



L. G. EVERIST, INC.

350 S. MAIN AVE., SUITE 400
SIOUX FALLS, SD 57104
605.334.5000
WWW.LGEVERIST.COM

Valued Customer,

L.G. Everist, Inc. (LGE) and the D&I Railroad Co. (D&I) have experienced significant damage to the railroad infrastructure between Dell Rapids, SD and Sioux City, IA as a result of the excessive flooding in March. Railroad bridges and grades have been compromised and/or completely destroyed by high water, ice, and debris on the Big Sioux River. These devastating damages are an act of God, and have greatly affected the delivery of quartzite materials to Hawarden, IA and Sioux City, IA as planned. As a result, LGE and D&I have declared force majeure on all quartzite products produced at our Dell Rapids, SD facilities.

The D&I crews and contractors are diligently working on repairs and have much of the rail line operational, but compromised bridges are preventing rail traffic from traveling south of Canton, SD. Accelerated plans are in action to replace and/or repair the affected bridges. At this time, it is unknown when the D&I is going to be fully operational from Dell Rapids to Hawarden and Sioux City. We anticipate conventional traffic to resume in five to eight months.

Until conventional D&I traffic is reestablished along this route, LGE will utilize other truck and rail transportation options to meet supply demand as effectively as possible. These alternative means of shipping are more costly and will result in a surcharge on all quartzite products.

Effective April 8, 2019, a surcharge of \$8.00 per ton for all quartzite materials purchased at the LGE-Hawarden facility and a surcharge of \$10.00 per ton for all quartzite materials purchased at the LGE-Sioux City facility will be applied. The surcharges will be in effect until conventional rail traffic is resumed on the D&I. LGE understands that by declaring force majeure, you are released of your obligation to purchase materials from LGE.

Please note that this is a delivery issue and not a material supply issue. All quoted quartzite materials are or will be available in Dell Rapids as stated in all agreements. We understand your need to review your options but want to assure you that we will work with you on the best delivery options to get material to your sites.

LGE and the D&I value your business and greatly appreciate your patience and understanding of this matter. Thank you.

Mark Hoffman
L.G. Everist, Inc.
Sale Manager - Midwest