

MINUTES OF THE BOARD OF CITY COMMISSIONERS
HELD JUNE 15, 2015

The regular meeting of the Devils Lake City Commission was held Monday, June 15, 2015 at 5:30 P.M. with the following members present: President Johnson, Commissioners Tim Heisler, Rick Morse and Dale Robbins. Commissioner Craig Stromme was absent.

Pledge of allegiance was recited.

Commissioner Robbins moved to approve the minutes of the regular City Commission meeting held June 1, 2015 and of the special City Commission meeting held June 10, 2015. The motion was seconded by Commissioner Heisler, and the motion carried unanimously.

5:30 P.M. - This was the time set for a hearing to decide whether to make the revocation of Al's Taxi Service's taxi cab license permanent. The taxi cab license was revoked at the last meeting because of insurance issues. This hearing is to decide if the revocation should be permanent. Alvin Paulson stated payments were made, but some of the papers got lost, and the insurance company never sent out notices. He plans to retire after this year, and he would be able to fulfill his contract with Skywest Airlines for transporting the flight crew to and from the airport. Tracy Howard, owner of A1 Taxi, commented about Al's vehicles not having commercial insurance on vehicles being used, and that he is still picking up people. Jessica Ramey stated this was a serious issue to not have insurance and to be driving after his license was pulled. The Police Department has observed Al's Taxi picking up and dropping off pilots even after his license was revoked at the last meeting and with a vehicle which is not insured as a taxi cab. Alvin Paulson stated the contract he has with Skywest is for transportation service and not for a taxi cab. According to the City Attorney the service he is providing is still considered a taxi service under municipal code. Alvin stated he does not want to provide any taxi service within the City, and only wants to fulfill his contract with the airline. The only insurance provided to the City was for the van. He uses his pickup to transport the flight crew which does not have commercial insurance. Hearing and receiving no other comments, President Johnson closed the hearing.

Commissioner Heisler moved to keep the suspension in place until proof of insurance is provided to the City Auditor for both vehicles he is using for transportation. The motion was seconded by Commissioner Robbins. Al's Taxi was running illegally from January until May 22 because he did not have insurance. Commissioners Heisler, Morse and Robbins voted aye, and President Johnson opposed. The motion carried.

5:30 P.M. – This was the time set for a public hearing concerning the approval of the issuance by the Colorado Health Facilities Authority of its Health Facilities Revenue Bonds (The Evangelical Lutheran Good Samaritan Society Project), Series 2015 on behalf of The Evangelical Lutheran Good Samaritan Society. The Good Sam is refinancing bonds, and the City has no liability with respect to the bonds. Hearing and receiving no comments, President Johnson closed the public hearing.

Commissioner Heisler moved to approve the issuance of the Colorado Health Facilities Authority for its Health Facilities Revenue Bonds (The Evangelical Lutheran Good Samaritan Society Project), Series 2015 on behalf of The Evangelical Lutheran Good Samaritan Society to refund that portion of the Colorado Authority's Health Facilities Revenue Bond (The Evangelical Lutheran Good Samaritan Society Project), Series 2005 issued on behalf of the Society, the proceeds of which were used for the acquisition, construction, improvement and equipping of an assisted living facility at the Good Samaritan Society-Lake Country Manor, located at 1332 10th St NE, Devils Lake. The motion was seconded by Commissioner Robbins, and the motion carried unanimously.

Commissioner Morse moved to approve President Johnson signing the certificate of elected representative regarding public approval for the bond for the Colorado Health Facilities Authority Health Facilities Revenue Bonds (The Evangelical Lutheran Good Samaritan Society Project) Series 2015. The motion was seconded by Commissioner Robbins, and the motion carried unanimously.

Commissioner Heisler – The City Engineer reported on the bid opening for Water Main Improvement District 24-15 – various locations. Based on a technicality, he would like to reject the bids, and readvertise for bids.

Commissioner Robbins moved to approve rejecting the two bids for Water Main Improvement District 24-15 – various locations based on a technicality and to rebid the project with bids to be opened on Monday, July 6, 2015 at 5:30 P.M. at the City Office as recommended by the City Engineer. The motion was seconded by Commissioner Heisler, and the motion carried unanimously.

