

SPECIAL MEETING OF THE BOARD OF CITY COMMISSIONERS

August 11, 2011

The Board of City Commissioners met in special session at 4:35 pm on Wednesday, August 11, 2011, in the Mayor's Conference Room on the Fourth Floor in the City/County Building at 221 North Fifth Street, Bismarck, North Dakota. The following were present: Commissioners Seminary, Smith, Grossman and President Warford. Commissioner Askvig was absent.

The sole item of discussion was to consider the request by Tubular Transport and Logistics (TTL) to lease additional area at the Northern Plains Commerce Centre (NPCC).

Charlie Whitman, City Attorney, said TTL has requested to rent additional laydown area out at the NPCC facility where they are currently renting land. He provided a map to the commissioners. The area they wish to rent will be a little more than four acres and is a little bit north and mostly to the east of where they are currently leasing. In their current lease, it temporarily allows them to rent additional laydown, meaning short term rental, for a penny a square foot a month which works out to 12 cents a square foot per year. He said that is typical for laydown in the industry; this is the same price charged to Mains Crane and others seeking temporary laydown space to store things.

Mr. Whitman said the additional space they are seeking will have pipe racks...they intend to skim out up to a foot of topsoil and reserve it in a pile. They will then put in a foot of crushed concrete and put in electrical facilities on the north and east sides to park trucks that are loading and unloading pipe. Along where the light standards are they will also have electrical plug-ins so they can also plug in the diesel trucks without having to run them. He wanted to bring this before the board for two reasons. This is the first time they've requested additional land to rent and this rental would be for 18 months. Secondly it is also very likely that they will come in and ask for more land in the future. So he wants to get approval for this lease and also approval for he, or Cathy Spencer, to short term rent (on a monthly basis) little pieces of unimproved land at the same rate. The reason this special meeting has been called is that they found out their dirt contractor can start either Friday or next Monday. Also Ms. Spencer told him that TTL has 60 cars in route and they need the room to store what's on the cars because they've already used all the space from their original lease for pipe laydown.

The additional area they are looking at renting he wouldn't characterize as temporary laydown because TTL will be making substantial improvements to the land even though their lease for the facility is only for 18 months. The changes they are making should incentivizes them to buy the facility. It is his understanding that TTL hasn't made that decision yet but they are willing to put money into this to make it work because they think it is going to work. When the original lease was negotiated, there was no mention of all of this extra work that they intended to do. Commissioner Grossman asked for clarification on the map that they are looking at for the additional space. Mr. Whitman

outlined the area on the map. Grossman asked how much a year. Mr. Whitman said 12 cents per year (a penny a square foot per month). Commissioner Seminary said this is for laydown space. Mr. Whitman said yes, that is for unimproved laydown. Seminary said TTL is improving the shovel ready part of the property at their own cost. Mr. Whitman said yes. Grossman asked what the annual rental would be. Mr. Wocken determined the approximate annual rate would be \$22,184.24. Mr. Whitman said the company may come back to him and request to lease additional space in the short term for unimproved laydown. If that's the case, he would like the ability to negotiate that and then bring it back before the Board by putting it on the consent agenda. Mr. Wocken said this ability to rent additional area on a temporary basis is covered under the original lease. Mr. Whitman said correct.

Commissioner Seminary asked about using property and by putting something on it, in a way the company leasing then temporarily owns it and there can be challenges getting items moved off the property when the lease expires. Mr. Whitman said this is different since its short term product storage. He said that situation can occur but it's much easier to move things when a lease expires versus an eviction. President Warford asked about the pipe racks. Mr. Whitman said it will be primarily pipe storage.

Commissioner Grossman made a motion to approve the request for TTL to lease additional laydown area at the NPCC and to allow staff to negotiate additional temporary leases for laydown and bring before the Board on the consent agenda. Commissioner Smith seconded the motion. Upon roll call, the commissioners voted as follows: Ayes: Commissioners Seminary, Smith, Grossman and President Warford. Nays: None, the motion carried. Commissioner Askvig was absent and not voting.

Having completed the items on the agenda, President Warford declared the meeting adjourned at 4:46 pm.