

Michael Naylor

Are these the type of activities the public can expect in the future? Will the public be paying for access roads to the Pac West site? Will HiTest now PacWest be able to sell their power like Kaiser did? Will the trucking and shipping routes be the same as in the draft access option? Will Pend Oreille County continue to support the Pac West project financially with tax payer money and using county employees?

From: <greggdohrn@comcast.net>
Date: Monday, July 10, 2017 2:02 PM
To: "Terri Miller" <TMiller@pendoreille.org>
Subject: Re: Sale of County Property

Great!! I'll be available by phone if there are any questions (206-679-7507). It sounds like the Cusick property will take care of itself, I'm more concerned about making sure we're on a path for the sale of the property to the PUD. Did you see Jim's comments about the range of values for parcel 19182, I'll forward it just in case. It seems like using the low end assessed value, might be a good option, it saves the County money on the appraisal and expedites the sale to the PUD. The PUD in turn is going to bundle it up with their adjoining property and sell it to a private party which will put it back on the tax rolls and hopefully there will be a \$325 million investment on the site. Let me know if there is anything that i can do to be helpful. Thanks so very much for all of your help!!!!

From: "Terri Miller" <TMiller@pendoreille.org>
To: greggdohrn@comcast.net
Sent: Monday, July 10, 2017 1:48:07 PM
Subject: Re: Sale of County Property

I don't see a need for the Cusick property. There tends to be more questions on other items once I'm in their office, but Dolly is scheduled for 3:00 so I'm just squeezing in ahead of her so hopefully, I can move forward with the Tribe.
Terri

From: greggdohrn@comcast.net <greggdohrn@comcast.net>
Sent: Monday, July 10, 2017 1:04:14 PM
To: Terri Miller
Subject: Re: Sale of County Property

Would it be helpful for me to join the discussion this afternoon ??

Glad to hear the other parcel is moving along!!

Many thanks!!!!

Sent from XFINITY Connect Mobile App

----- Original Message -----

From: Terri Miller
To: greggdohrn@comcast.net
Sent: July 10, 2017 at 12:46 PM
Subject: RE: Sale of County Property

Hi, Gregg,

The assessor's value versus appraisal has and is being discussed within the county. I see that you are also in communication regarding this with Jim. I am meeting with the commissioners this afternoon at 2:45 regarding the Cusick property. The Kalispel Tribe has completed an Application for Re-Sale of Tax Title for that property.

Terri Miller, Treasurer

Pend Oreille County

PO Box 5080

625 W. 4th St.

Newport, WA 99156-5080

(509) 447-6441

Fax: (509) 447-0318

From: greggdohrn@comcast.net [mailto:greggdohrn@comcast.net]

Sent: Monday, July 10, 2017 8:20 AM

To: Terri Miller <TMiller@pendoreille.org>

Subject: Sale of County Property

Good morning Terri, I hope you had an enjoyable weekend!! I am wondering if you are going to be meeting with the Commissioners today regarding the sale of parcel 19182? If so, I'd be happy to join you. I did have an afterthought, since the County Assessor has set the assessed value of the property, what if we were to ask Jim how close to market value the assessed value is, and if it is close use the assessed value?

From: "Jim McCroskey" <JMccroskey@pendoreille.org>
Date: Monday, July 10, 2017 10:28 AM
To: <greggdohrn@comcast.net>
Cc: "Commissioners Office" <CommissionersOffice@pendoreille.org>; "Terri Miller" <TMiller@pendoreille.org>
Subject: RE: Parcel 19182

Gregg,

With the parcel selling for \$2650 per are (for 20 acres) south of the county parcel, and being on Stateline Rd right off of Rena Rd. and not knowing if the sale had anything to do with timber value, this would be the high end. We have \$2000 per acre on the parcel in question. Not knowing the access, this would be the low end valuation. So, the valuation of \$26,660 is low end and an estimated \$36,650 would be the high end. This office will generally follow the lower end of the spectrum to keep from going over 100% ratio.

Also, valuation is land only, we do not value timber.

Sorry it is not an exact number, only a range.

Jim



James W. McCroskey
Pend Oreille County Assessor
(509) 447-6446
JMccroskey@pendoreille.org

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From: greggdohrn@comcast.net [mailto:greggdohrn@comcast.net]
Sent: Monday, July 10, 2017 8:36 AM
To: Jim McCroskey <JMccroskey@pendoreille.org>
Subject: Parcel 19182

Good morning Jim, I hope you had an enjoyable weekend! Parcel 19182 has an assessed value of \$27,500. Do you have a sense of how close to market value that may be? I wondering if the County paid for an appraisal, would we likely get a significantly different value?

