

QUESTIONS ASKED OF THE HIGHLAND COMPANIES REPRESENTATIVES ON JAN. 12, 2012

THE ANSWERS WERE TRANSCRIBED BY TOWNSHIP STAFF

1. In the Autumn issue of Orangeville Living Mr. Lowndes said the quarry would be “contributing \$1.2 million per year in royalties to the community. Could he please explain how he arrived at that figure? **Answer: Higher property taxes, royalties for aggregate, there is 11.5 cents paid by each aggregate producer for each ton of gravel extracted. There was an economic study done and we looked at the monies that would be generated: 10,000,000 tons of aggregate multiplied by 11.5 cents and that is where that number came from.** Mayor Hill interjected and advised that the 11.5 cents is divided up between the Municipality, the County and Education. Melancthon only receives 6 cents so Melancthon would not be receiving all of the monies. **Mr. Lowndes advised that AMO has opened up discussions about adjusting the rate from 11.5 cents per ton to \$1.00 per ton. In Quebec, it is 50 cents per ton.**
2. In the same article Mr. Lowndes said “not to mention the benefits of having 465 people working and living in the community”. Based on Mr. Scherer saying on the October 27th T.V. show the Agenda with Steve Paikin that the operation “would start slowly” and it was a fifty or hundred year project, could Mr. Lowndes clarify the type of jobs, and the timeframe of those 465 jobs. **Answer: There will not be 465 jobs on day one. Extraction will be based on market demand and there will be more jobs as it increases. Examples of jobs would be administration, quality control, shop, maintenance, loader, drilling, blasting, crushing and scales. There will be no impact to farm operations. There will be roughly 300 trucking jobs. These will be long term, full time jobs. There will be a lot of construction activity in the first year just to construct the quarry – so a lot of up front work. Highland Companies have received 400 job applications and 180 of them were from residents of Melancthon.**
3. In the December 10 2011 issue of the Globe and Mail Mr. Izhakoff said “it is too early to say whether the firm’s investors would be open to downsizing excavation plans for Melancthon”. Based on the application and published reports that the quarry would only excavate 300 acres at a time and progressively and aggressively rehabilitate that area, could someone explain how you will balance the need for investor returns and the application requirements? **Answer: We will be limiting the active extraction area to 300 acres at a time. We said this way back in 2009 and it is no different today. The licence area is 2,316 acres. 300 acres of the active excavation area is shown in grey on site plan. We are committed to rehabilitation and the rehabilitation has to comply with**

limiting the 300 active acres and it has to stay within 100 metres of the active pit. They will bring back a map with the length and width calculation.

4. What type and amount of securities would be offered to the Township to protect its' residents from potential future losses in the event of a failure of the water handling system occurred at some point in the future? **Answer: We are under a thorough and rigorous process with the NVCA review. The experts spent many years preparing this application. There are MOE Guidelines for financial assurance and the MOE has set the formula. They will be setting aside sufficient funds with a third party. They meet twice a year with neighbours regarding the well monitoring program. This meeting is also attended by their water experts. They will put up financial assurances for protection and the Township can hold it. They are working through the amount.**
5. Based on information received the quarry in Milton produces on average 3.5 million tonnes per year and the quarry in Rogers City Michigan produces about 5 to 6 million tonnes of aggregate a year. Could you explain how you plan to produce on average 10 million tonnes per year given that the Provincial Policy Statement says that aggregate extraction is to be "close to source" of the need for aggregate. **Answer: Our opinion from a Provincial view is there is a critical need for aggregate in the GGHA and GTA. There is 100,000,000 tonnes used in these areas each year. SAROS says that a critical shortage could occur and he believes they can buy into that. There is a study completed by the Ontario Government.**
6. On different occasions The Highland Companies have indicated there would be many "other economic benefits" to the Township of Melancthon. Could you expand on that and advise what you perceive them to be? **Answer: 465 jobs, licensing fees, tax revenues, residential development, additional business – larger commercial/industrial base, continue corporate sponsorship. Highlands would like to work with Council to develop a long term strategy.**
7. There have been inconsistencies in the number of vehicles on the haul routes. Please clarify the traffic volumes and patterns. **Answer: We have not published a specific number of trucks. We studied the capacity of County Road 124 and it can handle 150 outgoing (highest traffic hour). There are very little improvements required and they would pay for that. This would also be driven by market demand. There will be flow through lanes, deceleration lanes, and traffic signals (200 trucks warrant signals). It was mentioned about the winter traffic on this road and Highlands commented that they work on a 270 day calendar from the middle of March to December.**

8. With respect to the Provincial Environmental Assessment, many in the opposition would like to garner a Panel Review on a Federal Level. Due to your recent meeting with the Minister of the Environment Peter Kent and with your company's confidence in the testing of the use and recharge of the water, would it not be prudent for you to encourage a Federal Panel EA as soon as possible as therefore assessments may run in a coordinated timely manner. **Answer: The licencing of a quarry is a highly regulated process and the ARA is a very detailed process and there are requirements for water. The MOE has financial assurances and under the Planning Act, there is a high level of input. The EA is now in front of us for public input and technical scrutiny. We are very comfortable that it will get a thorough review. No aggregate application has ever had to go through an Environmental Assessment – this is a first in Ontario and we are still trying to figure this out. The Terms of Reference has not been begun as we are trying to get ourselves educated.**

