

From: Walt Froloff

To: Nevada County Board of Supervisors

<https://www.nevadacountyca.gov/FormCenter/County-Executive-Office-13/Economic-Impact-Report-of-the-Proposed-I-138>

Date: 12/5/2022

Re: Robert D. Niehaus - ECONOMIC IMPACT OF THE PROPOSED IDAHO-MARYLAND MINE PROJECT

This is a response to the referenced report, prepared for Nevada County by Robert D. Niehaus, Inc. (RDN), projecting the economic and fiscal impact of the proposed Rise Grass Valley (RGV) Idaho-Maryland Mine project (proposed project) can be summarized in two words, NOT CREDIBLE, or in one word, FANTASY. The RGV economics study produced earlier was about the same in assumptions, logic, and conclusion. Both of these so-called economic studies are riddled with assumptions, premises, and logic that tortures reason.

We begin at the top of the RDN document and follow in descending order.

Conclusion/Exec Summary - "This study, in combination with the Draft Environmental Impact Report (EIR), provides valuable information about the potential impacts of the proposed project to help inform the decision-making process."

This self-serving pompous assertion and shameless plug on its "valuable" nature is not a conclusion one can reach after reading this report. Moreover, the DEIR did not include the costs of any of the mitigation measures required and RDN did not provide any costs of such mitigation measures either. These measures are not optional and even lame as they are in the DEIR, they would be financially sizable to the point of complete economic non-viability from the start. That is to say that RGV does not have nor will have the capital to complete all of the mitigation measures required to obtain a permit to operate, as it is known that they are grossly undercapitalized and any further investor capital would probably not be forthcoming to cure the enormous cost of these mitigation measures. Additionally, these costs are absolutely necessary to establish the viability of the gold mining business. Without these additional costs, it is not shown that RGV can open the mine. Without the funds to open the mine the economics are moot. If a business cannot start then it cannot provide jobs and or taxable revenue. Hence RDN concludes with a complete economic fantasy that its economic study will "inform the decision-making process" when in fact it just misinforms the decision-making process.

Conclusion/Exec Summary - "This study evaluates the anticipated economic and fiscal impacts of the proposed project on local businesses, residential property values, utility providers, public services, tax revenues, and the County General Fund."

As above, the Niehaus study does not establish that RGV is a viable business and that RGV can fund all of the mitigation measures required by law. The mere fact that the previous owners

could not make the mine profitable without any law and indeed needed to shut the mine down as unprofitable speaks volumes on the viability of a mine currently, in conditions where laws like NEPA, state environmental and riparian laws make it impossible to meet all of the criterion required by law to make this a viable business for good reasons, not the least of which are environmental protection. Yet this most important cost of starting and operating a business is ignored.

Conclusion/Exec Summary - "This analysis assumes the proposed project would operate as proposed by the applicant and documented in the project description in the Draft EIR"

Again, the assumptions made here are what makes an ass of this study. There is no showing that the proposed project can operate in accordance with the DEIR, as there are no costs associated with the mitigation measures spelled out in the DEIR. It's as if that money will appear like magic and its investors will be willing to fund all of the risks associated with the project. The mitigation measures could cost well over \$100 million, yet they are presumed to be taken care of. Where will this money come from, Santa?

Impacts to Utilities, Public Services, and the General Fund – "RGV's mineral property tax accounts for a sizable portion of the impact to the County's tax revenue. Mineral property taxes would be based on the number of gold reserves that are available and economically viable, which is currently unknown."

This is yet another example of the torture of reason and logic mentioned above. On the one hand, Niehaus argues that RGV mineral property tax accounts for a sizable portion of the County's tax revenue and on the other hand the basis for that is that the amount of gold reserves available and economically viable are currently unknown. But, by RGV's admission, it is zero in their Economic Impact Study by Applied Economics LLC in March 2021. Please see FIGURE 4 shows the Annual Expenditure where Mineral Processing is all done on "other than California". All gold will be processed outside of California. This means that revenue from gold processing will be created in "other than California" and "mineral property taxes" will be zero, \$0.00, in California.

