

## SPIRITWOOD ENERGY PARK ASSOCIATION, LLC

*Official Minutes  
Meeting of the Members  
October 30, 2014*

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A meeting of the Members of Spiritwood Energy Park Association, LLC, a North Dakota limited liability company was held at the offices of Jamestown/Stutsman Development Corporation on October 30, 2014, pursuant to notice duly provided to all Members.

Gary Riffe called the meeting to order at 8:37 a.m. (CST).

In attendance were Gary Riffe and Chris Rathjen, Authorized Member Representatives of Jamestown/Stutsman Development Corporation; Al Christianson and Greg Ridderbusch, Authorized Member Representatives of Great River Energy; Connie Ova, Chief Operating Officer, SEPA; Sandra Broekema, Business Development, SEPA; Rich Garman, Senior Project Manager, SEPA; Holly Miller, JSDC Vice President of Economic Development, Kaitlin Dillard, JSDC Office Assistant, Tracey Pringle, Secretarial Solutions (SEPA's bookkeeper).

Guests: Keith Norman, Jamestown Sun; Bob Toso, JSDC; Joseph Larson, Esq. Larson Law Firm, Eric Olsen, Dakota Spirit AgEnergy Legal Counsel, Rachel Retterath, GRE; Samantha Deyle, GRE

### Construction Project Status:

Rich Garman gave an update on the rail project and reviewed the project schedule. The SEPA rail loop is very nearly complete. Switch work in the NE corner is being finished now. Final work is underway on the rail through the DSA site and buildings. Rail crossings are now on site. Dirt work is substantially complete with clean up on and around the site as weather permits. Working with BNSF final cost and schedule for mainline switch tie in.

Stutsman County Road Improvement will not be completed on schedule by November 15 due to cement shortages and weather. The road is not open to the public yet because shoulder work, grooming the ditches, and striping the road still need to be done. Road is expected to be open by late November with final clean up in the Spring of 2015.

Greg Ridderbusch gave an update on Dakota Spirit AgEnergy and reviewed the project schedule. Everything is moving along nicely and following the schedule. Commercial operation is planned for April 2015.

## Financial Update

Sandra Broekema provided a financial update on the rail loop. Financially the rail loop is 92.5% complete, based on the \$9.37 million contract. There is approximately \$700,000 remaining invoicing from DMVW on the contract with a retention of \$937,000. Invoicing is very close to wrapping up for this project.

## Spike Dedication Ceremony

Holly Miller gave an update on the Golden Rail Spike Dedication Ceremony to mark symbolic completion of the SEPA rail loop. Everything is set to go for the 11:00 event at the NW corner of the SEPA site – look for the white tent. The speakers will be: Connie Ova, Katie Andersen, and Mark Klose. Spike driving will follow the presentations on site with golden spike mementos for attendees. Lunch will follow at the Quality Inn in Jamestown.

## NEW BUSINESS:

### Second Amendment to Site Lease Agreement

Eric Olsen provided background on the Dakota Spirit AgEnergy financing which is driving the need for prompt approval by SEPA of second amendment of the Dakota Spirit Site Lease. DSA has paid out its junior financing and equity on the project, and will now be funding the project with the senior loan from AgCountry Farm Credit Services. Conditions of this funding include a title insurance policy that insures AgCountry's mortgage on DSA's leasehold. Surveying and title work are being updated with all current easements.

The second amendment to SEPA's Site Lease with DSA will accomplish these items:

- Provides that SEPA will grant a drainage easement to DSA. DSA needed a logical spot for drainage which is just west of DSA site; however, this is not within the currently leased parcel.
- Names AgCountry as a mortgage holder on the Site Lease agreement. This would mean that AgCountry would have certain rights if DSA defaults and that SEPA must provide certain notices to AgCountry as a Registered Mortgagee.
- Updates Schedule 3.1 to include payment from DSA to SEPA for the use of additional Dedicated Rail (see Resolution 2014 – 6 "Issue a Change Order to DMVW to add Track & Switching Sufficient for Dual Unit Train Use).

Eric Olsen indicated that DSA needs an easement agreement for drainage from SEPA in order that we move forward with AgCountry funding. Joe Larson just received the draft easement, so SEPA approval of the easement will be subject to review by SEPA legal counsel.

