Official Proceedings of the Stutsman County Commission – October 21st, 2014

At 8:00 a.m., Chairman Klose called the mid-month meeting of the Stutsman County Commission to order. Mark T. Klose, Dennis Ova, Dale Marks, Craig Neys, and David Schwartz answered the roll call.

Sandra Eckelberg, Accounts/Property Coordinator for Stutsman County Auditor's Office, presented the list of foreclosure properties which includes the minimum bid requirements. The property auction will take place November 18th, 2014 at 10:00 a.m. in the courthouse. Schwartz made a motion, seconded by Ova to approve the foreclosure properties, the minimum bid prices, the time, date, and location of the auction. Roll call vote: Ova, Marks, Schwartz, Neys, Klose voted aye.

Bryan Schouvieller, Senior Vice President of Ag Business Group for Cenex Harvest States (CHS) gave a presentation of the Spiritwood, North Dakota fertilizer project. CHS is the nation's leading cooperative which is owned by farmers, ranchers and cooperatives throughout the United States. The main businesses are energy, food, grain products, and marketing. They have 600,000 producers through the 1,100 member cooperatives and CHS retail locations. CHS has operations in 24 countries as well as customers in 65 countries. The number one goal is to bring value and to provide access to local and international markets for producer owners. CHS chose Spiritwood, North Dakota because of the desire to secure supply, vertical integration; placing supply with demand, and the availability of market access. The project status: it is a Board Of Directors (BOD) approved project; staffing Project Management Operation (PMO) structure; all of the necessary permits have been completed; they are working on the contracts, system, and procedures; they are working on a viable source for water; and need enough temporary housing for the construction workforce. CHS is working with the Emergency Management Department, the Sheriff's Office, the Fire Department, and medical facilities. CHS will require certain security guidelines to be met for the site personnel and man camp such as camp curfew, require employment background check, pre-hire, random and for-cause drug and alcohol screenings to name a few. CHS is predicting they will have approximately 28,153 truck shipments and a significant amount of rail shipments annually. Cenex Harvest States received the full notice to proceed in September 2014. CHS is looking at the viability of a water treatment facility to meet the demand for water which would be operated by the Stutsman County Rural Water District. They will have a better idea if this avenue will work by the middle of November.

Casey Bradley, Auditor/COO, presented the CHS Property Tax Incentive agreement for Payment in Lieu Of Taxes (PILT) and the Public Hearing for Property Tax Incentive. CHS has proposed a fertilizer plant that will take multiple years to construct with a total project cost of $3 billion. CHS requested an incentive package from the state and local governments. Property tax incentives are governed by North Dakota Century Code 40-57.1-03. A committee comprised of the local taxing jurisdictions was created to negotiate with CHS. The Stutsman County Commission gave a directive that no proposal would be considered that reduced property tax payments that were created during construction. In January 2014, the county received a request from CHS initiating property tax negotiations. Stutsman County contracted with Thos. Y. Pickett & Company to come up with an estimated value for the purposes of negotiation. The Stutsman County negotiating committee was established in accordance to N.D.C.C 40-57.1-03. Thos. Y. Pickett & Company and CHS agreed upon a value which was accepted by the county commission in March 2014. From June to September 2014 CHS and county staff worked through assessment processes and construction schedules for the fertilizer project. The Negotiating Committee approved the requested CHS PILT proposal in September 2014. The county has met with all of the impacting taxing jurisdictions and JSDC approved the incentive funding for the PILT shortfall. The CHS project is projected to cost $3 billion, the estimated value

less personal property is $1,200,000,000. An inherent risk factor of 25% was applied bringing the estimated true and full value of the project to $900,000,000. The assessed value is $450,000,000 which is 50% of the true and full value. The taxable value is ten percent of the assessed value which is $45,000,000. In 2014 which is the 2013 tax year the county value is $80,355,287. This is a 56% increase in value of the county when the project is complete. The construction schedule will be based on an assessment cycle versus a calendar year; the annual payment of $3,235,000 will be made to fulfill the board directive of no reduction of value during the incentive period. CHS has requested that it will not pay more than $3,000,000 during its requested 20 year PILT period. JSDC has voted to use its incentive fund for the remaining $235,000 per year with the funding being 10% city and 90% county. This proposal was accepted by the negotiating committee and recommended to the commission for approval. CHS will be bound to the provisions of the agreement and their application. CHS agreed to employ 177 FTE's at the Spiritwood facility, create the value as proposed and only operate the facility as proposed. The payments for local governments are as follows: the payment for the county is $2,171,937 or 24% of current tax revenues, $50,725 or 89% of current tax revenues for the township; $62,949 or 50% of current tax revenues for the fire district, and $949,389or 53% of current tax revenues for the school district. Barnes County North School District will be meeting with their board tonight. The school may potentially lose 75% of the PILT funding right off the top and goes to the State of North Dakota. The negotiating committee approved the payments would be locked for a 20 year period beginning with the commercial operation of the facility which is projected to commence in 2018. The CHS fertilizer facility is the largest project in the history of North Dakota. Currently, OneOK Rockies Midstream LLC is the largest project with a true and full value of $273,284,340 and the largest taxpayer at $1,377,434 per year. CHS would become the largest single project taxpayer in the state by 2.3 times during the incentive period. Currently in Stutsman County, Cargill Inc. has the largest property value which is at $42,645,000.