Conclusion/Exec Summary - "During full operation, the proposed project would result in approximately \$881,000 in estimated annual tax revenue from property, sales, and other taxes due to indirect and induced effects from"

This is garbage-out revenue only as none of the lost annual tax revenue negatively dwarfs this number is included. The loss in tourism with lodging and food included would be \$300 million, loss in real estate values and sales would be, using a conservatively 20% reduction in property value, and revenue respectively, \$800,000. These are major data that should have been included in IMPLAN, and these deficiencies show egregious bias in favor of RGV by Neihaus. And this is only a sin of omission, so Neihaus will argue that he just didn't believe anything that professional realtors told him on top of which he discarded tourism, the single largest Nevada County market, altogether.

In the SEC filed FORM 8-K RGV states –

“Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Such forward-looking statements are subject to risks, uncertainties, and assumptions related to certain factors including, without limitation, obtaining all necessary approvals, meeting expenditure and financing requirements, compliance with environmental regulations, title matters, operating hazards, metal prices, political and economic factors, competitive factors, general economic conditions, relationships with vendors and strategic partners, governmental regulation and supervision, seasonality, technological change, industry practices, and one-time events that may cause actual results, performance or developments to differ materially from those contained in the forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements and information contained in this release. Rise undertakes no obligation to update forward-looking statements or information except as required by law.”

It would appear that Niehaus and Nevada County are placing "undue reliance" on the information provided by RGV. But at least RGV is giving notice, "don't rely on any information that we provide." Remember, beliefs are not responsible for the people that rely on them. Furthermore, none of these uncertainties and risks are taken into account by Niehaus. Niehaus does not calculate the economic risk or utility for anything, yet Economic Impacts are all about risk in dollars. Putting numbers in columns and adding them all up is arithmetic that can be done by a child.

Neihaus/pg 9

“This analysis evaluates the economic impact of the proposed project in Nevada County using IMPLAN, a widely recognized economic modeling software platform commonly used in the planning community”

Modeling software packages like IMPLAN are easily manipulated to give the results that are required. This is done by carefully choosing input data. This is also well known in the industry as GIGO, Garbage In Garbage Out. We will spend most of the response below debunking the garbage in, data inputs, and model choices. Niehaus throughout the study chooses inputs to the IMPLAN which are ludicrous and unfounded and specifically leaves out readily available data from reality professionals and experts. The fact that IMPLAN is "recognized" and "commonly used" may be relevant only where good and proper data-in are used.

Neihaus/pg 17

“Generally speaking, these organizations indicated that the new economic activity generated by the proposed project could support new businesses in the area, but potential environmental effects could adversely affect other local businesses..”

This was nicely stated and then totally ignored in the study. Since Neihaus could not find the evidence to support his model, he discarded the evidence that he had collected. Neihaus laments

“many of the business representatives who chose not to participate cited the contentious nature of the proposed project as their reason for declining. Even among the business representatives who responded to our questions, there was a general sense of hesitancy to participate in the interview and responses were often guarded”

But when Neihaus obtained data, as shown in the real estate devaluation from the proposed project, he discarded the data altogether. It's no wonder that folks would decline to talk to Neihaus. Although he was paid by the NC it was apparent to people that he was working in favor of the mine and RGV. Neihaus would include anything into IMPLAN which would produce an economically favorable outcome and leave out any data that would show a negative outcome. This is not hard to do with a program like IMPLAN which was made to precisely for this purpose. It was very apparent from the questions and who and how Neihaus questioned for input. His questionnaires were then cherry-picked data inputs used in INPLAN, discarding anything that was difficult to obtain because he could blame that if called upon to prove his data was valid, after all he asked and they were not forthcoming. So his strategy was to ignore data that was not easily obtained for data that was easily available pro-mine misinformation

Neihaus declares “While the sample size and response rate limit the ability to quantify or draw broader conclusions,”

Neihaus goes on to do just that, making giant leaps and broad sweeping conclusions. On one face Neihaus's lack of responses limits his ability to quantify and yet on his other face broad sweeping conclusions and garbage data-in abound. Even by his questionnaire, the vast majority of the realtors in the study surveyed proffered that real estate values would decrease significantly. That's a negative impact. Even today the projections heard from realtors is that upon full disclosure to prospective buyers they decide to withdraw. That's called a “negative impact” and it is quantifiable. Yet Neihaus somehow finds that there is no data to support that the real estate values are going to be negatively impacted despite the fact that professionals in the survey told him otherwise, and that is what he used in his data-in. How can one trust any output from a computer program that has garbage in, as it is only going to give garbage out?