The City Assessor stated everything was fine.

Commissioner Robbins - The Public Ways Supervisor stated everything was fine.

The Public Utilities Supervisor said everything was fine in the Water Department.

Commissioner Morse – The Public Ways Supervisor reported everything was fine.

The Public Utilities Supervisor said everything was fine in the Sewer Department.

President Johnson - The Police Chief said he is looking at having the National Guard move dirt from the old shooting range to build berms to have a range. The Department is required to advertise twice in the paper for noncompetition clause, and no protests have been received.

The Police Chief accepted a resignation from one officer effective today.

The Sanitation Supervisor indicated everything was fine.

The City Auditor stated everything was fine.

The City Administrator said everything was fine.

The Fire Chief indicated the boom truck used by Shade Tree broke down. It is unknown how much it would cost or how long it would take to repair the truck. The truck would have to be sent out of town for repairs. Without the truck, the Shade Tree personnel cannot work. It is a 1992 truck that Shade Tree has used for ten years. Currently, they are borrowing a 2002 truck. The Fire Chief would like to purchase this truck. The individual is willing to sell the truck for \$16,000.00 and would give \$2,000.00 for the 1992 boom truck for a net cost of \$14,000.00. The boom was tested in 2014. Money is set aside for a boom truck.

Commissioner Heisler moved to declare an emergency, to declare the 1992 boom truck as surplus and to purchase the 2002 truck for \$16,000.00 with trading in the 1992 boom truck for \$2,000.00 for a net cost of \$14,000.00 as recommended by the Fire Chief. The motion was seconded by Commissioner Morse, and the motion carried unanimously

The Fire Chief stated Cory Meyer was in Fessenden tonight for the after action review of the train derailment that the Fire Department assisted with in Heimdal.

President Johnson stated he talked with Senator Heitkamp who expressed her thanks for the Fire Department's actions in Heimdal. Lots of compliments were received on the Department's performance.

The City Attorney said everything was fine.

Commissioner Robbins moved to approve the consent agenda which included the following:

1. 2015-2016 permit/license applicants effective July 1, 2015 through June 30, 2016;
2. Authorizing the City Auditor to call for bids for 2015 Sand, Gravel and Rip Rap to be opened on Monday, July 6, 2015 at 5:30 P.M. at the City Office as recommended by the Public Ways Supervisor;
3. Extension of premises application for a special event and a street dance permit submitted by Thirsty's Bar for a 20-year class reunion to be held July 31, 2015;
4. Gaming site authorization submitted by Devils Lake Rural Fire Department, Inc for July 1, 2015 through June 30, 2016 at Ye Olde Tavern LLC – 410 4th Ave;

5. Parade permit submitted by Devils Lake Fire Department on July 4, 2015 to begin at 11:00 A.M.;
6. Permit to sell alcoholic beverages at a special event submitted by Proz Inc for the private wedding reception and dance for Ren McKlevey to be held June 27, 2015 at the Masonic Temple;
7. Permit to sell alcoholic beverages at a special event submitted by Proz Inc for the private wedding reception and dance for Alaina Sandbakken and Kenny Schmidt to be held July 11, 2015 at the Masonic Temple;
8. Permit to sell alcoholic beverages at a special event submitted by Proz Inc for the Women's Ag Night Dinner and fundraiser to be held July 15, 2015 at the Memorial Building; and
9. Permit to sell alcoholic beverages at a special event submitted by Proz Inc for the wedding reception and dance for Brandy Knutson and Blaine Rau to be held July 25, 2015 at the Memorial Building.

The motion was seconded by Commissioner Morse, and the motion carried unanimously.

Commissioner Heisler moved to approve Budget Amendment #03-15 –Library. The motion was seconded by Commissioner Morse, and the motion carried unanimously.

Commissioner Robbins moved to approve a Resolution to Set the Limit of Liability on the Commercial Blanket Bond of the City of Devils Lake in the amount of \$2,000,000 as recommended by the City Administrator. The motion was seconded by Commissioner Morse, and the motion carried unanimously.

The City Attorney reviewed the development agreement for the oil refinery.

The obligations of the developers are conditioned on the City Commission approving changes in zoning to allow for an oil refinery and a petrochemical plant as conditional uses.

