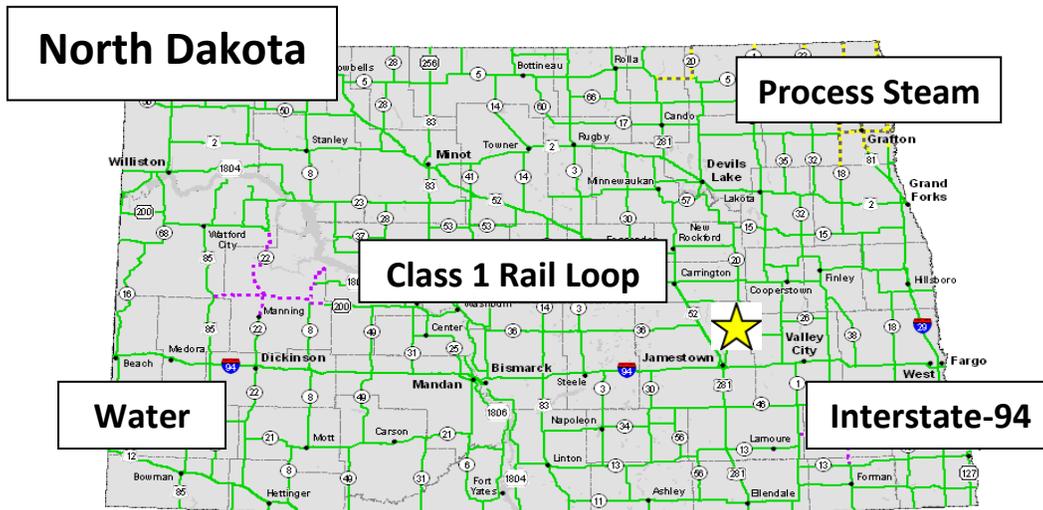


Spiritwood Energy Park

ASSOCIATION



Executive Summary

4/26/19

“We invite you to consider all of the benefits of Spiritwood Energy Park as a premier location for your business.”

Connie Ova, COO, Spiritwood Energy Park Association

Spiritwood Energy Park Association LLC
P.O. Box 2092
Jamestown, ND 58402-2092
Connie Ova (701) 252-6861
connie@growingjamestown.com

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Executive Summary

The Spiritwood Energy Park Association (SEPA) site and operating lease business model delivers an estimated \$500,000 annual expense reduction compared to individual site ownership and infrastructure development for comparable services. A conventional loan on 500 acres of land with a loop track would cost more than \$1,000,000 per year to finance (15 years at 5%). Because this base cost is shared among tenants, each tenant benefits from access to the rail loop and road improvements at a fraction of the cost and enjoy a **\$20 to \$25 million reduction in its project capital budget.** SEPA's second tenant can budget approximately \$675,000 per year, and the cost would decrease in future years as additional tenants are added.

SEPA offers a unique combination of robust energy and transportation infrastructure in a multi-tenant industrial park setting. SEPA has built and will operate the shared infrastructure to attract new business and jobs to the area. By taking on the significant investment in a complete rail loop, the industrial park will offer more flexible and cost-effective rail transportation than any single business might afford on its own. By reducing the initial capital investment, a tenant would have made and sharing the benefits and costs among all tenants, each tenant benefits from reduced future expenses. The operating philosophy for SEPA is "open book"; cover its operating costs with a modest return on equity.

A full rail loop, with east and west access and daily service from Jamestown, built directly off the Burlington Northern Santa Fe (BNSF) mainline which crosses the northern edge of the real estate section at a capital investment of \$8.67 million. The rail loop offers service flexibility and transportation cost savings in comparison to a smaller ladder track or spur that most new businesses would be limited to.

In addition, the Spiritwood Energy Park is located adjacent to the Spiritwood Station combined heat and power plant. Great River Energy provides steam and condensate return lines to serve industrial steam customers on site. Stutsman County recently completed \$7 million in road upgrades from Interstate I-94 to the site. This investment will be repaid by SEPA tenants through a special tax assessment district over 20 years.

Dakota Spirit AgEnergy (DSA), a 65 MGY biorefinery, is the anchor tenant located on 50 acres in the energy park. DSA is paying all of the initial operating expenses for the road and rail infrastructure until additional tenants are secured. DSA receives the immediate benefit of a lower capital cost by not having to build out the transportation infrastructure by itself, and the real opportunity of lower operating costs in the future as additional tenants are recruited to leverage the use and cost of that infrastructure.