Joseph M. Schmitt gave a presentation to the Stutsman County Commission which referred to the September 9th, 2014 "CHS Agrees to Pay $3 Million Annually" article in the Jamestown Sun.

Schwartz made a motion, seconded by Neys to approve the CHS Property Tax Incentive as presented. Roll call vote: Marks, Schwartz, Neys, Klose, Ova voted aye.

Scott Wegner, bond counsel, drafted the PILT contract for Stutsman County. The contract was presented to the Barnes County North Public School District No. 7, Spiritwood Township, Jamestown Rural Fire District, Jamestown/Stutsman Development Corporation (JSDC), and CHS Spiritwood Fertilizer LLC. The county did not receive any feedback from the local taxing jurisdictions. Marks made a motion, seconded by Ova to approve the PILT contract as presented. Roll call vote: Schwartz, Neys, Klose, Ova, Marks voted aye.

Connie Ova, JSDC, requested approval on the CHS Incentive Funding. Stutsman County established a Property Tax Negotiating Committee to negotiate a property tax incentive package with CHS for the fertilizer plant. The committee had a directive from the commission to recommend an incentive package that does not decrease property tax revenue created during construction through the incentive period. The county estimated the minimum amount of any incentive package must result in an annual property tax payment equal to or greater than $3,235,000 for the life of the incentive period. CHS formally requested that payments do not exceed $3,000,000 for a period of 20 years as a payment in lieu of tax. It is the committee's recommendation the proposal of $3,235,000 is recommended for approval and to request that JSDC participate with an incentive of $235,000 over the 20 year period beginning January 1, 2019. The county's portion would be at 90% or $211,500 and the city's portion is ten percent or $23,500. JSDC will serve as the local grantor to allow the CHS Inc. fertilizer plant the ability to receive 95% reimbursement of the eligible New Jobs Training Funds dollar amount of $4,570,875

which is $4,342,331 over a ten year period. JSDC will facilitate CHS Inc. being able to receive 95% reimbursement of the New Jobs Training Funds. Without JSDC assistance, the company can only self-fund at 60% which equals $2,742,525 which would leave $1,599,806 unused of this incentive. Ova made a motion, seconded by Schwartz to approve the CHS Incentive Funding and to have JSDC act as a facilitator for CHS Fertilizer's New Jobs Training Program. Roll call vote: Neys, Klose, Ova, Marks, Schwartz voted aye.

Connie Ova requested approve for a Flex PACE Interest Buy Down for D & B Portables. Bonnie and Donald Larson, dba D & B Portables LLC is requesting a Flex PACE Interest buy down to open a portable restroom service business. This venture will create two new full-time positions. They plan to hire two additional full-time employees within the initial twelve months. The community share is $43,000 with an 80% / 20% split between the city and county. The cost to the city is $34,400 and $8,600 would be the county's portion. D & B Portables will be leasing space at 1513 Business Loop East in Jamestown. They have secured financing with the Bank of North Dakota and Northland Financial Bank in Medina. Marks made a motion, seconded by Neys to approve the request as presented. Roll call vote: Klose, Ova, Marks, Schwartz, Neys voted aye.

Connie Ova received a request from Tim and Kathy Nill, dba Nill Construction, Inc. to purchase Lot 8, Block 1 in the I-94 Business Park. The lot is listed at $1/square foot or $68,171. Nill Construction is planning to construct a shop and office. Ova made a motion, seconded by Marks to approve the request as presented. Roll call vote: Ova, Marks, Schwartz, Neys, Klose voted aye.

Connie requested to set aside 30-40 acres of land for a potential crew camp for temporary workers for the upcoming Spiritwood construction projects. The crew camp would be located at SW ¼ 28-140-62, JSDC Spiritwood Property. The annual lease rate would be $600/acre for the property. The proposed crew camp owner/operator is required to enter into a lease agreement with either CHS, Inc. and/or the general contractor and would follow the Stutsman County crew camp ordinance. The property has all of the amenities such as water, sewer, electricity, gas, and internet. Neys made a motion, seconded by Schwartz to approve the request as presented. Motion Carried.