8/30/2018

From: "Mike Manus" <mmanus@pendoreille.org>
Date: Thursday, July 21, 2016 10:02 AM
To: "Dolly Hunt" <DHunt@pendoreille.org>; "Mike Lithgow" <MLithgow@pendoreille.org>
Attach: RCW 43.157 Project of Statewide Significance.pdf
Subject: FW: Hi Test Sand Silicon Smelter

Dolly & Mike,

Here is the information I received from Tom Vaughn, High Test Sand. He needs the letter from us back next week as they are on a very tight timeline. He has been working with the Department of Commerce and the Governor's office. As I explained, we need to keep this on the down low as much as possible.

Dolly, I will see you at 1 PM today.

Mike, I can meet with you at 8 AM or after 1 PM tomorrow.



Mike Manus
 Pend Oreille County Commissioner
 625 W 4th Street
 PO Box 5025
 Newport, WA 99156
 509-671-3514 Cell
 509-447-4119 Office
mmanus@pendoreille.org

From: Tom Vaughn [mailto:tvaughn@hitestsand.com]
Sent: Thursday, July 21, 2016 8:38 AM
To: Mike Manus <mmanus@pendoreille.org>
Subject: Hi Test Sand Silicon Smelter

Good morning Mike,

Per our conversation yesterday we are asking the County for a letter of approval to accompany our application to designate our facility a Project of Statewide Significance. This designation will substantially streamline our permitting process as well as open up other state incentives to us. Attached is 43.157 RCW which describes the Projects of Statewide Significance and in particular 43.157.030 describes the requirements of the letter we are requesting. This information was provided to us by the Dept. of Commerce if you have any questions:

Rossman, Jaime (COM) <Jaime.Rossman@commerce.wa.gov>

Thank you in advance for your help with this and we look forward to meeting with you in the near future.

Tom Vaughn
 Vice President, US Operations
HiTest Sand, Inc.
 (206) 877-3309

Pend Oreille County
2018-2023
Six Year Transportation Improvement Program
Regional and Local Priority Array

Priority Number	Project Title	Project Description	Comments	Total Estimated Cost	Total Programmed Cost	Total Six Year Expenditure
Project Group: D. New Construction, Reconstruction and 3R						
1	Fertile Valley Road: Sacheen Lake Outlet Bridge to Highway 211	Widen to 30', provide widened shoulder for pedestrian and bicycle, storm drainage, HMA paving		\$2,319,000	\$2,319,000	\$2,319,000
2	McKenzie Road: Westside Calispel Road to Highway 20	3R project, widen 2 lane road to 28', cement treated base, HMA paving		\$1,950,000	\$1,950,000	\$1,950,000
3	Westside Calispel Road: McKenzie Road to Flowery Trail	Realign, reconstruct, cement-treated base, HMA paving		\$2,250,000	\$2,250,000	\$50,000
4	Silicone Smelter Access Road	Construct new access road from US 2 to silicone smelter site using developer funding				
Project Count: 4				\$6,519,000	\$6,519,000	\$4,319,000

**Pend Oreille County, Washington
Economic Development Project of Statewide Significance
Alternative Site Analysis
Draft Access Options Discussion Guide
May 30, 2017**

1. HiTest Sand is assessing the feasibility of acquiring 186-acres, adjacent to the City of Newport in unincorporated Pend Oreille County, for the development of a state-of-the art silicon production facility.
 - a. This potential development has been declared a Project of Statewide Significance by Governor Inslee.
2. The feasibility assessment involves several factors, including but not limited to:
 - a. Availability of power;
 - b. Topography;
 - c. Soil conditions;
 - d. Site access;
 - e. Site suitability for compliance with applicable air quality standards; and
 - f. Availability of supporting services.
3. It is projected that Phase 1 of this project will require the shipment of approximately 170,000 tonnes of raw silicon ore a year, in gravel form, from a mine in Golden, British Columbia to the site, a distance of approximately 300 miles.
4. In general terms there are two basic options for transporting the silicon ore to the site:
 - a. By rail, in partnership with Burlington Northern Santa Fe Railway (BNSF) and the rail operated by the Port of Pend Oreille, doing business as the Pend Oreille Valley Railroad (POVA); and
 - b. By trucks, utilizing highways and designated truck routes.
5. The rail option would likely involve x 50 car trains or y 100 car trains/ week.
 - a. The trains would be operated by BNSF and would be delivered to the Newport Yard, which is operated by the POVA through a lease with BNSF.