“Even if the proposed project does not have substantial negative environmental impacts, the perception of such impacts may negatively affect the tourism industry, as people may choose not to visit the area if they believe it has been negatively impacted by mining activity”

Again, Neihaus makes a statement and then ignores the facts of his findings to implement these in IMPLAN. In an Economic Impact of Travel in California 2012-2021 authored by Dean Runyan Associates, Inc., Tourism Spending for travel for 2021 was found to be approximately \$375 million. This is only for travel, lodging-food-etc not included. It would only be a short time before people hearing that 100+ trucks a day rumbling down the country roads and city streets of Nevada County spewing toxic waste dust into the air and streets of Nevada County would decide to take their vacation elsewhere. And that will quickly emerge in the media because it's newsworthy and evokes fear, the bread and butter of media. Let's just say that tourism spending for travel alone went down by half. This would mean that revenue would be reduced by roughly \$200 million. This was all ignored by Neihaus because he decided people's beliefs and negative media, at best, aren't major factors of Economic Impacts from the mine. And

this does not even include the negative economic impacts of lodging-food-etc from tourism in Nevada County, which could amount to another \$200 million in lost revenue.

Neihaus Table 4-5/pg 29

Hedonic Pricing Multi-Event Analysis –

“Impacts on home values from an activity may vary based on the homes' distance from the activity and the stage of the activity.”

This is an inappropriate model and manipulation of real estate values that bears some scrutiny. Impacts on home values from “activity” here should be based on many factors, not the least of which is proximity to a superfund site, “activity” which also includes hundreds of trucks carting toxic dust through a town, local riparian right violations during times of drought and fires in California, and destruction of the largest surface water in the town of Grass Valley. In addition, notice the choice of the word “activity” euphemistically used to describe the factors to be used in the model. All of the major factors affecting the real estate market in this case from the IMM are well-known and feared by professionals. They are the four horsemen of the Grass Valley apocalypse; health hazards, environmental damage, pollution, and water resource misappropriation.

Moreover, the statistical model used by Neihaus is an obvious indication of a general lack of skill or knowledge in evaluating real estate as no real estate valuation is ever made using his model, the value of a radial distance from an activity. This model calculating impacts radially out from a point source is more appropriate for calculating the health impacts from a single source of poison gas release or a bomb blast. All the mumbo jumbo included there is misdirection intended to confuse the reader. Any professional realtor will teach you that there are three real estate valuation methods used in the industry and they are sales comparison, cost, and income. Then there are variances such as distance from a poison gas source like Carbon Monoxide, distance from regularly released toxic dust from the truck route used, well water being sucked dry, traffic of 100+ trucks constant 24/7 down your neighborhood streets, etc. The Pre-operation, Ramp-up and Ongoing Operation phases of the mine as discussed in Neihaus are short-term, minor factors, or irrelevant to the proposed project real estate valuations spanning 80 years. Neihaus radial model only provides misdirection and clouds the issues, which was the Neihaus strategy from the start to show that there would be little or no impact on real estate values. The results and conclusions reached in the real estate value data into IMPLAN are unmitigated garbage out from garbage in. His model, data set and data in are a dramatic departure from real estate valuation generally, and completely non-inclusive of important variance parameters specifically, major factors. And that is if the future is rosy and nothing really catastrophic happens from the IMM re-opening.