9. Do you honestly believe that your application is environmentally sound and on what experience do you base that on? **Answer: Yes, we believe we brought forth a comprehensive, environmentally sensitive and sound application. There are a large number of experts hired who have done many aggregate applications and these experts have spent many hours examining and walking the site. It is a very detailed peer review process.**

10. With respect to job opportunities, you promise 400 local positions. Please list approx. 10 positions that would be available for locals. Have you advertised for trucking companies? Could you please provide a detailed explanation of spin offs, and how they would help Melancthon and not other areas first, i.e.: Alliston, Barrie, Orangeville? **This question skipped as it was already answered above.**

11. How many full time and part time employees does Highlands have in its current farming operation? **Answer: 50 full time and 10-20 part-time – it fluctuates seasonally.**

12. How many acres did Highlands have in production this past season? How much of that was potatoes? How does that compare to the previous season? **Answer: Manage and own 8,500 acres – we are committed to local farming – no change to that. We have 3,400 in potatoes and the rest in cover crops – it varies from year to year as we do crop rotation.**

13. Will the establishment of the quarry see a rise in the # of direct employees or will there be more of a shift of employment from one operational area of the company to another? If there will be an increase, what will it be? Will this be immediate or phased in over time? **This question skipped as it was already answered above.**
14. What do you see as the major economic role other than employment, of the Highland Companies in our community? **Answer: We will continue to play a significant economic role – today we have a very substantial farming operation. We are largest tax payer and we pay \$250,000 - \$300,000 per year in taxes. We are a committed employer. We contribute to fees (planning applications) and assurances for proposed quarry. We sponsor local programs.**
15. Will the company establish or has it already established a local hiring policy that can be made available to the public? **Answer: There is a policy on our website. There is a button if anyone is interested in a job.**
16. Are there future plans for Highlands's community presence and social economic support other than the present levels that the company is involved in? **Answer: If the Township has something in mind – come to them. i.e. Food bank Challenge. We have a Community Relations Individual (Brian Loney) who lives on the 4th Line in the Doug Downey house.**
17. Is Highlands currently pursuing new community/social amenities considering that the YMCA did not materialize? If so, can you elaborate on this? **Answer: The larger projects take longer time period to develop and bring to fruition. Today they don't have anything on the hopper. Not sure what the community's needs are, at this time.**
18. Original presentations by the Highlands Companies identified Highlands's interest in wind energy. Are they currently involved in any wind projects or considering a future proposal? **Answer: Not presently involved and not considering any. We are watching, with curiosity, the other project.**

19. While our community has shown its ability to adapt to changing times out of necessity, it remains of the utmost importance that the residents and community have a direct input in to their future. What is Highlands plan to incorporate the wants and needs as our community members and what value does the company place on this involvement?
Answer: We value Community involvement immensely and continue to seek it. The EA has an additional level of public involvement. We are sensitive to communities -- well monitoring of all properties for bacteria and nitrates. You will see us more visible on the grass roots levels, doing site tours, getting people to come out to see what they are trying to do. An Advisory Board will be set up once this gets closer.
20. Highlands has stated in the past that a self-sufficient and sustainable rural community achieves independence by finding a balance between quality of life, local business and public funding and that this community can provide the residents with attractive benefits, youth programs and employment opportunities without increasing taxes nor relying on provincial aid. How do you see this evolving in our community? If part of this is improving municipal services, would you be able to elaborate on this? **Answer: We believe the project presents a great opportunity to the Township and its residents. It would be a long term stable economic base for the Township. It would be up to Council on how to utilize this, based on critical needs i.e. lower tax rate, buy fire truck, equipment. We would be happy to sit on Economic Boards.**
21. Can you update us on the progress of the Highlands Companies to bring family doctors to the area? **Answer: There is a real shortage in our area. 4.5 years ago, Shelburne had some initiatives to bring doctors to the area and they tried to work with them. Shelburne approached Highland Companies to house the doctors. The program was side swiped by Medial Association and they are not out actively canvassing for doctors. They were more of a support role.**
22. Existing aggregate operations supply aggregates to meet the needs within the province. Will Highland's aggregate operation extend outside of those provincial boundaries?
Answer: No, we expect all supplies will go to the GGH and GT area and not outside the Province – not easy to licence area. It is not economical to take it that far way.

23. As you know this Council has been preparing for an eventual OMB hearing on this application by putting \$100,000 per year away in a reserve fund. It goes without saying that in these tough times, this is a burden that will have a negative impact for many people that are struggling to make ends meet. This money might be better spent on just about anything else such as roads and bridges. Are you willing as The Highland Companies Representative to make a commitment to this Council that Highland will pay all of the costs related to The Township of Melancthon's legal and professional costs at any future OMB hearings related to this application, no matter by what reason or by whom this OMB hearing was determined as necessary? I would remind you that in the past other major developers in the wind and aggregate sectors have paid the Township's OMB costs thus taking the pressure off their fellow taxpayers. This could be as simple as a yes or no answer. **Answer: John Lowndes said he believes he is the 1% that says we can do this without going to the OMB. They are working with the NVCA and it is premature to talk about this at this point. Mr. Lowndes did advise that he has to do a little more thinking on this.**

24. Who owns 84% of Highland since Baupost only has 16% investment? **Answer: We do not know where this information came from in the article. Highland Companies is John Lowndes and Baupost. The Canadian end of it is John Lowndes and the US end of it is Baupost.**