Commented [GD1]: Is this measured in metric tons?

Commented [GD2]: Would the material be shipped over 9 or 12 months/year?

Pend Oreille County, Washington
Economic Development Project of Statewide Significance
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- b. POVA would be responsible for staging the trains for unloading at a site to be determined.
 - c. The material would then be delivered to the site on an enclosed conveyor system owned and operated by HiTest.
6. A one hundred car train is approximately a mile in length, as a result a long segment of dedicated track would be required for the unloading operation, so that unloading does not adversely affect other rail operations of POVA.
- a. In addition, consideration needs to be given to siting the unloading facility so that train cars do not block a road in downtown Newport, or a potential new road to access the site.
 - c. There also needs to be additional track so that the engine(s) pulling the train into the unloading area, can get around the cars to pull them back out.
7. The current POVA lease of BNSF track expires in 2018 and needs to be renewed.
- a. POVA has initiated discussions with BNSF to renew the lease and possibly accelerating the renewal schedule.
8. BNSF is working on a proposal to provide rail service for presentation to HiTest.
- a. There is currently a bottleneck in the BNSF system in Sandpoint.
 - b. BNSF has announced plans to build new bridges in Sandpoint to alleviate the congestion.
9. As an alternative to rail service, it may be possible to ship the ore to the site by trucks.
- a. This could involve the delivery of 680 tonnes of raw material a day, 5 days a week, for 50 weeks per year.
 - b. Depending on size and weight restrictions this could result in 28 deliveries a day by trucks carrying 24 tonnes.
10. A logical truck route would be over BC Highway 95 from Golden, crossing into the United States at Eastport, and then continuing south on Idaho State Highway 95 to Sandpoint, then west on US Highway 2, and then connecting with Idaho State Highway 41, which passes within approximately 1.3 km of site.

Commented [GD3]: What is the target date for completion?

Commented [GD4]: Weather may make shipments in the winter impractical. Also, seasonal weight restrictions at the end of the winter may limit routes.;

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- a. As an alternative, it may be possible to exit US Highway 2 in the Town of Priest River, traveling south on Wisconsin Street, crossing over the Pend Oreille River on a bridge, and then west on Old Priest River Road to Highway 41. This has been designated as a truck route by Bonner County and is used to access a large mill and several quarries.
 - b. Other than seasonal restrictions at the end of the winter for several weeks, Bonner County does not impose weight or length restrictions on Old Priest River Road.
11. The State of Idaho
12. The State of Idaho Department of Transportation (IDOT) will be repaving US 2 from the Washington state line to a point east of Priest River in the summer of 2017.
- a. IDOT has plans to improve the US 2 intersection with Wisconsin Street in Priest River during the summer of 2018. W
 - b. A study prepared for the Town of Priest River projects that the connection of the north-south freeway to Interstate 90 in Spokane will increase truck traffic on US Highway 2 by x.
13. Initial discussions with the Bonner County Planning Department and the Bonner County Commissioner that represents west Bonner County did not reveal any significant reservations regarding the proposed truck routes.
- a. Approximately 1 km south of the intersection of the Old Priest River Road and Highway 41, the County Solid Waste Department maintains a .5 km paved road that provides access to the County solid waste transfer facility.
 - b. It may be possible to extend this road approximately 1 km to provide access to the site from the south.
 - c. This would require an easement from the County and further research would be required to determine if there is dedicated right-of-way in either state for State Line Road.
 - d. The use of Landfill Road could trigger the need to widen the road and make security improvements. It is also highly probable that a right and left turn improvements would need to be made to Highway 41 at the intersection with Landfill road.
14. If it is not possible to extend the Landfill Road over Bonner County property and Pend Oreille County right-of-way, it may be possible to extend Landfill Road approximately 600 meters diagonally over adjoining property owned by the State of Idaho. Another option may be to build a new 1.3 km road across the state property directly from Highway 41 to

Commented [GD5]: Greg Snow is confirming the weight and length limitations on Idaho Highways.

Commented [GD6]: Greg Snow is getting a copy of this report.

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the site along the route of a logging road, which would alleviate the need for an easement from Bonner County.