You may remember the Chernobyl effect, whereby real estate values were stable and rising, jobs were aplenty, the tourism market was abundant, a good local economy and all was right with the world. That was right up until operator error caused the mine to blow followed by a general and very steep decline in real estate values adjacent to the operation and declining radially outward from the source. Tourism vanished. The folks that used to live proximate found their lives

obliterated, yet folks living in Kyiv amazingly enough saw a relative increase in real-estate values and a fresh labor influx. A point source radial dispersion model data to IMPLAN will work here to project real estate values consistent with the reality of the economic risk but they will provide completely opposite results to what is conjured in this study.

The three data-in points selected in the Neihaus dataset of cases to study are Haile Gold Mine, Coy Mine, and the Lincoln mine. As discussed below, the three data points used by Neihaus are grossly inappropriate for the reasons cited.

Haile gold mine:

The Haile gold mine is an open pit gold mine in Kershaw South Carolina, not a closed mine for 50+ years with tunnels under the town. Haile mine is 3 miles from the closest town and is not a tourist-target as Nevada County. Haile miners were looking for 15 years of operation, not 80. The USACE US Army Core of Engineers and USEPA were the licensing authorities, not five politician supervisors without statutory authority and clueless regarding toxic waste processing, and environmental law or riparian rights issues. All of these factors make Haile inappropriate for real estate value data. The 3-mile blast radius is another indication that this valuation method was lifted from possibly the Iraqi war model, where the activity is a bombing target. This model is better used to predict health effects from a lethal point source emission, not what was used here.

Coy Mine

Nystar Coy Mine is in Jefferson Tennessee. Copper, Nickel, Lead, and Zinc are mined underground. Production Related Waste Management for Selected Chemicals is completely different than a gold mine toxic chemical processing. ie, Zinc mineralization at the mine complex occurs in Mississippi Valley-type deposits as open-space fillings of breccias and fractures within limestone and dolomites. The real estate locations, TN vs Nor CA, values and population densities and distributions are dramatically different. Also, the mined minerals, extraction, and processing are altogether different and the IMM heavy metal toxic waste escape mechanisms, asbestos/ arsenic/ cyanide vs. Coy Mine Copper/ Nickel/ Lead/ Zinc are starkly different as well. The Coy Mine in Tennessee is a grossly disparate mining site and inappropriate for data to be used to predict real estate values in northern California where the average income and every other major factor are dramatically different than in Podunc Tennessee.

“the real average sales price and price per square foot (in constant 2022 dollars) fell after the mine re-opened.”

Inappropriate as the Coy Mine data is for analysis purposes, Pg/24 Table 4-3 clearly shows a significant reduction in real estate values after the mine opened. Neihaus equivocates this away by stating that you can't trust these numbers which could be “attributed to confounding factors”. Read on to see how confounding factors work in a theory proposed by Niehaus. Niehaus further argues “hedonic regression analysis” for “statistical power of comparison” to explain away what he finds in the Coy Mine data that does not comport with his efforts to show a positive real estate market.

In all of this input data manipulation, Neihaus brings in Hedonic regression. Hedonic regression in the real estate market is the analysis of the households' willingness to pay, with consideration of their income and preferences. Their willingness to pay is derived from the size of the property, the income of a household, and preferences based on individual characteristics, which include age, family size, race, social background, etc. These are all minor factors or irrelevant here. These factors have nothing to do with a re-opened IMM, effects on an individual's willingness to live near a toxic processing facility that is emitting hundreds of pounds of Carbon Monoxide gas, having 100+ trucks per day hauling toxic dust through their neighborhood, reduced property water rights, no well water and catastrophic fire danger from cyanide and heavy metals, etc., in short, environmental and public health hazards. These are the major factors and the Hedonic model does not use them. The model is completely inappropriate for the use Neihaus data points to conjure positive real estate data for IMPLAN program. Again, Niehaus is steering IMPLAN through his use of Garbage In data. Expect Garbage Out.

Lincoln Mine, Amador County CA – Not an operating mine

The mine was expected to commence production in 2012 but has been delayed until the second quarter of 2013 to achieve full production in the fourth quarter of 2013. The mine was since been plagued by further inefficiencies in the mill design and equipment causing it to postpone the production start date further to April 2014. Sutter Gold finally announced a temporary suspension of operations at the mine in March 2014 citing issues with the poor quality and improper placement of the equipment procured. A further \$1.2m has been estimated to be invested to bring the mill into operation. This was not done and the data was not found to be an operating gold mine.