The refinery is a private development, and the City has no interest in it. There was discussion on the City having an ownership interest in it; however, it was recommended by Lane Powell that the City not have an equity interest in the refinery.

The City's approval is conditioned on a number of items including: the developers submitting all studies, data, designs, state and federal permit applications and other information necessary for permits; the developers doing some landscaping to provide a visual buffer; all infrastructure being completed and conveyed to City before commencement of operation of the refinery; water pipeline construction not beginning until the City approves plans and specifications and all necessary approvals have been granted by the ND Department of Health since the City will be able to use this infrastructure for the new industrial park; the developers applying timely for all necessary permits including any required by ND Department of Health and ND Department of Transportation; the developers constructing at their own expense the pipeline and related infrastructure for waste water to the City's sanitary sewer system; the developers conducting and paying for a traffic impact study; the developers paying for improvements of streets if needed; the developer will not start construction of the refinery before the final plat or site plan is approved, before annexation is completed, before the developers have fee simple title, before all permits obtained, before easements obtained, before developers have delivered bond or irrevocable letter of credit (for protection of City during construction), before developers have delivered estimates of closure and post-closure costs for environmental protection/remediation ; before evidence of sufficient liability insurance; developers agreeing to complete water and sewer improvements before the final issuance of the certificate of occupancy; the developers not commencing work on the improvements until documentation is provided that funding is available to complete improvements; the developers indemnifying , defending and holding the City harmless for any claims or damages pertaining to the improvements; construction of on-site work (refinery) not starting until documentation is provided that funding is available to complete the refinery ; the developers indemnifying , defending and holding the City harmless for any claims or damages related to the refinery; the developers filing with the City an irrevocable letter of credit or a performance bond for 100% of the costs of improvements; the contractors providing commercial general liability insurance with minimum limits of \$2 million/occurrence and \$5 million general annual aggregate with the City as an additional insured; and the developers preparing and submitting an application for a building permit which contains a detailed estimate of cost of closing the refinery.

It was noted that the committee spent a lot of time on the environmental issues not only to protect the City, but also the surrounding area especially the lake. There was no benchmark for the amount of insurance; however, Lane Powell said

the figures contained on page 20 were sufficient to protect the City for any environmental claims that may result. This section also includes items the City insisted be part of the policy. There were some negotiations because the developers wished to exclude some of the items, but at the end all the items were included. The commercial general liability insurance provides \$105 million per occurrence and in the annual aggregate with a deductible not to exceed \$1 million. Lane Powell told the committee in their opinion that the City is protected by the commercial general liability amounts. The items to be covered by the general liability insurance are listed on page 22. The committee insisted these items be included and covered by the insurance. After some negotiations, the developers agreed to include those items.

Other items included in the agreement follow: the developers providing quarterly reports for first three years from the commencement of the operations; then semiannual thereafter; the developers indemnifying the City from any claims that may arise from any environmental issues; the developer reimbursing the City \$125,000 for expenses incurred by the City related to the project and the City agreeing to use public funds not to exceed \$1 million for water and sanitary sewer pipelines. The pipelines will be used by the City for the development of that area, and the City has done that in other projects in the City.

The agreement contains sections on the City receiving 2.5% of the refinery's earnings before interest, taxes, depreciation and allowances. These amounts can be spent at the discretion of the City Commission for such things as parks, wellness center, impacts from the refinery such as additional firemen or policemen if needed, waterpark, school or housing development.

The developers agree that if they have a home office in North Dakota, it will be located in Devils Lake.

Other provisions in the agreement deal with covenants running with the land which means if the developers sell the refinery to some other entity these conditions in the development agreement apply to the new buyer. As the title transfers so do these provisions.

Any disputes or litigation will be settled in Ramsey County, North Dakota. The prevailing party is allowed to recover attorney fees. Most of the time attorney fees are not recoverable even if provided for in the agreement.

This agreement is a product of many hours of discussion, of drafting an agreement and of redrafting documents. It not only includes thoughts and information provided by the committee, but also from the Lane Powell law firm. This law firm has been involved with refineries in the state of Washington, and also they represent a number of major oil companies throughout the world. It was noted that no type of agreement like this exists so there was nothing to go by. As far as the committee could find, no type of development agreement exists with the refinery in Dickinson. The committee felt because of the importance of the refinery, the public should be allowed the opportunity to comment on the development agreement. There is no requirement for public input or comment on an agreement unless it is specified by ordinance or statute; however, the committee felt that there should be some opportunity for the community to comment on the agreement.

