STILLWATER COUNTY
COMMISSIONER MINUTES

SPECIAL AGENDA MEETING
PUBLIC HEARING
March 1, 2022

Present: Commissioner Tyrel Hamilton, Chair, Commissioner Mark Crago; Steve Riveland, Members,
Others Present: Stephanie Ray, Economic Development; Nick Lofing, John Monalesta, Darrel Grant, Forrest Mandeville, Ron Van Hoosear,

Open Public Hearing: Commissioner Hamilton opened the Public Hearing.

Reason for Public Hearing: Commissioner Hamilton made introductions and announced the Public Hearing is being held for the tax abatement for the Caithness Beaver Creek II & III wind Farms. Nick Lofing, local counsel for the Caithness Beaver Creek Wind Farm Projects, made introductions on behalf of the wind farm staff and presented materials submitted with the application. Nick stated that this process has been excellent with the county. Communication and professionalism have been top notch and is greatly appreciated. Today the staff is here for the application for the tax abatement for this project. The Beaver Creek wind farms are four separate wind projects. Two are fully located in Stillwater County and two are located in Sweetgrass County. Currently we are in the middle of the process. The process starts by getting the leases from the landowners. Then the project goes through a feasibility and initial design process and at some point, approach the county regarding the permissions needed to proceed with the project. Today, the first permission needed is participation in the tax relief program for the company that the state allows wind farms to apply for with the approval of the Commissioners for that kind of tax relief. If we get that and the permit, and proceed with the other permissions, then the project moves on to the financing stage. At this stage it is critical to show to the financiers that all of this paperwork is in place, permission to do the tax abatement program, the road agreement, the weed agreement, the impact fee agreement and that they are all ready to go and the permit the county now requires wind farms to have. If all of this is done, the plan is to start in July building the infrastructure for the project. It is the hope that construction would start in March to be completed in December. Due to delays with various permitting agreements, the timeline has shifted and will be extended through two seasons, starting in July of this year. The
equipment will come in 2023 construction season and hope to be fully operational by December of 2023. That modifies the application slightly with the delays. They are currently requesting additional time due to the delays and will go over an additional six months to extend it to December 2023. The company has put out a brochure that is available to explain the company, the corporate structure, the plan and the requests. This project benefits the county by boosting the tax base and creates construction and long-term jobs. The submittals from last fall were for one construction season, now that the project is extending over two seasons, they have estimated between 175 to 180 workers for this summer, that number will be reduced by approximately half, due to the project straddling two seasons. That explains the project and the timeline and where it is currently at to try to get this project off the ground. The specific request today is for participation in a tax abatement program, set up by statute, by the State of Montana that allows the project to get the county’s approval for a reduced payment for the initial five years of the project which will increase incrementally over the next five years to full taxation in the tenth year. The projected timeline which the estimates have been based on is twenty-five years. The project could last longer but the equipment will change quite a bit over the next twenty-five years that it will require upgrades to extend it. This is a long-term commitment and investment these people are making in Stillwater County. Each project is estimated to have a taxable value of $126,000,000.00. These are big projects and with construction costs increasing that number may even be higher. Take one of those projects that is active in 2023 and an appraiser values it at $126,000,000.00, the estimate, the company would be pay in the county property tax for the first five years would be 25% of the tax assessed on the $126,000,000.00 for one project so this would be doubled as there are two projects. Another way to look at this would be the tax base for the county would improve by $32,000,000.00 over the next five years and then it scales up by 15% for the next five years until you reach 100% in the tenth year and then you are at 100% for the remainder of the life of the project. This is the request to the county, to enter a resolution that allows the project to have the tax relief to make the project pencil. There is no other agreement that enhances the deal for the local counties and that would be the impact fee agreement. This has been substantially discussed and is currently in a draft form and has been submitted to the county. There is another statutory program that allows the local county to assess a ½% of the project cost in each of the initial three years to be used fully locally. There are statutory requirements for how the money can be used. That money comes to the county as soon as construction begins. If all of the pieces come together, there is the potential for a check to the county for $680,000.00 per project each of those three years. That offsets the alternate request for the ten-year tax abatement program. These are common requests and every one of these projects goes through this process. This is relied on when budgeting a project. Today is an important day with the request to the Commissioners. It is a critical component to make this project happen. It is hoped that everything submitted to the county to date gives comfort and understanding of what the
request is and how it fits into the greater piece of the puzzle for this project to get off the ground.

Questions and Comments:

Commissioner Hamilton called for questions and comments and asked that comments be limited to three minutes per person.