Dustin Bakken, Tax Director, presented his monthly report. The integration of Orion and TaxWise is moving along and will be having live data as of today into our tax system. The GIS Ag land soils project into Orion is complete and will be imported within a couple of weeks so the county can calculate 2015 Ag land values. The Taxation Committee meeting met in September in Bismarck. The committee wants to do away with the list of modifiers which has been a hot topic with the State Equalization Board due to the abuse of modifiers. The county does not use modifiers; the county goes off of actual use. The committee is not in favor of land use and a few of the committee members would like to see a straight value across the board. The Tax Department will be holding an Ag land valuation course in November for assessment officials. This is Tyler's last class and will be a certified county tax director. Dustin has contracted with the Association of Counties and State Tax Department to teach Ag land valuation classes. There will be no impact to Stutsman County.

Jerry Bergquist, 9-1-1 Coordinator/Emergency Manager, received the Distinguished Service Award which is the highest award North Dakota Emergency Management Association gives to honor current members who, through their long-term efforts, have clearly influenced the field of Emergency Management and the work of the Association in a positive manner. He was nominated by Greg Wilts, Division of Homeland Security.

Bergquist requested approval to add five new members and delete nine members from the

Stutsman County Local Emergency Planning Committee (LEPC). Ova made a motion, seconded by Schwartz to approve adding five new members and deleting nine members to the Local Emergency Planning Committee as presented. Motion Carried.

Marks made a motion, seconded by Ova to appoint Commissioner Schwartz to the Canvas Board. Motion Carried.

Schwartz made a motion, seconded by Ova to approve the taxable meals and mid-month bills. Roll call vote: Marks, Schwartz, Neys, Klose, Ova voted aye.

