projected at this time

#### **7.5 Methods of Assistance**

Sandfire Resources America, Inc. will make direct grants to White Sulphur Springs School District #8 to cover any net deficit in operating costs for additional personnel and supplies identified in annual monitoring specified in this Impact Plan. Contingency funding will be provided for any additional net costs that may become necessary as mutually agreed by Sandfire Resources and White Sulphur Springs School District #8. In the subsequent years when the Black Butte Copper project results in net revenues, no additional grants will be made to White Sulphur Springs School District #8.

#### **7.6 Conditions and Terms of Assistance**

After the DEQ grants permission to the developer to commence operation, Sandfire Resources America, Inc. notifies Meagher County of commencement of development, the governing body of Meagher County, on behalf of Sulphur Springs School District #8, requests Sandfire Resources America, Inc. to prepay property taxes as specified in the impact plan.

In addition, the governing body of each local government unit requests its individual tax prepayments from the developer, according to the schedule provided in the impact plan. The local government unit also requests any other assistance provided for in the impact plan.

Sandfire Resources America, Inc. will provide the grants or other assistance identified in this Plan and make all impact payments directly to the county treasurer, as provided in the Impact Plan.

White Sulphur Springs School District #8 will budget for and appropriate funds in their annual budget to meet the impact costs identified in this Impact Plan. Any unexpended or unencumbered funds from previous tax prepayments will be credited towards Sandfire's future impact prepayments.

The county treasurer credits each payment to the impact fund of the recipient local government unit. For purposes of tax crediting the treasurer distinguishes tax prepayments from any grants or other contributions. When payment is made directly to the county treasurer, the developer and the local government unit each issue to the

Board written verification of each payment requested, made, and received, specifying the amount and method of payment and its intended use in compliance with the Impact Plan.

Sandfire Resources America, Inc. will notify the Meagher County Board of County Commissioners, the City of White Sulphur Springs, White Sulphur Springs School District #8 and the Montana Hard Rock Mining Impact Board within 30 days of the start of production and within 30 days of the commencement of commercial production, as these terms are defined in the plan.

### **7.7 Special Conditions of Impact Plan Adjustments**

The amount and scheduling of impact payments identified in this Impact Plan can be adjusted to meet actual needs and amounts required at the time this Impact Plan is implemented. Sandfire Resources America, Inc. and White Sulphur Springs School District #8 may mutually agree to adjust this Impact Plan if the School District experiences a mine related fiscal impact in other School related services not projected to be impacted in this Impact Plan.

## **8.0 TAX PREPAYMENT AND TAX CREDITING**

Montana Hard Rock Mining Impact laws and associated Administrative Rules authorize tax prepayments by a large-scale mineral developer as a method of mitigating impacts identified in an approved Impact Plan. Tax credits will not extend beyond the productive life of the mine, will not exceed the developer's tax obligation in any given year, and will not shift the increased capital and net operating costs resulting from the development over time to other local taxpayers.

Tax prepayments are included in this Impact Plan to mitigate fiscal impacts to Meagher County. The method for tax crediting is therefore required to be included in the Impact Plan and is described in sub-section 8.2 below.

### **8.1 Tax Prepayments**

The mineral developer is authorized to prepay property taxes to meet increased local government costs when revenue resulting from the mineral development is less than increased costs for services and facilities supported by property tax revenues. Tax prepayment and tax crediting apply only to the taxable property of the mineral developer. The tax prepayment excludes the 6-mill university levy and the mandatory county levies for the school BASE funding program

After the mine's operating permit has been issued, the governing body of the county initiates the prepayment of taxes by requesting the developer to prepay taxes as specified in the approved impact plan. The mineral developer guarantees to the hard-rock mining impact board that property tax prepayments will be paid as needed for affected local government expenditures identified in the approved impact plan. The mineral developer sends tax prepayments to the county treasurer for distribution to each affected unit of local government. This will be Meagher County, City of White Sulphur Springs and White Sulphur Springs School District #8. The county treasurer credits each tax prepayment to the impact fund of the appropriate local government unit to be used as stipulated by the impact plan.

### **8.2 Tax Crediting Procedure**

As part of the annual budget process beginning the year after the mine starts production, the governing body of each affected unit of local government unit that has received a tax prepayment must calculate and, if applicable, provide any tax credits due from the corresponding fund. Tax credits only occur after the taxable valuation of the mineral development has increased sufficiently to enable the local government unit to meet increased costs specified in the Impact Plan. A tax credit must not exceed the tax obligation of the developer for the fiscal year in which the credit is given and must not have the effect of shifting the increased costs over time to the other local taxpayers. The provision of tax credits is limited to the productive life of the mine.

A tax credit will be due if the local government unit can meet its budget needs at a mill levy that will be lower than the three year average mill levy prior to the commencement of mining and if, at the historic mill levy, the property tax revenue from the mineral developer would exceed increased costs resulting from the mineral development.

A local government that received all or a portion of the property tax prepayment under this subsection shall provide for repayment according to the following procedure:

(i) divide its budget by the average mill levy of its jurisdiction during the 3 years immediately preceding commencement of mining operations, to arrive at a taxable valuation needed to fund its budget using the average 3-year mill levy;

(ii) reduce the taxable valuation of property of a person who prepaid property taxes by the excess, if any, of the total taxable value of the taxing jurisdiction including the person's property over the taxable value determined under subsection(i), but in no case by an amount greater than the taxable value of the person's property.