Business Description

Spiritwood Energy Park is a premier destination for energy and agricultural-related companies that wish to take advantage of a location with strong energy and transportation infrastructure. Located near Jamestown, North Dakota on 851 acres, Spiritwood Energy Park is managed by the Spiritwood Energy Park Association which consists of two-member owners: Jamestown/Stutsman Development Corporation (JSDC) and Great River Energy (GRE). SEPA benefits economic development in the region by investing in common-use infrastructure, creating development lots, and providing property management and other value-added services on a fee-for-service basis to its tenants.

As part of the development plan, Spiritwood Energy Park Association has already made the major investment in land and rail loop at a cost of \$13.2 million. This, in effect, reduces the amount of capital each individual tenant would have to raise to duplicate infrastructure required, making the Energy Park economically compelling from day one.

The tenants of the park pay for services through site lease base rent and infrastructure access use and maintenance (IAUM) agreements that are allocated among the tenants.

By allocating costs, each tenant materially benefits as additional tenants are added over time. All operating costs are covered by the tenants, so that the initial tenants will have the opportunity to see significant operating cost reductions for their infrastructure access use and maintenance service as new tenants arrive to spread relatively fixed costs over more users, making the energy park even more compelling into the future.

Management and Organizational Structure

Spiritwood Energy Park is managed by JSDC who manage three other industrial parks, I-94 Business Park, Bloom Food Processing and Jamestown Airport Park, near Jamestown. JSDC brings this management expertise to SEPA, a for-profit limited liability company. The owners of SEPA will have the option to buy and sell shares in Spiritwood Energy Park as well as option to exit the business through a third party sale in whole or in part in the future.



The governing members of Spiritwood Energy Park consist of representation from JSDC and Great River Energy. Ownership shares are based on proportional ownership in the Spiritwood Energy Park Association. As land within the energy park is leased rather than sold, it is important that the tenants of Spiritwood Energy Park have a voice in how it is managed and operated. Tenants are represented in a separate group that interacts directly with Spiritwood Energy Park Association.

Staffing

SEPA has a part-time association manager who is responsible for managing the business activities of the association. These duties include preparing the budgets, monthly tenant invoicing, accruing funds for taxes and maintenance and reporting to the SEPA members on a regular basis. Day-to-day duties will include negotiating contracts for outside services such as industry track inspections and snow removal and dispatching these services as needed. This position is physically located at JSDC in Jamestown.

SEPA also provides the services of a Senior Project Manager during the development and construction phases for new tenants. The project manager can support coordination of initial site design along with development assistance for permits, grants and financing.

shipments. A full rail loop, required for unit train service, offers significant operating cost advantages over time. Unit trains are typically comprised of 90 to 110 rail cars. Compared to individual cars, unit trains allow for regular scheduled service, quicker turn times and lower shipping rates. A rail loop also provides east and west bound service for optimum origination and destination flexibility. Interior energy park lots will be accessed via at-grade rail crossings at the south and northwest areas of the rail loop.

Competitive Advantages for Tenants

Strong energy infrastructure

Industrial grade medium pressure process steam will be available to tenants from Great River Energy's adjacent Spiritwood Station combined heat & power plant. Tenants also have ready access to industrial quality electric power and natural gas deliveries. In contrast, green field sites would likely incur significant upfront charges to extend gas and electric service to serve new plants. Tenants at Spiritwood Energy Park have access to high voltage electricity with an option for multiple feeds to ensure reliable service. Firm and interruptible gas service is available in the area. Additional sources of natural gas are being explored to accommodate larger delivery capacity.

Robust transportation infrastructure

Spiritwood Energy Park is located just off the Burlington Northern Santa Fe (BNSF) Railway main line, providing freight shipping services directly to markets ranging from Chicago, Houston, Los Angeles and the Pacific Northwest. The BNSF network covers the western two-thirds of the United States and plays a vital role in hauling end-use products and raw materials throughout the country.



Rail infrastructure within the energy park accommodates unit trains and individual manifest rail cars.

The interstate access roads serving Spiritwood Energy Park have been upgraded to 105,000 pound class unrestricted roads (94th Avenue SE, 35th Street SE and 93rd Avenue SE). These upgrades improve the infrastructure leading to Spiritwood Energy Park. Interstate 94, a main thoroughfare that stretches from Billings, MT to Detroit, MI is less than three miles from the site.