Options available to the City Commission tonight are to approve the agreement, disapprove the agreement or table the agreement. The committee does recommend the agreement be approved by the Commission.

President Johnson stated that this is a public meeting so by North Dakota law the Commission does not have to take input at public meetings. At public hearings they do, but not at public meetings. It was a recommendation of the committee that the Commission take public input. In anticipation of having a crowd, President Johnson asked that comments will be restricted to three to four minutes, there be no repetitive questions and that those speaking address the Commissioners only and not the audience. The conversation should be limited to the development agreement, and be clear and concise.

Guy DeSautel, President of Forward Devils Lake, reviewed the role of Forward Devils Lake to seek development projects, to vet the project through the appropriate due diligence, and hand off the project to the City Commission for approval. In September of 2014, Forward DL began discussions with Eagles Ledge on their refinery project. Forward DL did their usual vetting of the prospective project and advanced to the stage of serious due diligence when Forward DL brought in Earl Pomeroy and his law firm, Alston and Bird. Next, Forward DL involved Baker O'brein, energy consultants from Houston, for more intense scrubbing of Eagles Ledge and their proposed refinery. Baker O'brein was asked next to assist

with the development agreement; however, they referred Forward DL to the Lane Powell law firm in Seattle, who are the best in the business and have much experience with this line of work. At that point, Forward DL handed the project off to the City to forge the agreement, and the role of Forward DL was done. The committee did an outstanding job, and the agreement is carefully crafted to be comprehensive and sensitive to the community's concerns to protect the City and the environment. The City of Dickinson did not go to this length of detail, and the committee should be commended for its level of responsibility to get this done. The agreement goes beyond the standards for governing refineries of the State in North Dakota. The committee overcompensated especially in regard to protecting our natural resources especially the lake. Lane Powell and the committee have put before you a comprehensive agreement and a delay would serve no other purpose. On behalf of the Forward DL officers, board of directors and their memberships, we urge for a unanimous vote of approval of the developers agreement.

Margie Brekken stated the process seems to be moving way too fast. She would like to see the Commission slow down or take a step back to do some serious community planning so we have a vision of where we want Devils Lake to be in 5, 10, 15 years. As for the developers' agreement, she looked on line and found several agreements. The agreement between Chevron and the City of Richmond calls for Chevron to fund a five-year air deposition study at twenty locations throughout Richmond, must provide training for Richmond's fire practice and pay for new equipment for the fire department, must work with city, sheriff and other agencies to identify improvements for existing warning systems and pay for funding of these systems, work with local schools for emergency response plans and drills, etc. This will be the only time the City will have an upper hand. On June 3, 2015, the FBI announced they were opening an office in Williston due to organized crimes involvement in human trafficking, prostitution and drug manufacturing in the oil fields of North Dakota. She would like the Commission to take a step back and do more community planning, but, if the Commission goes forward with it to get the very best deal they can and to start conversations with the FBI because the organized crime follows the oil industry and Devils Lake will not be an exception. She encourages the Commission to table the agreement.

Cliff Brekken indicated the developers' agreement looked okay to a point, but the environmental potential for catastrophe is covered by a check which does not fix the problem or clean up the mess. When he first heard of the refinery, he thought of the potential for environmental and health issues, the downsides and everything that comes along with a potential problem with refineries – explosions, evacuating entire towns and the fact we are downwind. He thinks this is the worst possible place to put a refinery, northwest of Devils Lake. You're making a decision that affects the population of Devils Lake, and need to consider the health aspects of it and the environmental issues. He read the due diligence report and was not impressed. He asked if any of the Commissioners or anyone on Forward DL had visited, toured, been inside or educated themselves on a refinery. Commissioner Robbins responded he had been to a couple refineries out west and he had lived in Bismarck with the refinery in Mandan. President Johnson stated he had been to Tesoro's plant, and there have been all kinds of development around that refinery in Mandan which is for gasoline and much more intensive than what is being proposed here. Discussion followed on possible other public hearings related to the refinery.