	GENERAL REVENUE FUND			**COUNTY ROADS FUND CONT'D**	
67832	ACTION DIGITAL	$75.00	67887	MDU	$96.64
67833	ALLEN ENTERPRISES LLC	$60.69	67888	MEDINA CITY AUDITOR	$18.85
67834	ALTRINGER,PAMELA	$50.42	67890	NAPA AUTO PARTS	$290.98
67835	ANDERSON,APRIL	$30.06	67895	NEWMAN SIGNS	$42.70
67836	BALCO UNIFORM CO INC	$7,873.18	67896	NORTHWEST TIRE INC	$296.18
67840	BROWN & SAENGER	$881.07	67897	O'REILLY AUTOMOTIVE INC	$97.89
67845	CLEMENS,ALEX	$17.79	67899	OTTER TAIL POWER CO	$16.27
67846	COLE PAPERS INC	$605.00	67905	PROBUILD	$114.69
67847	COMFORT SUITES	$592.00	67906	QUALITY SERVICE & REPAIR	$45.19
67850	CREATIVE ENERGY	$1,205.24	67908	QUILL CORPORATION	$361.30
67852	DACOTAH PAPER CO	$345.35	67915	STREETER COOP OIL	$2,752.00
67858	ECOLAB PEST ELIMINATION DIV	$209.22	67920	TDS METROCOM	$9.59
67860	FARM & HOME PUBLISHERS INC	$21.00	67922	TRUE NORTH STEEL	$5,723.48
67861	FARMERS UNION OIL CO-CENEX	$70.21	67926	VINING OIL CO	$22,233.79
67864	FREY,MARY ELLEN	$1,297.54	67927	WEST END HIDE & FUR	$306.00
67865	GRAYBAR	$199.60	67929	WOODWORTH FARMERS GRAIN CO	$2,572.13
67867	HANSON TIRE SERVICE	$15.00	67930	YPSILANTI EQUITY ELEVATOR	$1,875.30
67872	INFORMATION TECHNOLOGY DEPT	$66.10		**UNORGANIZED TOWNSHIP ROADS FUND**	
67874	JAMESTOWN AMBULANCE	$300.00	67917	STUTSMAN COUNTY ROAD DEPARTMENT	$12,229.90
67875	JAMESTOWN CITY AUDITOR	$200.00		**SOCIAL SERVICES FUND TOTAL**	$605.60
67876	JAMESTOWN CITY BALER	$5.19		**COUNTY PARK FUND**	
67877	JAMESTOWN I-94 CLARK	$1,242.34	67844	CENTURYLINK	$115.95
67878	JAMESTOWN REGIONAL MEDICAL CENTER	$108.00		**COUNTY CORRECTIONAL CENTER**	
67880	JOBS HQ	$330.60	67837	BEHAVORIAL INTERVENTIONS	$4,556.04
67886	MARQUART,ANDREW S	$519.36	67842	CBM FOOD SERVICE	$7,286.51
67887	MDU	$336.35	67843	CENTRAL BUSINESS SYSTEMS INC	$66.00
67892	NDAAO	$140.00	67844	CENTURYLINK	$452.13
67898	ORR'IGINALS	$286.00	67848	COMMUNITY CORRECTION PROGRAM	$519.00
67900	OTTMAR & OTTMAR PC	$405.00	67879	JETSTREAM CAR WASH	$839.23
67902	PERLEBERG,TYLER	$143.92	67883	LIFETIME EYECARE ASSOCIATES	$312.00
67904	PORTER LEE CORPORATION	$4,162.00	67887	MDU	$781.62
67910	ROSENBERG,JESSICA	$115.36	67891	ND DEPT OF HUMAN SERVICES	$875.46
67911	SANDNESS LAW OFFICE	$99.00	67894	NETWORK CENTER COMMUNICATIONS	$482.50
67914	SCHAFFER,DIANNE	$40.00	67903	PHARMCHEM INC	$1,850.00
67916	STUTSMAN COUNTY AUDITOR BCBS	$450.00	67907	QUICK LANE	$151.16
67918	SUNSET LAW ENFORCEMENT	$797.99	67908	QUILL CORPORATION	$329.99
67919	SUPREME COURT OF ND	$25.00	67909	REDWOOD BIOTECH INC	$660.00
67920	TDS METROCOM	$185.64	67912	SANFORD	$156.00
67921	TRANE U.S. INC	$13,857.29	67913	SANFORD HEALTH OCCUPATIONAL MEDICINE	$43.00
67928	WEST GROUP PAYMENT CENTER	$499.99	67920	TDS METROCOM	$128.39
	E 911 PHONE SYSTEM FUND		67923	TWO RIVERS PRINTING	$227.00
67844	CENTURYLINK	$1,320.82		**WEED CONTROL FUND**	
67853	DAKOTA CENTRAL TELECOMMUNICATIONS	$687.00	67851	CROP PRODUCTION SERVICES	$8,960.00
67854	DAKOTA CENTRAL TELECOMMUNICATIONS	$222.41	67862	FEI INC	$10.89
67894	NETWORK CENTER COMMUNICATIONS	$730.00	67869	HOLIDAY INN OF FARGO	$357.00
67901	PENGUIN MANAGEMENT INC	$2,208.00	67885	MANSON,RONALD	$302.12
67920	TDS METROCOM	$15.09	67920	TDS METROCOM	$0.10
	COUNTY ROADS FUND		67925	VERIZON WIRELESS	$113.61
67838	BOB'S PLUMBING & HEATING INC	$443.89		**VETERANS SERVICE FUND**	
67839	BORDER STATES PAVING INC	$44,189.77	67857	DOUBLEWOOD INN FARGO	$149.40
67841	BUTLER MACHINERY CO	$2,131.72	67889	MORRIS,RITA R	$182.00
67854	DAKOTA CENTRAL TELECOMMUNICATIONS	$161.92	67920	TDS METROCOM	$6.18
67855	DAKOTA RENTAL CENTER LLC	$572.45		**COUNTY AGENT FUND**	
67856	DAKOTA VALLEY ELECTRIC	$8.00	67840	BROWN & SAENGER	$108.31
67859	FACTORY MOTOR PARTS CO	$163.26	67849	COUNTRY SUITES_931	$224.10
67861	FARMERS UNION OIL CO-CENEX	$16.32	67853	DAKOTA CENTRAL TELECOMMUNICATIONS	$112.08
67863	FLEETPRIDE	$61.90	67893	NDSU AG COMMUNICATION	$38.00
67866	GRUENSTEIN,LARRY	$50.40	67920	TDS METROCOM	$6.40

67868	HOBBY TIRE	$20.00		**Capital Project Fund**	
67870	HOME OF ECONOMY	$193.13	67873	INTERSTATE ENGINEERING	$214,238.75
67871	INFINITY BUILDING SERVICES	$353.22	67924	UPPER PLAINS CONTRACTING, INC	$1,166,555.61
67873	INTERSTATE ENGINEERING	$69,516.43		**DATA PROCESSING FUND**	
67881	JOHN DEERE FINANCIAL	$311.36	67872	INFORMATION TECHNOLOGY DEPT	$644.45
67882	L & M CONTRACTORS	$1,900.00	67908	QUILL CORPORATION	$928.93
67884	MAC'S INC	$14.93			

At 10:05 a.m., a motion to adjourn was made by Ova, seconded by Schwartz. Motion Carried.

ATTEST:

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Casey Bradley
Auditor/COO

Mark T. Klose
Commission Chairman