The Lincoln mine is an inappropriate data point as the property values have been responsive to the openings and closings of the mine over a century in the last several decades and most recently a retail shop. The property values would be grossly inappropriate and when scaled to the Nevada County real estate market have something a lot more hazardous to humans and the environment than a retail shop.

Pg/28 – “While the existing literature does not specifically address impacts to property values from underground mining, the same methodologies used to estimate the impacts of other “activities on residential home prices are generally applicable.”

This does not deter Niehaus, who is determined to use a “method”, there are none that exists as he admits for the IMM, that will find some data that will show the price of real estate escalation despite the reality of negative factors like health safety hazards, further environmental damage, theft of water reserves and potentially catastrophic accidents in the streets, mentioned above. If at this point you still do not understand what is happening here then you are probably hopeless and wasting your precious time.

Pg/29-33– “The fixed-effects difference-in-differences analysis uses two operational statuses• mine closed and mine open.”

Reading these pages of contortions and obfuscations using alternate names for distances like “alternative distances as the cutoff point”, “same-quarter near-and-far averages”, “fixed effects regression”, “near-and-far averages”, “cutoff distances”, “additional mile”, “confidence intervals”, etc one cannot but help get a distinct impression that Neihaus is trying too hard. There is no end to this confusing mess offered as a “method”. These are all not even secondary variables to the price of real estate here, where the IMM is concerned. Again, the parameters needed in a model or method here would include the real factors like health safety hazards, toxic wasted dust and further environmental damage, theft of water reserves, and potentially catastrophic accidents in the streets. The real damage is that Niehaus, from all of his made-up mumbo jumbo masquerading as a viable method to predict real estate values, uses these results as “statistical” proof and data in, AKA Garbage In to the IMPLAN software. The Garbage Out is neatly and squarely printed on his tables and charts. Don’t be fooled, this is the work of IMPLAN. IMPLAN gets the credit for the presentation of neat rows and columns of numbers that add up to a sum at the bottom of each table. That is all cosmetics so the payers of the “study” feel that they got something for their money, just don’t be fooled, it’s Garbage Out.

Pg/35

“Some of the real estate professionals that RDN interviewed indicated that local fears about the mine's environmental impacts are likely overstated. Nonetheless, they acknowledged, the perceived increase in risk would impact local home sales, at least temporarily.”

Not some, but MOST real estate professionals in the county would register that real estate impacts would be dramatically negative. And that despite the Neihaus questionnaire that minimizes the potential health and environmental hazards to the professionals in the hopes of obtaining more positive results. The problem is if the IMM is re-opened, these health hazards will emerge, and then this so-called Economics Impacts study will be found a sham. Neihaus will argue that this was not a risk analysis and nobody saw it coming. That this was an economic study where business was supposed to happen on a sunny no-accident day. Remember, a belief is not responsible for those who believe in it and you were warned by RGV SEC 8K,

“forward-looking statements are subject to risks, uncertainties, and assumptions related to certain factors including, without limitation, meeting expenditure and financing requirements, compliance with environmental regulations, title matters, operating hazards, governmental regulation and supervision, seasonality, technological change, industry practices, and one-time events that may cause actual results, performance or developments to differ materially from those contained Accordingly, readers should not place undue reliance on forward-looking statements and information contained in this release”

“Some of the real estate professionals that RDN interviewed indicated that local fears about the mine's environmental impacts are likely overstated. Nonetheless, they acknowledged, the perceived increase in risk would impact local home sales, at least temporarily”

And since the toxic dust waste produced and carted all over the county was not addressed by the DEIR, "some" of the real estate professionals did not understand the significant increase in risk and impact on local home valuations. Moreover "some" real estate professionals did not realize

that there would be hundreds of pounds of poison gas Carbon Monoxide regularly pouring out from the IMM operations. So these risks to impacts were known by “some” but not addressed at all in the questionnaire. Yet these dangers and risks are real, and their impacts can be calculated but were not input data used by Neihaus. In fact, they were concealed from the professionals by non-addressing these health and environmental risks, sins of omission, before requesting that little “x” in the box provided. Thus these and other major factors did not make it into the IMPLAN program.

