

**RESOLUTION  
ROCK COUNTY BOARD OF SUPERVISORS**

LAND CONSERVATION  
COMMITTEE  
INITIATED BY



ANDREW BAKER and  
THOMAS SWEENEY  
DRAFTED BY

LAND CONSERVATION  
COMMITTEE  
SUBMITTED BY

AUGUST 20, 2014  
DATE DRAFTED

**APPROVING SETTLEMENT AGREEMENT AND RELEASE WITH HANOVER  
INSURANCE COMPANY RELATING TO A LICENSE BOND FOR NONMETALLIC MINE  
RECLAMATION AND AMENDING THE 2014 LAND CONSERVATION BUDGET**

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**WHEREAS**, the Land Conservation Department (LCD) is responsible for the administration of the Rock County Non Metallic Mining Reclamation Ordinance (Ordinance); and,

**WHEREAS**, the Ordinance requires that each operator of a non-metallic mine maintain compliance with Ordinance standards, including providing Financial Assurance issued to the benefit of Rock County to guarantee that the mine site is reclaimed should the operator default on their obligation; and,

**WHEREAS**, B.R. Amon and Sons, Inc, (Amon), is the Reclamation Permit holder at a leased property in Rock County and provided a License Bond from Hanover Insurance Company (Hanover) in 2008 as Financial Assurance for reclamation of the site; and,

**WHEREAS**, on or about April 15, 2013, Amon was placed into receivership by the Circuit Court of Walworth County; and,

**WHEREAS**, upon notification of the receivership proceedings it was apparent Amon would be unable to complete the reclamation work, therefore the LCD immediately sent notice to Hanover that the Bond funds would be required to reclaim a portion or all of the permitted site, which would be dependent on whether or not the landowners chose to continue the mining operation; and,

**WHEREAS**, in January 2014 the property owner entered into a lease agreement with a new operator to continue the mining operations and the new operator is prepared to obtain the necessary County Reclamation Permit; and,

**WHEREAS**, a portion of the site mined most recently by Amon will not be actively mined in the future by the new operator and therefore must be reclaimed; and,

**WHEREAS**, the new operator has provided a proposal to complete the necessary reclamation work, which has been accepted by Hanover; and,

**WHEREAS**, Hanover is prepared to provide the funds necessary to complete the reclamation work; and,

**WHEREAS**, the County is the bond obligee and therefore must receive the funds from Hanover and subsequently pay the new operator for the work; and,

**WHEREAS**, a document titled "Settlement Agreement and Release" (Agreement), which outlines the details of this transaction and releases Hanover from future responsibility, has been agreed to in form by County staff, Hanover and the new operator; and,

**WHEREAS**, the LCD must amend the 2014 Budget to be able to accept the bond funds and pay the new operator for the reclamation work.

**NOW, THEREFORE, BE IT RESOLVED**, the Rock County Board of Supervisors duly assembled this 11 day of September, 2014, by enactment of this Resolution, approves the Agreement and authorizes the County Board Chair to sign the Agreement on behalf of the County.

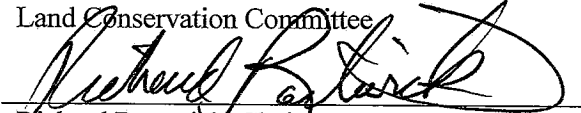
14-9A-100

46 **BE IT FURTHER RESOLVED**, that the Rock County Board of Supervisors amends the Land Conservation  
 47 Department's budget as follows:

| <u>A/C DESCRIPTION</u>                          | <u>BUDGET AT<br/>01/01/2014</u> | <u>INCREASE<br/>(DECREASE)</u> | <u>AMENDED<br/>BUDGET</u> |
|---|---------------------------------|--------------------------------|---------------------------|
| <b>Source of Funds:</b>                         |                                 |                                |                           |
| 62-6200-0000-46990<br>Misc. General Revenue     | \$ 0                            | \$ 31,160                      | \$ 31,160                 |
| <b>Use of Funds:</b>                            |                                 |                                |                           |
| 62-6200-0000-62119<br>Other Contracted Services | \$ 0                            | \$ 31,160                      | \$ 31,160                 |

Respectfully submitted:

Land Conservation Committee


  
 Richard Bostwick, Chair

FINANCE COMMITTEE ENDORSEMENT

Reviewed and approved on a vote of 5-0.

Excused

Alan Sweeney, Vice Chair

  
 Mary Mawhinney, Chair

  
 Tom Brien

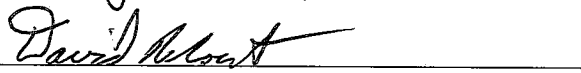
Dissent


Wes Davis


FISCAL NOTE:

This resolution amends the budget to allow for the receipt of bond funds and payment to the current operator for the reclamation of a portion of a non-metallic mine located in Rock County.

  
 Jason Dowd

  
 Dave Rebout, USDA-FSA


  
 Rick Richard

  
 Sherry Oja  
 Finance Director

  
 Larry Wiedenfeld

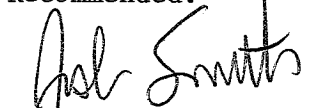
LEGAL NOTE:

As an amendment to the adopted 2014 County Budget, this Resolution requires a 2/3 vote of the entire membership of the County Board pursuant to sec. 65.90(5)(a), Wis. Stats.

  
 Jeffrey S. Kuglitsch  
 Corporation Counsel

ADMINISTRATIVE NOTE:

Recommended.

  
 Josh Smith  
 County Administrator

## EXECUTIVE SUMMARY

The Rock County Nonmetallic Mining Reclamation Ordinance was adopted to ensure that the state-wide reclamation standards are met in Rock County. Nonmetallic mine operations (i.e. sand and gravel and limestone pits and quarries) are required to have reclamation permits in order to be active. One permit requirement is to have financial assurance in place to guarantee that the site is reclaimed if the permit holder defaults on their obligations. Financial assurance can be bonds, letters of credit or a cash deposit. By law, the County must be the beneficiary of these financial guarantees in order to oversee the reclamation regardless of whether the site is operated by the landowner or leased to a third party.

B.R. Amon & Sons, Inc, operated one mine site in Rock County when the company was placed in receivership in the spring of 2013. This site is owned by another party and was leased to Amon. The landowners have since settled their outstanding business dealings with Amon and they have leased the site to another operator to continue the operation. However, a portion of the site that was mined by Amon requires reclamation since it will not be used by the new operator. Hanover Insurance Company, the surety that provided the bond for financial assurance for the Amon permit, has agreed to pay for the work. Since the County is the obligee for the bond, the County will hold the funds provided by Hanover and ensure the work is completed according to ordinance standards. The contractor who holds the lease to the property provided the proposal for work that was approved by Hanover. Once the Settle Agreement and Release document is finalized and the payment is in hand with Rock County, the new lessor will obtain a Reclamation Permit, including providing a new bond to ensure the reclamation of the remainder of the site, before conducting mining operations.

This action approves the agreement, authorizes the County Board Chair to sign the agreement and also approves an amendment to the Land Conservation Department Budget in order to accept the funds from Hanover and to pay the operator for the reclamation work.