Jessica Ramey alleged Eagles Ledge's shell company in Bakersville, CA has multiple EPA violations and fines in California. Besides the SEC violations, there are multiple egregious actions in the states of Texas, Wyoming, Nevada and Delaware, and none of these were exposed by the City, Forward DL, the law firm hired, or the new law firm which has a significant history on the west coast for being very much pro refinery and pro-development. It is important to have public comment, and it should have been included on the committee. To deny public comment is egregious. There was somebody who asked to be on the agenda tonight and was denied, just as she has been denied no less than four times. The Senators' and Congressman Cramer's offices have been notified. How can we trust anything that is coming out of anyone's mouth with a statistical history of failure with the most recent one being Ultra Green? Taxpayer money, which there is a significant amount of taxpayer money going into this for the pipeline and the sewer, and not having a viable say or being stopped from having a viable say. I would really, very seriously think about these gentlemen. All of us have really, very seriously thought of it ourselves.

Mary Lundy, Devils Lake Citizens and public representative for the Devils Lake oil refinery citizen page, stated she is not fully against this refinery, but she is not fully for it either. There are citizens that have issues with commissioners' representations. There are citizens who feel their perspectives are being ignored. She appreciates the Commissioners allowing comments on this developers' agreement, but the general mass of the public did not hear about the public comment period until Tuesday with comments being due noon Thursday. That just isn't enough time to read the whole

document and make intelligent comments. When this was brought to your attention, it could have been extended through noon today, and that would have been a good will gesture even if there are those who think no amount of additional time matters. It would matter to us as citizens. Also, knowing citizens were interested in the agreement, you could have put notification in the paper a week prior saying it was almost done and to look for it on the web page because that would have given people proper notice. Another example of citizens feeling ignored, there was a citizen who had requested a copy of the developers' agreement in May. She was denied this, and she went to the Attorney General because of this and other issues, and the Attorney General's Office contacted the City and said you either need to explain to her why she can't have the agreement or just give it to her. She received a three page letter from Traynor's Law Office explaining to her why she couldn't have a copy, but also it made it sound like she would receive a copy or notification when the agreement was complete. She received neither. The Attorney General should not have needed to be involved and it could have been explained to her right away and sent to her when it was sent to everyone else. As citizens, when the developers' agreement was being worked on, we were led to believe the meetings would be posted in the paper and opened to the public. There was no notification of the first meeting. Upon questioning this, the statement was made the paper had been contacted, but it was up to the paper to post it. Not taking accountability and putting the blame on others does not make citizens feel that you care about their opinion. Also, all the meetings were executive session which is totally fine, but you know the issue arose where citizens felt like they were told they could attend the meeting, but then one of the citizens when she did attend the meeting was informed that she would have to sit and wait in the hall, but she could go in when something was voted on which kind of defeats the point. I, for myself, wanted to read the agreement, but I wasn't too concern about it because you don't pay hundreds of dollars for lawyers not to get a decent agreement. You did a good job getting a decent lawyer. What concerns me was I sent a message to all the Commissioners, the Attorney and City Auditor stating how I felt about the short public comment period and asked what they were going to do about it. We had a lot of comments to the page where people wanted it longer, with the thought that it was Tuesday, and we only got until Thursday. Can they please extend it so we can read this? There was no response so I requested one. I was sent a reply by the City Attorney stating he had advised the commission not to respond to me because we could be in violation of open meeting laws. I understand his perspective, but they had responded in the past with no concern for open meeting laws. Open meeting laws to me were not meant as a means to limit discussion between officials and citizens, and the way that I read the rules as long as you do not discuss an email or your responses with each other, there are no violations. I also asked to speak tonight. It says right on the city's pages to submit the agenda items to the city auditor by the 10th. I did that, but was denied. That's okay, but what is a couple of minutes? I've been told that very few people have contacted the City with any concerns in regards to the refinery. If this is the case and you have a citizen who wants to speak why not let them speak, why not let them present? There has been plenty of discussion over the positives, and I understand the positives, and I really do see those. If the refinery does come, friends will move back and get jobs there. You know you guys have had small group meetings, newspaper articles and the town hall meeting was very positive except when citizens ask questions, but for many citizens they feel that anything that may shed a negative light on the refinery is met with we will get to it, we will get to it. When I asked about the emissions a while ago that was the comment I got, but nobody has said to me why don't you see Dickinson's air permit or the Affiliated Tribe's. Myrna Heisler did tell us about the Dickinson's air permit. I don't understand why you wouldn't point a citizen in the correct direction. It just makes a citizen feel that you either didn't know about these permits or you didn't want to say hey go read that permit - don't ask me, go read it. All citizens' perspectives are valid. I just feel sad that my fellow citizens feel that their perspectives aren't being taken seriously. I want to respond to the comment about the Mandan refinery. If you go to the EPA website about the Mandan refinery, Mandan has been in violation of their air permit every quarter for the past three years. So they could be wrong, but it is the EPA website, and every one of their other listed things they had violations on so they might not be bad with the people living around it, but they violated it every quarter.