Pg 43- 47, Survey of Local Real Estate Professionals

“RDN asked interviewees to explain the reasons why the proposed project would impact property values. While many cited the anticipated increases in traffic and noise along the proposed truck haul routes, the primary concern of those who expect large negative impacts is the possible draining or contamination of local wells and other water resources”

Neihaus, admittedly knew that there were more pressing issues above the truck traffic, water misuse, and noise. In fact, those are actually not the largest major factors to the potential reduction in real estate values. Although Neihaus lists some of the other issues in his surveys, that’s another story, he does not query the professionals as to their knowledge of them before leading them directly to the bottom line questions. It’s like you investigate a burglary but only poll witnesses about the broken front window. The results are so blatantly skewed here. It’s embarrassing and amazing that he was able to get even a modicum of good results as most professionals even with incomplete knowledge somehow guessed from deep inside that this IMM was a very bad idea even if they could not verbalize why. They were uniformed and constrained by the questionnaires to give binary answers, which Neihaus was able to dance around.

Throughout this study, the nice tables and charts were pretty and neat, a function of IMPLAN capabilities. The rule here is if it looks comprehensive and complicated, then even garbage-out is difficult to argue with and much more sellable. But the factors and numbers shown are meaningless when stacked against the primary factors, listed several times above. This study was ostensibly all done with the DEIR inputs, which was on its own grossly deficient and needed a very big facelift as was agreed by everyone at the town hall meeting and others absent. Not having seen the final EIR, I am basing my analysis on what was in the DEIR, deficient as it was.

Summary of Inputs/pg 62-62

“Property Values: The results of this analysis are inconclusive regarding the magnitude and direction of impacts to nearby property values....Results to property values are inconclusive regarding the magnitude and direction of impacts to nearby property values”.

As someone from Tennessee might say, hogwash. This is merely the opinion of someone that blatantly demonstrates that he does listen to real estate professionals and does not understand valuation in a real estate market. Neihaus found the vast majority of the realtors, and experts, in his study surveyed proffered that real estate values would decrease significantly. Even today, upon full disclosure to prospective buyers, they decide to withdraw. Using the Delphi Method,

taking an expert poll, he could easily find a direction and quantity on real estate values. Using a conservative 20% reduction in real-estate value would be a significant reduction in the County tax revenue. Yet it was ruled by Neihaus “inconclusive” and therefore ignored in the data input to IMPLAN. Again this shows the enormous bias of Neihaus to show that IMM would be profitable when in fact he ignored all the data that didn’t fit his bias.

“Utility providers: “new demand for electricity from PG&E, potable water from NID, and waste disposal services from Waste Management to serve the project itself, new residents in the area, and households that switch from well water to municipal water. These utility providers confirmed that they would be able to accommodate these changes in demand and this activity would not financially impact the County.”

Utility providers “might not financially impact the County” but they would dramatically alter the quality of life for residents not to mention the violation of riparian rights, diminished county water reserves, and lowering of the water table in the town of Grass Valley. These are enormous issues and legal/social and community risks not accounted for in the economic impacts. Yet they would certainly economically impact the people involved as who would stay in a toxic, polluting and life-threatening situation if they could uproot and move into a property where the quality of life was not hostile.

“Public Services and Costs: The proposed project and associated increase in local population would increase demand and associated costs for public services, particularly law enforcement and emergency services due to the likely increase in vehicle accidents resulting from increased traffic. The estimated cost increase for County departments is \$150,000 per year.”

And here is more of the data-in manure. The cost increase proposed by Neihaus from “likely increase in vehicle accidents” is preposterous. Even a single accident could cost upwards of \$3 million in litigation alone, not to mention personal injury damages and court awards. Moreover, a single truck accident involving toxic dust spillage in the town would cause a spate of litigation and environmental cleanup costs that dwarf \$150,000. The \$150,000 WAG is laughable and another clear flag that Niehaus either does not comprehend the proposed project or is receiving compensation from another source to be so obtusely slanted to use his data-in IMPLAN numbers.