City water and waste water services

Securing water rights and wastewater discharge can be a challenge for siting any new plants. Spiritwood Energy Park is served by multiple process water sources. Stutsman Rural Water District (SRWD) has four water lines carrying potable and process water.

A 12-inch wastewater return line brings wastewater back to the city of Jamestown for treatment. Future growth plans include a new state-of-the-art waste water treatment facility in the area.

Property management services

SEPA will offer common infrastructure support as part of its property management services. Coordinating these services among all tenants of the energy park may reduce cost compared to independent contracting for these services. These services are anticipated to be outsourced.

Prospective Tenants

Ideal prospective tenants require both rail access and low pressure process steam in order to leverage the key infrastructure available. Lots along the Eastern border will be reserved for tenants who require significant steam and rail access. There are additional lots available inside the “loop” and further from the utility distribution header.

Ideally, there will be an opportunity for tenants to create symbiotic relationships, e.g. the products or byproducts of one tenant could be used as the feedstock for another.

Land Acreage and Lots

Lot sizes and locations will be determined with tenants on a case-by-case basis depending on the needs of the individual tenants as well as SEPA. Each lot will be assigned on a first-come first-serve basis to qualified applicants. Lots located near the eastern side of the section have closer proximity to steam, rail and highways. SEPA will work to accommodate needs of tenants that require more acreage and buffer zones than others.

SEPA’s property contains a small number of Army Corps of Engineers controlled wetlands. These wetlands have been identified, permitted and an approved mitigation plan is in place.

Lot Lease or Sale Agreements

The initial length of lease agreements with tenants will be 30 to 99 years, with provisions for extensions upon mutual agreement. A 30-year initial term provides the tenant's owners and debt holders with the security coincident with a reasonable repayment period, while not committing the tenant to payments too far into the future, perhaps after the useful life of the business.

Outright purchase of lot is also an available option for tenants requiring rail and/or steam access.

Rail and Road Maintenance

SEPA will accrue funds for rail and road maintenance and repair on a pass through basis. These funds will be collected from all tenants in proportion to their use of the resources.

Utility Service Providers

Process Steam – Great River Energy's Spiritwood Station

Industrial grade medium pressure process steam is available from Great River Energy's Spiritwood Station combined heat & power plant. Up to 355,000 pounds per hour of steam will be delivered to a utility distribution header within the eastern edge of Spiritwood Energy Park Association at approximately 125 psia, saturated conditions. Process steam is expected to be available 24 hours per day, seven days per week and 365 days per year as a result of 100 percent redundancy with packaged boilers that will supply process steam when the power plant is offline for maintenance or repairs. Great River Energy encourages tenants to return as much condensate as possible to minimize operating costs for all parties.

Electricity

Heavy industrial power up to 50+ MW (at Primary or Secondary distribution voltages) is available within the Park. Multiple feeds can be available.

Natural Gas – Montana-Dakota Utilities Co – Williston Basin Interstate Pipeline Co

Firm and interruptible natural gas service is available on a retail basis through Montana-Dakota Utilities Co. (MDU) or wholesale up to 3000 Dtherm/hour through Williston Basin Interstate Pipeline Company (WBI). We anticipate a new service within the utility distribution area at the eastern edge of the Spiritwood Energy Park Association. Additional supplies of natural gas may be available.

Communications – Daktel or Century Link

High speed internet connections and telephone service are offered locally by both Dakota Telecom (Daktel) and Century Link (formerly Qwest).

Waste Management – Dakota Sanitation

Commercial waste management and recycling services are available locally from Dakota Sanitation.

Process Water & Wastewater – City of Jamestown and Stutsman Rural Water District

Process water and wastewater services are available through Stutsman Rural Water District who owns and maintains the delivery and return pipeline infrastructures. Water originates from the City of Jamestown municipal water system and local aquifer(s). Tenant wastewater is currently returned via pipeline to the City of Jamestown. A state of the art waste water treatment plant is planned for the near future. Specific supply and return quality specifications are available.

Sanitary Sewer & Potable Water – Stutsman Rural Water District

Potable water is available through Stutsman Rural Water District who owns and maintains the rural water infrastructure for the site. Local drain fields and septic systems are used to manage sanitary sewer requirements.