- a. The state owns approximately 300 acres that is due east of the site and that borders Landfill Road.
- b. The property is part of the State Endowment Fund and primary purpose of the property is for the sale of timber to support public schools.
- c. The property is currently being logged and the logging contract expires in 2018. Since the land is being logged now, this could be the most advantageous time to acquire this property.
- d. The next timber sale would be in approximately 80 years.
- e. As Endowment Lands the State does not want to sell it, but since it is an isolated parcel, not connected to other holdings, it would be willing to trade the parcel for timber lands of equal value.
- f. The appraisal process to support a land exchange could take 8 months.
- g. The Idaho Department of Lands would provide a list of target properties they would like to acquire in exchange. It is estimated that these properties could cost \$1,200-\$2,000/acre.
- h. If the property involved in the trade included high value timber, such as cedar, a 1:1 exchange of area may not be necessary.
- i. If this 300-acres is acquired, it could provide an additional buffer for the site, which could have air quality benefits. There may also be the potential to explore industrial zoning with Bonner County which could make the property attractive for resale as a future industrial site in Idaho.

Commented [GD7]: This may be a long shot, but there may be a public or private entity that could partner with HiTest to acquire this land from the State of Idaho in return for the rights to develop it after the road is built.

15. It is important to note that the City of Sandpoint Planning Director expressed concerns about the prospects of increased truck traffic on US 2 through downtown Sandpoint. Based on our initial conversation, he was more encouraging about the rail option.
16. Our various discussions have led us to wonder about the feasibility of a third option for delivering raw materials to the site, a hybrid option involving rail to a location near, but outside of Newport, and then trucking the material to the site utilizing Highway 41.
 - a. This option could provide HiTest with a higher degree of flexibility and would result in the material being delivered directly to the desired location on the site.

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- b. This option would avoid potential adverse impacts or opposition in Sandpoint associated with the trucking option.
- c. This option would alleviate the need for an unloading facility and conveyor in Newport, which could encounter local opposition.
- d. POVA operates the rail yard in Priest River, and plans are being finalized to build a new facility during the summer of 2018. These plans have been endorsed by POVA, Bonner County, the Town of Priest River, BNSF, and Stimson Timber.
- e. It may be possible to incorporate into the plans a custom unloading and staging facility for HiTest. As an industrial area, it may be better suited than downtown Newport for an unloading facility.
- f. It is approximately 11 km to the site from Priest River, and locating the unloading facility here could help build support for the project in Idaho.
- g. The hybrid option would be beneficial to the POVA.

17. Items that we need to further research include:

- a. What is the unit of measure for the shipment of raw material to the site?
- b. What are the weight and length restrictions on Idaho State Highways?
- c. Is there a dedicated right-of-way for Stateline Road that could connect the extension of Landfill Road to the site?
- d. Getting a copy of the report prepared for the Town of Priest River that addresses the potential traffic increase on US to as a result of the completion of the north-south freeway in Spokane.



HiTEST SAND
Responsibly supplying Hi-quality silica

COPY

April 18, 2017

Mr. Colin Willenbrock
General Manager, Pend Oreille PUD
PO Box 190
Newport, WA 99156

RE: REQUEST FOR POWER SERVICES

Mr Willenbrock:

HiTest Sand, Inc through Silicon Investments, Inc. ("SI") has been investigating potential sites and is interested in the PUD owned property located south of Newport. This property is approximately 186.3. The Property is one parcel of 13.83 acres (Property ID # 19182) which is currently owned by Pend Oreille County and three parcels owned by the District (Parcel # 19183) of 39.0 acres, (Parcel # 17036) of 80 acres, (Parcel #19193) of 53.47 acres. The four parcels together combine to a total of 186.3 acres. The purpose of these combined 186.3 acres are for the purpose of operating a silicon smelter plant. Our plant would bring substantial environmentally sustainable economic benefits to the community including up to 170 full time family wage jobs at the site plus several hundred indirect jobs in supporting industries (trucking, wood chip production, retail, etc.) Our business plan, economic model, engineering and offtake agreements are fully developed. We have been highly involved with local and state legislators, the Washington State Department of Commerce, and the Governor's office and have their full support and commitment to expedite the permitting process.

Accordingly, HiTest would like to formally request power supply services from Public Utility District No. 1 of Pend Oreille County (the "District"). Our general requirements are expected to happen in two phases and are as follows:

Phase 1

100 aMW of energy supply
105 MW of capacity
95% power factor
98% load factor
Minimal interruption requests from the PUD
Projected full operation 9/2019

#1402 10035 Saskatchewan Dr. Edmonton, AB, T6E 4R4
Phone: 780-328-6542



HiTEST SAND
Responsibly supplying Hi-quality silica

Phase 2

Additional 100 aMW of energy supply for a total of 200 aMW

Additional 105 MW of capacity for a total of 210 MW

95% power factor

98% load factor

Minimal interruption requests from the PUD

Projected full operation 9/2022

SI believes our plant, power supply needs and economic benefit could provide a beneficial and well timed solution for the District as well as Pend Oreille County. We look forward to a formal offer of contract for power supply services from the District.