Joe Larson explained that First Community Credit Union has first priority mortgage on the entire site including the area where DSA is building. AgCountry is asking for a subordination agreement in which First Community Credit Union agrees that AgCountry's mortgage on DSA's leasehold interest has a first priority position.

*Eric Olsen said the action that DSA is requesting is that SEPA approve (i) the Second Amendment to the Site Lease Agreement and the Subordination, Non-Disturbance and Attornment Agreement between AgCountry Farm Credit Services and First Community Credit Union substantially in the forms attached and as described, and, (ii) the Drainage Easement Agreement substantially in the form attached and as described, subject to SEPA counsel's legal review.*

Discussion was held and Joe Larson indicated that is both standard and customary for the type of project we are doing. SEPA needs to execute these documents for DSA funding or they will not receive it.

*Greg Ridderbusch moved to approve as Mr. Eric Olsen has read to the record that set of resolutions for approval by this board, seconded by Chris Rathjen Roll Call: Greg: aye, Al: aye, Chris: aye, Gary: aye. Motion passes unanimously.*

### Adopt Revised Exhibit EFG to IAUM

Sandra Broekema stated that the budget forecast was approved at the last meeting and that the forecast itself has not changed in any material way. Upon subsequent review, DSA's legal counsel has suggested that clarifying notes be added to the Exhibit to conform with the definitions in the IAUM and further that the new Exhibits be adopted from time to time rather than creating new amendments by resolution each year. Sandra read the clarifying notes (Revised Exhibit EFG attached and in the drop box). She informed that at the last meeting the budget forecast was approved for 2015. She asked that SEPA Board adopt the Revised Exhibit and that this should be the normal procedure for future updates.

*Greg Ridderbusch moved to approve to adoption of the new Exhibit EFG to IAUM, seconded by Chris Rathjen Roll Call: Al: aye, Greg: aye, Gary: aye, Chris: aye. Motion passes unanimously*

### SEPA Financial Review and Audit Engagement Proposal

Connie Ova raised the issue of independent financial review and auditing for SEPA, LLC. We received two proposals from Schauer & Associates, P.C. The Annual Review would cost \$2,250 plus \$1,700 for the annual state and federal tax returns (Total \$3,950). An Annual Audit would cost \$3,125 plus \$1,700 for the annual state and federal tax returns (Total \$4,825). Proposals are in the drop box. Schauer & Associates Audit Proposal dated September 23, 2014 is attached.

*Greg Ridderbusch makes a motion that the board accept the proposal from Schauer & Associates for the Audit at a cost of \$3,125 plus \$1,700 for the Tax Return, seconded by Chris Rathjen Roll Call: Gary: aye, Chris: aye, Al: aye, Greg: aye. Motion passes unanimously.*

### Tenant Prospect updates

Connie Ova gave an update on tenant prospects. She informed the group about that there were three open Requests for Proposal (RFPs). The first is an international "biomass pulping" company which has completed a site visit. SEPA is their preferred site, however, they are still working on securing financing.

# Spiritwood Energy Park

ASSOCIATION

PO Box 2092

Jamestown, ND 58402-2092

The second RFP is a chemical manufacturing plant that would need rail, 30 employees, and 10 acres of land. Connie provided proposals on SEPA and the Cavendish site (which may be a better fit).

Lastly, Connie has had discussions with the developer for a large plastics manufacturing plant that was just announced to the public a few weeks ago. She did send location information to the developer who was going to share it with the CEO. The company will need 500 employees. They want rail access to the BNSF and the Canadian Pacific. BNSF does connect with the Canadian Pacific in Fargo.

Also, JSDC Board of Directors did vote and approved allocating 30-40 acres SW of SEPA to set aside for a crew camp is approved.

## Previous Meeting Minutes:

*Chris Rathjen moved to approve the minutes from 5-12-14 and 4-10-14 as written, Greg Ridderbusch seconded by and motion passes unanimously.*

*Motion to adjourn by Chris Rathjen at 9:18 a.m. (CST) seconded by Greg Ridderbusch.*

Respectfully submitted by,  
Kaitlin Dillard: Office Assistant

## Attachments

Second Amendment to Site Lease  
Subordination, Nondisturbance and Attornment Agreement  
Drainage Easement Agreement  
Exhibit EFG to IAUM dated 10/30/2014  
Schauer & Associates Audit Engagement