



Cemstone Products Company
Cemstone Ready Mix, Inc.
phone: 1-800-CEMSTONE • 651-688-9292
fax: 651-688-0124
2025 Centre Pointe Boulevard, Suite 300
Mendota Heights, MN 55120-1221
www.cemstone.com EOE/AA

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Dear Valued Customer:
(please share within your organization as appropriate)

IMPORTANT INDUSTRY NEWS

There are some very important Environmental Regulatory Changes occurring within the State of Minnesota that we want to bring to your attention. Although these changes have been under review in the Minnesota Pollution Control Agency (MPCA) for quite some time, we are seeing a need for greater industry communication, awareness and understanding of the changes that went into effect August 01, 2008.

The purpose of this letter is to help you better understand what has changed, how it affects your business (and producers such as Cemstone) and give you available services that meet new regulations and reduce the risk of fines and other penalties.

Note: *Throughout this document any reference to “Cemstone” applies to Cemstone and affiliates, including Cemstone Products Company, Cemstone Ready Mix, Owatonna Concrete Products Company and Randall’s Ready Mix.*

What has Changed? What Do I Need to Know?

The MPCA recently voted to reissue General Permit No. MN R100001 for persons conducting Construction Site Activity. This permit is more specifically known as “National Pollutant Discharge Elimination System (NPDES), State Disposal System (SDS) Permit # MN R 1000001”. **Revisions were effective August 01, 2008.**

This Construction Site Activity Permit is the first in a number of storm water permits that the MPCA will be implementing in 2008 and 2009, including similar revisions to the “Industrial” Storm Water Permit covering ready mixed plant sites.

The reissued permit is very broad in scope, containing a number of requirements that are not directly related to the Ready Mixed Concrete & Masonry Industry, in addition to a number of requirements that are directly related to our industry and will dramatically change the way we do business.

Information on the permit can be found online at the MPCA website address
<http://www.pca.state.mn.us/water/stormwater/stormwater-c.html>

As Contractors, you should be knowledgeable of the requirements, risks and liabilities that construction site permittees will now be held accountable for. Property owner permittees will look for you to provide services that meet new regulatory requirements. **Note that under the new requirements, the potential exists for criminal and civil penalties for non-compliance.**

- Specific to the concrete and masonry industries, the Construction Activity Permit states that the liquid and solid wastes generated by concrete and masonry wash out operations must not contact the ground, and there must not be runoff from the wash out operations or construction area. (Runoff restrictions also apply to ready mixed plant industrial sites, which is a significant additional cost and liability issue for any ready mixed concrete producer.)

- New requirements apply to permits issued on or after August 01, 2008 for construction sites above 1 acre in size, or within 1 mile of “Special” or “Impaired” waters.
- Previously issued permits will remain in effect until re-issued, (under no circumstances later than February 10, 2010.)
- A new permit is not required for construction sites under 1 acre and farther than 1 mile from designated “Special” or “Impaired” waters. (However, requirements of the general permit also apply to these smaller sites.)
- Permittee(s) operating under Permit No MN R 1000001 are required to develop and implement an approved Storm Water Pollution Prevention Plan (SWPPP) prior to acceptance of their permit application by the MPCA. **You will want to be aware of any SWPPP in place on any construction sites that you operate.**
- Permittees must have in place Best Management Practices (BMP’s) and trained personnel to ensure BMP’s are used in practice to comply with the Permit. **You will want to be aware of any BMP’s in place and any trained personnel on any construction sites that you operate.**
- On-going inspections, compliance and records retention are formal provisions contained in the permit. Enforcement can come from Federal, State, District and Local levels. It is expected that city enforcement and property owner trained personnel will be the most active.

Cemstone’s Assessment and Position

Environmental Best Management Practices are not new to Cemstone. We have seen this trend developing at all levels of government and within our own industry for some time. To help meet the demands of the new regulations and to provide generally available, convenient and safe solutions to contractors and construction site owners, Cemstone has been and will continue to implement the following investments and changes into our equipment, facilities, operations and trained personnel.