Coal – Nodak

Refined lignite (DryFine™) is available upon request from Nodak delivered by rail or truck.

Fuel Oil & Propane

Fuel oil and propane are available from various commercial providers in the area.

Financials

Because SEPA is a pass-through entity, the pro forma financials will be provided so each prospective tenant can see the detailed operating expense forecast that makes up the tenant lease fee structure. These amounts are currently budgeted and are subject to change as actual amounts become known. Tenant specific improvements for rail sidings and additional highway improvements and access roads are not included.

Approximately \$13 million in capital has been invested to complete the rail and other site improvements. SEPA will determine the best approach or combination of equity, debt, or commercial borrowing to fund the need.

The SEPA site and operating lease business model reduces your project capital cost by \$15 to \$20 million and delivers an annual expense reduction of about \$500,000 compared to individual site ownership and infrastructure development for comparable services. A conventional loan on 500 acres of land with a loop track would cost more than \$1,000,000 per year to finance (15 years at 5%). Because this base cost is shared among tenants, all tenants benefit from access to the rail loop and road improvements at a fraction of the cost.

The income statement reflects the expense driven business model, with tenant(s) covering all of the operating expenses, and a return on investment for the owners based on their equity participation.

Illustrative Tenant Share of Expenses for a Second Tenant
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Individual tenant forecasted allocation of SEPA LLC shared costs	Per annum
Exhibit E - Industrial Park O&M Expenses	\$75,000
Exhibit F - Property Taxes & County road assessment	\$200,000
Exhibit G - Industry Track Fixed Charges	\$400,000
Annual Expense of Site Lease and IAUM	\$675,000*

* Does not include tenant specific improvements.

Tenants have a vested interest in recruiting other businesses to the Energy Park in order to share the infrastructure and have more businesses sharing the operating costs for the site. By spreading the relatively fixed operating costs over more users, there is the opportunity to reduce individual operating expenses in the future.

Glossary

BN or BNSF: Burlington Northern Santa Fe Railroad

DSA: Dakota Spirit AgEnergy, LLC

GRE: Great River Energy

JSDC: Jamestown Stutsman Development Corporation

MDU: Montana Dakota Utilities (natural gas service provider)

MGY: Million Gallons per Year

SEPA: Spiritwood Energy Park Association, LLC

SRWD: Stutsman Rural Water District (water/wastewater delivery)

SWS: Spiritwood Station

WBI: Williston Basin Interstate Pipeline Company

NOTES and QUESTIONS:

Tenant Interest Form

BUSINESS NAME:		
CURRENT MAILING ADDRESS:		
CITY:	STATE:	ZIP:
TELEPHONE: ()	FAX: ()	
CELL PHONE: ()	EMAIL:	
PRIMARY CONTACT PERSON:		
The authorized representative for the business listed above. Contact information below if different:		
MAILING ADDRESS:		
CITY:	STATE:	ZIP:
TELEPHONE: ()	FAX: ()	
CELL PHONE: ()	EMAIL:	

SITE PLAN INTEREST: Acreage _____ and location sought (please circle the lot area desired).



Spiritwood Energy Park

ASSOCIATION

Please submit the following information (on separate sheets if necessary) attached to this application:

1. Attach detailed business description
2. Days and Hours of Operation _____
3. Number of Employees _____ Number of shifts One Two Three
4. Traffic estimates (excluding employee traffic):
 - a. Trucks _____ per year
 - b. Rail Cars _____ per year
5. Utility Requirements (peak):
 - a. Electricity Demand – _____ KW,
 - i. Primary or Secondary Voltage _____ KV (if known)
 - b. Natural Gas Demand - _____ MMBtuh Dtherm/hour SCFH
 - c. Process Steam (125 psia,sat) Demand - _____ MMBtuh Lbs/hour
 - d. Process water usage – _____ GPM Peak requirements _____ GPM
 - e. Process wastewater discharge – _____ GPM
6. Attach site development plan showing:
 - a. Structures - size, shape & location
 - b. Parking and Driveways
 - c. Rail spur/storage requirements
7. Proposed Development Schedule (Month and Year)
 - a. Lease Agreement expected to be signed _____/_____/_____
 - b. Project financing secured _____/_____/_____
 - c. Planned Ground Breaking _____/_____/_____
 - d. Expected Construction _____/_____/_____ to _____/_____/_____
 - e. Expected Date of Commercial Operation _____/_____/_____