Nancy Conkins voiced her concerns. When she looks at other states around the United States, water has been a big issue, and when I read this and see that we will be using 75 gallons a minute out of our aquifer that it is not just the City of Devils Lake that uses that aquifer, but it is many counties that also use that. It concerns me a lot. Another thing is if they are using that much water and I don't see it in this development agreement, is going to go to our treatment center, is that the Lemna project? Talking about wastewater, if we see this much water they are using how much water is actually going to be going through the treatment center? It doesn't say how many gallons are going to be going through the treatment center. [Response: The City Engineer stated their intent is to recycle and reuse the water they are sent, but we are talking up to 18 gallons a minute or so coming back. They have evaporation ponds so it is going to fluctuate year to year based on evaporation. So about 18 gallons is coming to us from their system. Evaporation ponds will be on site. They have to store it, and they have oil/water separators. They have to treat the water. That is one of the City's

primary concerns that the wastewater that comes to us doesn't have oil, doesn't have the high ph and it doesn't disrupt our biological system. So we are watching that very close, and it is part of the agreement that they have to pretreat to whatever standards are required for us so that our system isn't disrupted.] Does anyone check that so it doesn't come in with the oil? [Response: The City Engineer assured her that it will be checked.] So the Lemna project is about 27 years old. It will eventually go through our treatment center, right? [Response: The City Engineer said it would go through our treatment process, the lagoon system as well as potentially Lemna.] I'm just concerned. Was Lemna built to handle that much water? We never had an oil refinery in our thoughts back in those days. [Response: The City Engineer responded right now Lemna in essence is being underutilized, so I don't expect a lot of nutrient loading from them, you know a lot of phosphorus, the whole idea behind Lemna is to take out the phosphorus of the water, but they will have to go through our process, and the oil sheen and some of those chemical issues are probably a bigger concern for us than the capacity issue.] She knows that it eventually spills in to the lake and that is her major concern. [It was noted only the City of Devils Lake and Greater Ramsey Water District draw from the aquifer. The City's capacity is 3 million gallons per day and on average only a million is used per day. The City has plenty of water capacity.] Can you say that 20 years from now? That is what scares me, you just don't know. [The City Engineer stated one of the issues the Commission has to look at when we replaced our drinking water supply system we had allocated about 600,000 gallons per day for industrial water use. So we wanted to be in a position where we could secure industry that would utilize our water and locate to our City because we have that water available. So this would be 100,000 gallons of that 600,000 allocation. We budgeted for the water usage with that 3 million gallons per day.] My next question is why is the liability insurance? You know it talks about if there is any problem with cleanup and things like that. Once the fish are dead, they are dead. There goes our \$50 million tourism industry. How do you clean that up? How do you get the fish back into the water? That is why tourists come to Devils Lake. They are not here for the lake, they are here for the fish, and I hope you think about that when you make your decision because you worked hard to get those tourists here. You used your dollars so I just hope you are thinking about that and all the tourists dollars and the lodging people and the resort people and what they have done already to fight with the flood and now if they have to fight the oil refinery and lose the fish, it would be a pretty sad day. So I hope you think about that before you make a decision.