Sincerely,

Jayson Tymko

President

HiTest Sand, Inc.



Pend Oreille County

Board of Commissioners

Karen Skoog
District #1

Mike Manus
District #2

Stephen Kiss
District #3

Rhonda Cary
Clerk of the Board

Phone: 509-447-4119
FAX: 509 447-0595

PO Box 5025
Newport, WA 99156-5025

E-mail: commissionersoffice@pendoreille.org

October 11, 2016

Mr. William Simpson
Senior Planner
Growth Manager Services
Washington Department of Commerce
10 N Post Street, Suite 445
Spokane, WA 99201

Dear Mr. Simpson:

As you know, Governor Inslee has recently announced that Pend Oreille County is the preferred site for a new state of the art silicon smelter and he has designated the project as an economic development project of statewide significance. We are excited about the tremendous economic development potential of this project for our small rural community and we look forward to working closely with your office to make it a reality. We also recognize that with this opportunity comes tremendous responsibility and we are also looking forward to working closely with the Project Sponsor to make sure that the project is designed to avoid or minimize, and if necessary to mitigate any potential adverse impacts to the environment. As a result, we greatly appreciate the opportunity to submit this request for state funding assistance that will enable us to initiate environmental studies and planning actions necessary to facilitate the design and permitting of the project in a timely manner.


As we've discussed, the prospective site is extremely well suited for economic development as it is property surplus to the operation of the Ponderay Newsprint Company mill. The mill is adjacent to the Cusick/Usk Urban Growth Area and is served by the full range of urban services including water, sewer, high capacity electrical power, rail, and a state highway. Given our desire to avoid or minimize to the greatest extent possible any potential adverse environmental impacts, we are focusing our efforts on environmental studies that will assist the Project Sponsor with the layout and design of the proposed facility which includes wetlands, frequently flooded areas, cultural resources, and transportation facilities. In addition, we will be initiating a series of planning actions that will ensure that the development is consistent with the provisions of the County Comprehensive Plan and the Growth Management Act, and that induced development that may occur is directed to areas where urban services exist or can be reasonably provided, and that the rural character of the County is preserved.

The proposed development will result in an investment of over \$300 million, will create 170 full-time, family wage jobs, and will produce high grade silicon that will be used by clean industries to produce products such as solar panels. To say that this is a project of statewide significance is an understatement, especially when you consider that there are only four industries in all of Pend Oreille County, and that the county has an unemployment rate nearly twice the statewide average and that the average annual wage per person in Pend Oreille County is over \$15,000 less than the statewide average. Simply stated, this project is of critical importance to our community, and we must do everything we can to help make it a reality. As a demonstration of our commitment, we have obligated \$100,000 of our extremely limited local resources to support this project, and we have already hired a Project Manager to coordinate and facilitate all aspects of our involvement. We simply couldn't afford to wait, but this grant request is essential if we are to continue our efforts.

We understand that the state funds must be expended by June 30, 2017 and as a practical matter the activities that we have proposed must be completed by then, if the proposed project is to become a reality. As a result, we would hope that the proposed timeline for executing the contract documents could be shortened, or at least the County could be authorized to incur costs effective the date of the grant award as is the case with the Governor's Strategic Reserve Funds administered by the Department. Either way, we can assure you that the proposed tasks will be completed in a timely manner and all funds expended within the required timeframe. More importantly, we can assure you that the proposed activities are absolutely essential to the success of this project of statewide significance. If you have any questions in that regard, please don't hesitate to let us know or to contact our Project Manager, Gregg Dohrn at 206-679-7507 or greggdohrn@comcast.net.

Your interest and support of this once in a lifetime opportunity for our community is greatly appreciated!!

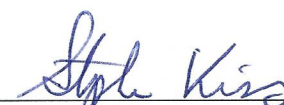
Sincerely yours,



Commissioner Mike Manus



Commissioner Karen Skoog



Commissioner Stephen Kiss

CC: Governor Jay Inslee

Melissa Carpenter, Governor's Eastern Washington Public Liaison Office

Kelly Craig, Governor's Office for Regulatory Innovation and Assistance

Chris Green, Washington State Department of Commerce

Terry Lawhead, Washington State Department of Commerce

Dave Anderson, Washington State Department of Commerce

Grant Pfeifer, Washington State Department of Ecology

Jamie Wyrobek, Pend Oreille Economic Development Council