(iii) The reduction in taxable value, if any, determined under subsection (ii) times the average mill levy used in subsection (i) equals the property tax prepayment credit allowed for the taxable year for that local government unit. Any local government unit not receiving a payment shall not be affected by tax crediting requirements, and no reduction in value shall be used in the computation of taxes due that unit of local government.

(iv) The procedure established under subsection (iii) shall continue from year to year until the total credit allowed the person who prepaid property taxes equals the total property taxes prepaid.

After the final budget is set and before individual tax statements must be sent out, the affected units of local government must notify the County Assessor of the amount of tax credit by fund. This should be done before September 1st of each year.

## **9.0 After Mine Closure - Use of Hard Rock Mine Reserve Trust Account**

The Hard Rock Mining Impact Act does not require the Impact Plan address local government / community issues beyond the life of the mine. However, Stakeholders have expressed interest in what happens with local government and community issues after mine closure. This section has been added to the Hard Rock Mining Impact Plan to address a funding source available as a result of the Black Butte Copper Project to address community planning, economic development, local government and school issues after mine closure.

### **9.1 Metal Mines License Tax**

The metal mines license tax is collected by Montana Department of Revenue. The rate depends on the mineral and the extent of processing that occurs before the mineral is transported; both rates exclude the first \$250,000 of gross value. Ore grade, production level, production costs, and metals prices all affect metal mines license tax revenues.

The rates are:

1.81 percent of gross value in excess of \$250,000 of concentrate shipped to a smelter, mill or reduction work, or

1.6 percent of gross value in excess of \$250,000 of gold, silver or any platinum-group metal that is dore, bullion, or matte and that is shipped to a refinery. [15-37-103, MCA]

Annually, the Department of Revenue transfers 35 percent of the State's metal mines license tax collections to the county in which the mine is located or that an impact plan identifies as experiencing increased costs or impacts as a result of the mine. The county must hold at least 40 percent of the amount it receives in a hard-rock trust reserve account. The purpose of the trust and reserve accounts is to reduce adverse effects of the eventual mine closure. All money credited to the hard-rock trust reserve account must be invested. Interest accrues to the account and is to be expended in the same manner as the principal.

It is projected over \$4 million per year will be paid in metal mines license tax to the State of Montana as a result of production from Black Butte Copper Mine. Current Montana Statutes require 35% of the metal mines license tax be distributed to affected counties. This is estimated to be over \$1.4 million per years during the projected 11 years of production. This could total over \$15 million over the productive life of the Black Butte Copper Mine. This is the primary source of funding available to affected local governments to mitigate impacts from a significant reduction in workforce or closure of the mine.

## **9.2. Distribution and Uses of the Hard-Rock Trust Reserve Account.**

Monies may be expended from the hard-rock trust reserve account only after the mine closes or reduces its workforce by 50 percent or more, based on the average number of persons employed full-time by the mining operation in mining activities during the immediately preceding 5-year period.

When the mine workforce reduction or closure occurs, the county must allocate at least one-third of the principal and interest in its trust reserve account "proportionally" among the "affected" school districts within the county.

The governing body of the county may expend the remaining principal and interest in the trust reserve account or it may make grants or loans to other local government units within the county. The county may (1) pay for outstanding capital project bonds or other expenses incurred prior to the end of mining activity or the reduction in the mining workforce; (2) decrease property tax mill levies that are directly caused by the cessation or reduction of mining activity; (3) promote diversification and development of the economic base within the jurisdiction of a local government unit; (4) attract new industry to the impact area; (5) provide cash incentives for expanding the employment base of the area impacted by the changes in mining activity; or (6) provide grants or loans to other local government jurisdictions to assist with impacts caused by the changes in mining activity.

## **9.3. County and School Metal Mines Reserve Accounts**

The County Commissioners also have the option each year, after retaining at least 40 percent of the State's metal mines license tax allocation in its hard-rock trust reserve account, the governing body of the county can distribute the balance (up to 60 percent): one-third to the county, one-third to the affected high school districts and one-third to the affected elementary school districts.

Money credited to a metal mines reserve account must be invested. Interest accrues to the account and is to be expended in the same manner as the principal.

School districts and the county may hold the principal and accrued interest in their individual metal mines reserve accounts for any period of time. Money held in a school district's metal mines reserve account may not be considered as cash balance for the purpose of reducing the mill levy. School districts may expend money from their accounts for any purpose provided by law.

County may expend money from its metal mines reserve account only for planning and economic development purposes. The County that receives metal mines license tax revenue is authorized to establish special reserve accounts, from which they may make expenditures only as provided by law. Affected local government units must budget for expenditures from their hard-rock metal mines reserve accounts.

## INFORMATION SOURCES

- American Fact Finder, 2012-2016 Community Survey 5-Year Estimates
- American Fact Finder, Selected Housing Characteristics
- Black Butte Copper Project Preliminary Feasibility Report
- City of White Sulphur Springs Final Budget Document, June 30, 2018
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