Rachel Lindstrom, Executive Director Forward Devils Lake, wanted the opportunity to express some clarifications to the questions that were asked; that we have been hearing. One being the comment in regards to the crime. This will be 100 jobs that will come into our community. That is less than what our hospital has employed, less than our school system, less than our college. There is always going to be fear when you add new industry into a community of increased population and does that increase crime? Absolutely, it is going to. It would increase crime if we put a new fertilizer plant out as well. So I think we just need to make sure we put plans in place and ensure that we address the items before they become an issue. Secondly, the infrastructure costs, I want to make note the costs that are associated in that developers' agreement, I have an estimate on my desk right now for \$6 million to put the infrastructure into our new industrial park. At the end of the day we are going to spend that \$1 million anyways; it is just a matter of when, and currently right now I have other businesses looking at developing in our industrial park, but we cannot move forward with them until we have infrastructure in there. Third, the refinery that was referenced by an earlier speaker does not have any correlation to this group of investors in the refinery. There are no EPA violations whatsoever with the business we are working with, Eagles Ledge. Fourth, I wanted to address the timeline. We have taken a significant amount of time, and I feel like it was in our best interest to the City to take a lot of time and go through this process. We know that there was no direction; we tried to reach out to Dickinson and other areas to see what they did to learn from others. They didn't have town hall meetings; they didn't do developers' agreements; they didn't do due diligence reports, but at the end of the day we wanted to ensure that our citizens were heard and our questions were answered for our security as well as employees. We went through this process and took it step by step and thought we were going to be done with the town hall meeting. When there was a number of questions unanswered we felt yes it was valuable information, and we needed to invest the money into doing the due diligence, so we did that. When the report came back with questions still, we felt it was necessary to put a developers' agreement in place to secure our position as a city and to protect us as much as possible with an industry or any industry that comes in. I think at the end of the day there are some things we could have done better, we know that, but like I state earlier there was no book to go by. If we could have made it easier on any of the citizens or anybody we would have done that, but I guess we have learned a lot, and I apologize if it offended anybody in the past. I didn't think it went as it should, but we live and learn. I just ask you guys take this document seriously and urge you to vote on it tonight.

Myrna Heisler has listened to a lot of concerns for the future of our community, the lake and tourism. We all share those concerns. I don't think there is anyone here that isn't looking with a bit of trepidation, even with a developers'

agreement with this kind of teeth in it, of what could possibly happen. If you only look at the bad things that could possibly happen - if there is a spill; if there is a violation - then you will never move forward with anything, and I got involved in this community because I love it. I love living here. I want everyone in this room to have family who comes here, lives here and then comes back here and contributes. Without taking chances, and that is what this oil refinery is taking a chance, if we don't do that we will stay stagnant. We have lived and died by farming for my entire life time. I've been here through it all. I've been here through the ups, through the downs - a lot of times a lot more downs, but the bottom line is most of us our children and our grandchildren are moving away because if they are not in the service industry, if they are not inheriting a farm or they're not inheriting an established business, there is very little here for them. I want this oil refinery. I believe this agreement, and the people who have worked on this agreement have done it with the full idea they will do everything they can to protect this entire community, and I would urge all of you to please vote yes on this tonight.

President Johnson responded to Marian Chattin's two, written comments. One was about being able to verify the requirements. The City will make sure that happens. The other part was about how long does it last. There is no end date in goes to perpetuity for that 2.5%. Just so you know it equates to about \$1,750, 000 per year plus they are not asking for any property tax exemptions. They will pay full property tax which amounts to about \$2.5 million based on a \$150 million valuation. That would be for city, county, school and park districts. Really it is like a baby refinery with 20,000 barrels per day of diesel.

Betty Bachmeier would like to see it go to a public vote so that every citizen has a chance to express their opinion. I am really concerned about the lake. I'm concerned about air quality, and money is not going to change it if we can't breathe anymore.