Ron Van Hoosear stated that he has several questions, the first is that are the construction workers going to be local. An unnamed person responded yes, as much as they can. We have talked to several local contractors already for foundations, roads, etc. We have talked with Pattern and they are pleased with the locals. We are talking to contractors and about 80% of them are local but they will have to bring in some people. Ron Van Hoosear stated that his second question is after the first ten years of the abatement, five years at 25% and five year incremental and is assessed at $126,000,000.00, is it reassessed or is $126,000,000.00 throughout the life of the project. The concern is if it is reassessed in ten years for a lower value and the county does not get that tax money. Commissioner Crago replied that there would be that risk, it would be assessed the same as a home would. As markets fluctuate, the assessments would fluctuate as well. The value of the project could go from $126,000,000.00 to a $200,000,000.00 valuation in ten years. The assessments are done on a two-year cycle currently. Ron asked if there was anything in the contract that says if an assessment occurs in ten years or you wait the fifty so we have an understanding of the revenue the county would receive and not be at risk of losing tax revenue in ten years because it assessed lower. Commissioner Crago replied that the answer would be no because the Department of Revenue via the state does the assessments and the county cannot tell the state when to assess projects. The assessments are on a two-year cycle. Nick Lofing added that the company wished they could have built this project two years ago before the construction costs went through the roof.

Bob Van Oosten stated that when this was noticed in the paper it showed project III showed as Township 1 North, it should have been 2 North, that is an error in the publication. Nick Lofing stated that they were notified a week ago that there was an issue with the legal description and the plan was to republish and re-notice it with the correct legal description and leave the comment period open for comment submittal. Commissioner Crago concurred with that and that if there was an error, it would be republished and the comment period would remain open until affected parties had a fair opportunity to comment.

Sven Svenson commented that he would like to encourage the Commissioners to proceed with the tax abatement. The tax abatement was done for the Pattern Project.

Lynn Phipps commented that they are on the tail end of the Pattern Project. They have excellent roads and gates now. There is snow maintenance now. They have not had
this before. This wind farm is North of their property. Pattern released land, at their request so they could sign on with this project. It has been a boon to the entire county. The Reed Point School received a $100,000.00 check from them as a gift when their grade school was condemned. It made all the difference in the world to help them get their new school. They have done a lot for the county. They brought in families that now live here and are now a part of the community. Stillwater does not have a lot of money coming in other than the Mine money but the mine money does not work for all of us. This works for everybody and it is about as noninvasive as you can get and you can still farm under it. She would like to encourage the Commission to back it.

Commissioner Crago commented to Caithness to remember that comment, that is the thing that makes these things ultimately successful is the relationships and the way to take care of the residents around the projects. The way you treat the local communities is what makes these projects a real success. Remember comments like that because that is where you see the direct impact from citizens in the area of where the projects are. An unnamed person added that they had talked to Pattern and they want to find out what they did poorly so it can be corrected. If there was anything done that was not in the best interest of the public, please let them know. Lynn Phipps stated that on the advantage side, Pattern had to have water and they drilled wells which are in turn the landowners well now. They put things in place that were actually needed that the landowners couldn’t afford. In the last forty years, their ranch was in foreclosure four times, that’s markets, not management. They own their land 100% now and they will never be in that position again and this land has been in the family since 1908 and will stay there for generations.

Don Beer commented that there are a lot of landowners here that will obviously see the direct impact of a project like this because their roads will improve. Something that gets missed in the big picture is some of the budget it releases from the county to work in other areas. This will have more impact than just the landowners by the project. It releases funds to work in other areas as well. That should be noted for the people that are not here that do not have anything to say because they do not think it directly affects them but it will.

An unnamed person stated that Don Beer is one of the financial backbones of Stillwater County and the work that he does with Stillwater Mining. He has Stillwater Excavating and Stillwater County has one of the largest payrolls in the state. Don has extensive experience here in working with the people and the Commission. He is 100% in favor of this windfarm. All the landowners of almost 10,000 acres belong to basically five rancher, Rich Lee, Sterling Ballbach, Eder is one, Lynn Phipps is one too. He would like them all to make a comment about how long they have waited since this lease was put together. Caithness stepped in to take it to where it can realize operation.
Sterling Ballbach commented that he is in favor of anything the county can help out with to make this project work.

An unnamed person commented that Loren’s father was a juggernaut in getting this whole lease started. He was the man who caused everyone to fall in line to put the project together.

Richard Lee commented that Delbert was really into this. I have been waiting for years and years for this to come through and it would be a mistake if this doesn’t happen.

Commissioner Hamilton stated that there will be two calls for proponents and opponents as there are two projects.

Proponents: Commissioner Hamilton called for proponents for Caithness Beaver Creek II by a show of hands. Eleven proponents were counted.

Opponents: Commissioner Hamilton call for opponents for Caithness Beaver Creek II by a show of hands. No opponents were counted.

Proponents: Commissioner Hamilton called for proponents for Caithness Beaver Creek III by a show of hands. Twelve proponents were counted.

Opponents: Commissioner Hamilton call for opponents for Caithness Beaver Creek III by a show of hands. No opponents were counted.

Commissioner Hamilton thanked everyone in attendance. The publication will be updated and re-noticed with the corrected legal description. Written comments will be accepted until Friday April 1, 2022 at 5:00 p.m. A final decision will be made Tuesday April 5, 2022 at 6:30 p.m. as part of the traveling agenda meeting being held in Rapelje.

Close Public Hearing: Commissioner Hamilton closed the public hearing.