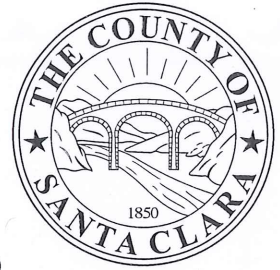


County of Santa Clara

Department of Planning and Development

County Government Center, East Wing
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June 3, 2011

Chairman Garner and Members of the State Mining and Geology Board
State of California, Department of Conservation
801 K. Street, Suite #1400
Sacramento, CA 95814 – 3529

Mr. Stephen M. Testa, Executive Officer
State Mining and Geology Board
State of California, Department of Conservation
801 K. Street, Suite #1400
Sacramento, CA 95814 – 3529

Mr. Jim Pompy, Acting Director
Office of Mine Reclamation
State of California, Department of Conservation
801 K. Street, Suite #1400
Sacramento, CA 95814 – 3529

Dear SMGB Board Members, Mr. Testa and Mr. Pompy:

The members of the State Mining and Geology Board and staff to the Board and with the Office of Mine Reclamation have, on several occasions, expressed their impatience with the length of time it is taking/has taken to process a Reclamation Plan Amendment (RPA) for the Permanente Quarry.

The County of Santa Clara, the County's consultant and the Quarry operator have been working together to drive the schedule for preparation of two Environmental Impact Reports (EIRs) that must be Certified before RPAs can be considered for approval. The report to SMGB electronically sent and over-night mailed to the SMGB Board, Mr. Testa and Mr. Pompy on May 31, 2011, for the SMGB meeting of June 9, 2011, discusses schedule and progress to date in some detail as of the date that report was written.

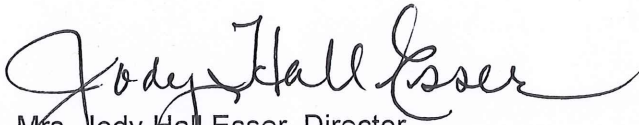
Subsequently, the operator of the Quarry has proposed a change that could best ensure the goal of coming into full compliance with SMARA at the earliest possible date. They propose to revise and simplify the Comprehensive RPA application/proposal by restricting the comprehensive plan application to areas of disturbance and by eliminating the proposed new pit mine from consideration and analysis at this time. In light of this, the County would combine the two EIRs currently in preparation (one for the East Material Storage Area and the second for the Comprehensive RPA proposal) into one to streamline the process.

While it will take a few weeks to change course and to verify a revised schedule, we believe this revised or "consolidated" approach is an important development for three reasons:

- The environmental review currently staged in two separate EIR's (one related to the East Materials Storage Area RPA application, the second related to the Comprehensive RPA), can be combined into one process/document.
- Environmental impacts and areas of controversy associated with undisturbed areas, including a proposed new pit mine, will be removed from the required analysis.
- This consolidated approach will ensure the current schedule for completion of the Comprehensive RPA EIR will be met and could possibly cut several months off that schedule. (The current Comprehensive RPA EIR schedule calls for the EIR to be released for public review by the end of the 2011 calendar year, followed by public hearings, preparation of the Final EIR, and June 2012 as the earliest date by which the EIR could be certified and the current comprehensive Reclamation Plan Amendment including a new pit mine, could be presented for approval.)

Although I do not have more detailed information to provide at this moment, I wanted to advise you of this change in direction. Staff will be present at the SMGB Board meeting on June 9, 2011, and we will attempt to answer any/all questions you may have.

Sincerely,



Mrs. Jody Hall Esser, Director
Department of Planning and Development

Enclosure

C: Chair Dave Cortese and Members of the Board of Supervisors

Jeff Smith, County Executive

Sylvia Gallegos, Deputy County Executive

Miguel Marquez, County Counsel

Orry Korb, Assistant County Counsel

Lizanne Reynolds, Deputy County Counsel

Michael Lopez, Planning Manager

Gary Rudholm, Senior Planner

Rob Eastwood, Senior Planner

Marina Rush, Planner III

Mr. Kari Saragusa, President, Western Region, Lehigh Hanson

Mr. Marvin Howell, Director of Land Use Planning, Hanson Aggregates West Region

Mr. Mark D. Harrison, Harrison, Temblador, Hungeford and Johnson LLP

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June 3, 2011

Jody Hall Esser, Director
Department of Planning and Development
County of Santa Clara
County Government Center, East Wing
70 West Hedding Street, 7th Floor
San Jose, CA 95110

Dear Jody:

As we have recently discussed, Lehigh has been, and remains committed to expeditiously processing reclamation plan amendments for the Permanent Quarry. Lehigh has met all deadlines required of it as directed by the County. It has become clear to us, however, that the time required for environmental review and public comment on the reclamation plan amendments may be greater than anticipated. This issue, of course, is not under the control of Lehigh and not entirely under the control of the County. It is a dynamic process involving substantial give and take with the public if it is to be done correctly.

Lehigh intends to significantly reduce the scope of the current reclamation plan amendment in order to assist the County in the streamlining of the process. In essence, areas of the Permanente Mine not yet under active use would be removed from the reclamation plan amendment at this point. While this has been a very difficult decision for Lehigh and is not the most efficient way to proceed from an overall perspective, Lehigh is willing to take this step in good faith and in continuing cooperation with the County.

We would anticipate having final design information on this streamlined approach in the next 4 to 8 weeks. In general terms, however, we are proposing the same backfill approach to the north pit using material from the existing WMSA, rather than overburden material that was intended to be generated by the new, contemplated extraction area. As we understand it, all of the analysis that has been done to date on the reclamation plan amendments would be applicable to the amended approach, with the exception that all issues and impacts for the new extraction area would be removed.

As you know, the Permanente Quarry is, and will remain, one of the most important suppliers of construction materials in the County and the region. The company is also committed to environmental compliance, public outreach and participation. It is in this spirit that Lehigh is taking this step.

We are certain that the streamlined approach will be well-received by all interested parties. We know that you, like Lehigh, are committed to the efficient processing of the reclamation plan amendment for this site in a way that fully includes the public and complies with all applicable legal requirements, including full and adequate environmental review. I thank you and your staff for your ongoing cooperation, courtesy and hard work.

Very truly yours,



Kari D. Saragusa
President
Region West