Doug Goulding questioned the water usage figures. One hundred and eight thousand gallons per day is in the agreement or up to 75 gallons per minute. The issue of refineries using water has been in the headlines in California. EPA did a water efficiency study which has been posted, and it said for every gallon of crude oil processed, it takes one to two point five gallons of water. So my calculations which could be wrong, our 20,000 barrels a day times forty two gallons per barrel that is 840,000 gallons of crude per day so at a minimum it would be 840,000 gallons of water per day required for the refinery, and if you went to the upper level of the bracket of EPA's statistics that's 2.1 million gallons of water per day to process 20,000 barrels of crude. So there seems to be quite a variation between the technical data EPA has published and that the development agreement is addressing. [Response: President Johnson asked if that was air cooled towers or water cooled? That makes a difference. The City Engineer said in the flow block diagrams that they provided that is one of the concerns that the committee had, and that is why they wanted to lock it into the agreement, saying you're not going to build the thing and then come to us and ask for a million gallons a day. We are putting it in writing that we will provide you up to 108,000 gallons per day as part of the agreement. According to their diagrams and how they worked out their numbers, they think they are high at 75 gallons per minute. Originally, they were coming with 30 to 35 gallons per minute. He gave us 75 as a cushion for their process.] The engineers who were retained by Alston and Bird on the due diligence report pointed out the block diagram was not correct because they didn't have cooling towers in the block diagram. So I guess I question whether the block diagram is accurate there too. I just wanted to point the technical variance out. [Response: The e City Engineer stated Triad Engineers is aware of that, and they are confident they can proceed with the information. President Johnson said our agreement will have 108,000.]

Commissioner Robbins thought everyone did a wonderful job presenting both the positive and the negative. Everybody has the same intentions. Everybody is concerned about the same issues – health issues, water issues and everything. No matter what happens we are all on the same team.

Commissioner Johnson commented during the legislative session the City Administrator, City Engineer and himself were in Bismarck. The City Engineer arranged a meeting with the Department of Health including the air quality person, the municipal water person, the wastewater guy plus some others, and we talked about this. Are we doing the right thing? They thought we were by trying to develop an oil refinery in town. They said if you are outside of probably 300 yards of the refinery, you won't notice it. Wondering whether this was the right thing to do based on our environmental, our water, our lake and on what is good for Devils Lake, but after their comments, that was the best I felt that this is the right thing to do. When they sit there and tell you that it is not that big of an issue. The bigger issue will be emissions, CO2. Whether they build this refinery in Rugby, Leeds, Bottineau or wherever, the issue is the same - greenhouse effect. That refinery is going to get built somewhere so it is going to have the same effect on the big scale of things as it would here.

Commissioner Heisler stated we have not seen much growth in the last ten years in the City of Devils Lake. We have an opportunity here to see that growth. We have an opportunity here to see so much benefit of this refinery if it does go through tonight. We just heard some figures. We could never ever come up with anything like that. We need certain things. We voted on things last year, and it didn't go. We have an opportunity now to build additions to our schools, wellness centers and infrastructure. Imagine the effect on property taxes. It is overwhelming that a project like this ever coming to Devils Lake, and this might be the chance to jump on it to advance the population, the growth, the infrastructure and everything.

Commissioner Morse said he believes we have already done more than what anyone else has done. We can talk about these things forever, and always have the same concerns. Generally that is what we hear when we have our meetings – the same concerns. We can talk about the company doing this. We can talk about the violations. Some of these businesses continually have violations because it is an impossible thing for them to correct. It is a violation to EPA. It doesn't mean it is harming anything. It's in violation to the EPA. This is something we are only going to get one chance. I don't see how we cannot jump on this.

President Johnson stated Commissioner Stromme called from out-of-state this morning when he said he wouldn't be able to be here or be on the phone, but he said he wished to convey to the audience that is here he is 100% behind the project, but he would be unavailable to vote on it.

Commissioner Morse moved to approve the development agreement for the oil refinery and to proceed with the process for the project. The motion was seconded by Commissioner Heisler. There are still processes to go through yet including the conditional use permit and the ND Department of Health permits. On roll call all Commissioners voted aye, and the motion carried.

Commissioner Robbins moved to approve payment of the list of bills as submitted. The motion was seconded by Commissioner Heisler. On roll call all Commissioner voted aye, and the motion carried.

President Johnson acknowledged the following report:

1. City Auditor monthly report;
2. Fire Department monthly report;
3. Municipal Court monthly report; and
4. Police Department monthly report.

There being no further business to come before the Commission, President Johnson adjourned the meeting at 7:05 P.M.

LINDA LYBECK
CITY AUDITOR

RICHARD S. JOHNSON