

SPIRITWOOD ENERGY PARK ASSOCIATION, LLC

*Official Minutes
Meeting of the Members
June 26th, 2015*

A meeting of the members of the Spiritwood Energy Park Association, LLC, a North Dakota limited liability company was held at the offices of Jamestown/Stutsman Development Corporation on June 26, 2015, pursuant to notice duly provided to all members.

SEPA President, Bob Toso called the meeting to order at 9:33 a.m. (CST).

In attendance were Bob Toso, Authorized Member Representative of Jamestown/Stutsman Development Corporation; Al Christianson (via phone) and Greg Ridderbusch, Authorized Member Representatives of Great River Energy; Connie Ova, Chief Operations Officer, SEPA; Rich Garman, Senior Project Manager, SEPA; Sandra Broekema, Business Development, SEPA; Tracey Pringle, Bookkeeper; Theresa Heier, JSDC Marketing Director; and Guests: Bill Lytle, JSDC Board of Directors; Keith Norman, Jamestown Sun; Joseph Larson, Esq. Larson Law Firm.

Previous Meeting Minutes:

Al Christianson moved to approve the minutes from 4-27-2015 as written, Greg Ridderbusch seconded and motion passes unanimously.

Construction Project Status:

Rich Garman gave an update on the rail project, reviewed the project schedule, and provided the Board with a PowerPoint presentation.

- DMVW contract: Final construction punch list was complete on May 15, 2015. Full Lien Waiver received & retention paid on May 22, 2015.
- BNSF Switch: The installation of the east bound switch was completed on March 23, 2015. The west bound heated, automated switch will be completed summer of 2015 based on the BNSF schedule.
- Stutsman County Road Improvements: The access road to the site is substantially complete as of November 2014. There are 2.5 miles of concrete paved road installed and the final completion will happen this spring. The road striping and signage was finally completed as of June 1, 2015.
- Wetland Mitigation: COE mitigation program is underway. Hydrophilic soils were spread in April. Final contouring and embankment seeding was completed June 2015. Initial monitoring inspection was scheduled for June 2015. Wet conditions this Spring have delayed the installation of water monitoring equipment. Inspection will be rescheduled for later in the year.
- 2015 Crop Lease: Awarded to Rudolph Farms on March 4, 2015 in the amount of \$32,400. Construction of a farm equipment access ramp across the rail bed in the northwest corner has

been completed to provide access to the interior of the rail loop for planting. DSA is also cooperating to allow farm equipment access across their plant in the southeast portions.

- **Operations Committee:** A committee was formed including representatives from SEPA (Rich Garman), DSA (David Spickler), Cash Rent Farm Lease Holder (Ray Rudolph) as needed, and future tenants (TBD). The initial meeting was held in May, and monthly meetings will be scheduled.
- **Safety and Emergency Response:** SEPA is developing a Safety Manual and emergency response plan with the Operations Committee.
- **Required Safety Equipment:** We will be installing permanent signage for numbered switches and a safety derailer required by BNSF to keep cars from inadvertently rolling onto the main line.
- **Inspections and Maintenance:** SEPA is preparing the scope of work for yard walk inspections and routine maintenance. Inspections will be done twice a year for 2015, and four times a year in 2016. Additional inspections may be scheduled following any significant weather event. Regular maintenance will begin in 2016.

Dakota Spirit AgEnergy Status Update: Greg Ridderbusch gave an update on DSA. He said the facility is complete and is just finishing up startup and commissioning. DSA is running well and operating near full capacity. May and early June was spent working through typical startup issues. The plant is fully staffed at 38 employees and has received good feedback from farmer producers delivering corn. There will be a press conference at DSA on July 24th, 2015. It was also noted that there are currently 25 employees at Spiritwood.

Financial Update:

Sandra Broekema began by providing a budget forecast for 2015. SEPA has a favorable variance on the crop lease. The rent and infrastructure access and use agreement with DSA will provide a bulk of the revenues for the balance of the year on budget. Expenses are on track for the year. We are accruing expenses for property tax and the county road assessment, which will be prepaid in December of this year. SEPA is a little over budget on insurance, but can be accommodated for. Some of the wetland mitigation work planned for this year will be deferred into next year due to weather conditions. Financing fees are also over budget. SEPA is doing very well from a cash flow standpoint, and we do not anticipate the need to draw on the First Community Credit Union loan this year.

Sandra then gave an overview of the Profit and Loss Statement and the Balance Sheet which were handed out and later placed in the dropbox. There is a net income of \$312,000 YTD. Greg Ridderbusch raised a question about the net income line item on the Balance Sheet. Tracey Pringle will check with our CPA to determine the proper treatment and labeling of this line item.

NEW BUSINESS:

Site Proposal for SRWD Water Utility (Reuse Plant)

Rich Garman stated that Stutsman County Rural Water has approached SEPA informally about locating at the Spiritwood Energy Park to build the Water Reuse Plant. SRWD is looking for approximately 40

acres total with 20 acres for their physical plant and another 20 acres for an evaporation pond. SEPA will prepare a proposal – details to be worked out in the upcoming months.

Business plan – Transient Transload Opportunities

SEPA has been approached by a few businesses regarding the short term use of our rail loop to receive and store a variety of materials and transload them to trucks for the final shipment in the area. This has included: wind turbine parts, piping and concrete structures. SEPA may be able to utilize existing infrastructure for this project and will be developing proposals to accommodate this type of business opportunity. Rich Garman has met with a potential piping project, which is looking to offload rail cars and are looking at sites throughout the state. This could be an opportunity for the west side of the site.

Longer Term Transload Opportunities: There may be an opportunity to create a permanent transload business model for SEPA or a third party tenant of SEPA. This opportunity would likely require additional rail sidings or ladder track, very possibly utilizing the JSDC switch. SEPA will look at developing a business model and plan including required improvements, capital costs, potential partners, potential opportunities, and operations model.

Tenant prospect updates

Connie Ova gave an update on tenant prospects. There are a lot of leads in the beginning stages. Connie discussed a RFP for a refinery to convert ethane to methane to gasoline. This came from Department of Commerce and is a company mainly targeting Canada. SEPA may be a little behind for this opportunity, but Connie sent the information on SEPA to the Dept. of Commerce. This project require 1/3 as much natural gas as the fertilizer project would. Connie then stated that the amount of natural gas the fertilizer project will be using is equal to 90% of what North Dakota currently uses. The current proposal for the fertilizer project is a 20 inch natural gas pipeline.

Connie noted that MDU needs the support of the entire state to get the push to complete the study for the interim, and need support from community saying we need natural gas for cheaper energy for smaller communities and to attract industries, such as plastics. This is a main project for EDND during the interim.

Livestock development did not turn out south of SEPA, but the state Agriculture Department has two people on that task to do research.

Connie reached out to AGP processing, who sent a news release out in March and is one of the largest soybean processing companies in the US. They are looking at a location in North Dakota or South Dakota. Connie sent them SEPA information, and talked to soybean council.

Lastly, Dave Blair with KLJ is working on a refinery project, and will be doing a site visit in the middle of July.

Spiritwood Energy Park

ASSOCIATION

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Meeting was adjourned at 10:12 a.m. (CST).

Tape recorder stopped at 10:12 a.m.

Respectfully submitted by,
Theresa Heier: JSDC Marketing Director