“Tax Revenue: The proposed project would result in tax revenue from property, sales, and other taxes paid by RGV and associated with the project's local spending and related economic growth. RGV's mineral property tax represents a sizable portion of potential tax revenue generated by the proposed project but cannot be precisely estimated because the amount of economically viable gold reserves is unknown.”

It is irrelevant that the estimated amount of economically viable gold reserves is unknown to Niehaus. However, the tax revenue from a mineral mined is very much known and it is zero, That is because no mineral processing of gold will be done in this county or even in CA from mine operations. Please see FIGURE 4 - ANNUAL LOCAL NON-WAGE OPERATING EXPENDITURES of Economic Impacts of the Idaho-Maryland Mine On Nevada County by Applied Economics/pg 7.

All mineral processing expenditures will be done outside of California. Therefore there would be no revenue from processing the gold and hence no gold in California, much less the county. Gold sales revenue will be made outside of California. It doesn't matter what the price of gold is, mineral processing is not going to happen in Nevada County or even California, and therefore no mineral property tax revenue here or in the state of California. Moreover, there will be no "related economic growth" here as all of the factors indicate that there will be a related economic shrinkage from the IMM. Picture a toxic waste dump site coming into your town. Realistically, how is that going to affect an economy positively? Economies shrink and die as populations tend to migrate to a safer areas. Therefore the data inputs into the IMPLAN model on gold revenue and related economic growth are patently false, AKA garbage in.

“County General Fund: Based on the estimated public costs and tax revenues, the estimated net fiscal impact to the Nevada County General Fund of the high-end scenario, which assumes ongoing discovery of new gold reserves, is \$763,000 per year in the first year of full operation, declining gradually to somewhere between \$760,000 and \$741,000 per year for as long as the mine is fully operational and continues discovering new reserves at the same rate.”

Please see FIGURE 4 - ANNUAL LOCAL NON-WAGE OPERATING EXPENDITURES of Economic Impacts of the Idaho-Maryland Mine On Nevada County by Applied Economics/pg 7. All mineral processing expenditures will be done outside of California. Therefore there would be no revenue from processing the gold, hence no gold production in Nevada County or CA. It is irrelevant if there is "ongoing discovery of new gold reserves" or how long the mine operates, gold mineral production revenue will be a big fat zero, \$0.00.

Conclusions

We found this Economic Impacts report not credible for all of the above-cited reasons. There were many instances where we found insignificant factors and methods used instead of major factors and applicable models. The author does not seem to recognize or distinguish major factors, minor factors, and conjured factors. So much of the real data did not make it into the IMPLAN analysis. So much so that it could not have been coincidence incompetence or ignorance. The author uses outlandish assumptions for model inputs, inappropriate or lesser models, and blatantly inappropriate data showing enormous bias. We can only conclude that this was done by design to reach desired targets. Plain and simple this study was designed from the start to show that RGV is a business that will create jobs for the community and provide some tax revenue to the county. But the major factors and issues to project the economic impact were categorically and systematically ignored, massaged, minimized, or eliminated to produce data inputs for IMPLAN which produced this rosy picture of a business that historically became unprofitable from intrinsic factors but unfortunately not before leaving a legacy of environmental pollution and damage that remains in the community to this day. This entire analysis is Garbage Out formatted nicely to appear sufficiently complex to include some recognized economic topics. With certain exit strategies, there is little business risk to the owners simply by ignoring the economic risks to the community. That includes ignoring all other businesses in the community and residents, conspicuously missing or hand waved away in this IMPLAN input. I've read that mines are like an engine in a mountain that once turned on cannot be turned off.

That is what we are talking about. Future risks should be discounted to the present by real economic methods. In an analysis of the subject matter here the profitability always goes to the owners, one way or another and the costs stay with the community and environment. Truthful economic impacts would reflect reality. The reality is that there are new developments within a stone's throw of the IMM and there are much bigger businesses and markets in the economy to protect which would be noticeably economically impacted negatively and which this little half-study did not address.