- ***Ready Mixed Trucks:***
 - Chute wash out systems are currently being deployed on ALL Cemstone ready mixed concrete trucks. This on-board wash out system contains all remaining liquid waste material in the concrete mixer to be returned to a Cemstone plant for disposal and/or recycling in accordance with new regulations.
- ***Concrete Placing Equipment:***
 - All Cemstone concrete pumps (currently ranging in size from 17-meters to 61-meters in size) will be equipped with a covered hopper that will allow the concrete pumps to contain remaining waste material in a containment hopper to be returned to a Cemstone plant for disposal and/or recycling in accordance with regulations.
 - Note the boom pipe must be completely cleaned out before leaving the job site.
 - Since waste material will be contained and the pumps will be “running wet”, each pump must return to a Cemstone plant for waste disposal before be re-dispatched to another job site.
 - We anticipate a greater demand for concrete placing, as its use will greatly reduce the need for site preparation, excavation, access ramps and significantly reduce vehicle tracking throughout the site, virtually eliminating site soils to be dragged into city streets.

- **Ready Mixed Plant Facilities:**
 - All Cemstone plants will be equipped with concrete weir systems that eliminate suspended solids in returned concrete wash out water.
 - Many plants will have to have weir systems that are covered and heated to maintain normal operations during winter freezing conditions.
 - Weir systems will allow Cemstone plant sites to act as “Approved Disposal Facilities” and will allow us to handle a dramatic increase in returned wash out water.

- **Contractor Supply Stores (CCS) Products - Construction Site Erosion and Storm water Runoff Control:**
 - CCS will have available silt fence, erosion control blankets and other products for storm water containment and runoff compliance. *(Contact CCS at 651-905-1500).*

- **Aggregate and Recycled Concrete - Site Preparation**
 - We will begin production and make available 3” rock and/or recycled concrete for construction site entrances. *(Contact Cemstone Aggregates at 651-688-9526).*

Our decision to assume responsibility for investing in the above solutions is not seen as optional. By Cemstone implementing these solutions, we can assist contractors and construction site permittees meet new regulations and manage risk, all while protecting the environment.

Cemstone Implementation Timeline

We are committing investment capital to deliver the above services in the State of Minnesota as quickly as possible. This will come at significant expense in terms of equipment, facilities, maintenance, inspections, training and additional labor associated with increased time on the job site and in transit.

Since the cost is high and penalties for non-compliance are severe, we are implementing policies and pricing that manage risk not just for Cemstone, but also for our contractor customers and construction site permittees.

Effective Immediately:

- Contractors should be sure to order ready mixed trucks already equipped with self-contained wash out systems for any job site where environmental management is a concern. Normal self-contained wash out charges will apply.
- Ready mixed truck drivers and pump operators will be trained on the policies and procedures contained in this letter, and as a result will no longer be able to use available on board water to directly wash off contractor and testing agency items (i.e. tools, boots, testing and inspection equipment) in a manner that allows the wash water to contact the ground. *At the contractors or testing agency's request, drivers and operators will wash items in a manner that does not allow water to contact the ground, and/or will place available water into a customer provided container (such as a 5 gallon bucket or wheelbarrow) for the customers use and appropriate disposal.*

Effective September 01, 2008:

- **Currently in effect** Minnesota “2008 Contractor Pricing” or “Project Pricing” Agreements:
 - Will be honored until their expiration date, provided those agreements pertain to construction sites operating under permits issued prior to August 01, 2008.

- **New Minnesota Construction Site Quotes and Projects**

- Will be assessed an “Environmental Waste Management and Disposal Fee”.
 - Ready Mix Deliveries: \$40 per load
 - Placing Services: \$75 per pump and/or conveyor, per order

Note: Placing jobs requiring additional rubber or steel pipe, or containment other than the use of a covered hopper, may be subject to a non-standard per project quotation based on specific job requirements.
- Previously in effect separate charges for ready mixed concrete “Self Contained Wash Out” will be eliminated, and now be included in the “Environmental Waste Management and Disposal Fee”.

Effective November 01, 2008:

All wash water must be contained and returned to Cemstone’s plants for approved disposal, utilizing our self-contained wash out system or other provided Cemstone service.

This change in governmental regulations will certainly affect all of us. By Cemstone implementing these solutions, we can assist contractors and construction site permittees meet new regulations and manage risk. Contact your sales representatives for additional information.

Sincerely,

Cemstone Products Company and Affiliates

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Resources:

- Please see the MPCA web site located at:
<http://www.pca.state.mn.us/water/stormwater/stormwater-c.html>
- Visit the ‘What’s New’ section of our web site located at www.cemstone.com.