Lori Stratton

From: Larry Bonderud
Sent: Thursday, May 11, 2017 6:23 PM
To: Lori Stratton
Subject: Fwd: Letter from NaturEner
Attachments: 20170511 NaturEner Letter to Commission and School Board.pdf; ATT00001.htm

Next council packets.

Sent from my iPhone

Mayor Lar

Begin forwarded message:

> **From:** "Candace S. Neufeld" <csneufeld@naturener.us>
> **Date:** May 11, 2017 at 6:06:19 PM MDT
> **To:** "dbrandon@toolecountymt.gov" <dbrandon@toolecountymt.gov>, "jpehan@toolecountymt.gov" <jpehan@toolecountymt.gov>, "Mharwood@toolecountymt.gov" <Mharwood@toolecountymt.gov>, "brian.aklestad@shelby.k12.mt.us" <brian.aklestad@shelby.k12.mt.us>, "rikki.james@shelby.k12.mt.us" <rikki.james@shelby.k12.mt.us>, "jay.hould@shelby.k12.mt.us" <jay.hould@shelby.k12.mt.us>, Anna Fretheim <anna.fretheim@shelby.k12.mt.us>, "dan.leck@shelby.k12.mt.us" <dan.leck@shelby.k12.mt.us>, Rick Jorata <rick.jorata@shelby.k12.mt.us>
> **Cc:** Jose Maria Sanchez Seara <jmsseara@naturener.us>, Blair Fjeseth <blairf@strategies360.com>, "larry@shelbymt.com" <larry@shelbymt.com>, "Elliott.crump@shelby.k12.mt.us" <Elliott.crump@shelby.k12.mt.us>
> **Subject: Letter from NaturEner**
>
> To Toole County Commission and Shelby School Board,
>
> Enclosed you will find a letter from Jose Maria and myself regarding NaturEner's offer of donations to the school districts. As we have consistently stated, we want to work together and are here to continue these discussions.
>
> I look forward to hearing from you.
>
> Candace
>
> **Candace Saffery Neufeld**
> *COO*
> *NaturEner USA*
> 435 Pacific Avenue, Suite 400
> San Francisco, CA 94133
> O: 415.217.5506
> M: 415.696.8089
> csneufeld@naturener.us
> www.naturener.us

NaturEner

NaturEner USA LLC
Suite 400, 435 Pacific Avenue
San Francisco, CA
94133
Ph. 415-217-5500
www.naturener.us

May 11, 2017

Toole County Commission
226 1st St. South, Suite 201
Shelby, MT
59474

Attention:
Chairperson Brendan
Commissioner Pehan
Commissioner Harwood

Shelby School Board
1010 Oilfield Avenue
Shelby, MT
59474

Attention:
Chairman Aklestad
Rikki James
Jay Hould
Anna Fretheim
Dan Leck
Richard Jorata

Dear Toole County Commission and Shelby School Board Members:

We want to take the time to clarify some misinformation in recent Shelby School Board minutes, specifically the April and May meetings. During these meetings, updates were given regarding the tax protest and school budget shortfall. In these updates, there was no mention that a donation offer had been made to the Shelby School District nor was it mentioned that that donation was turned down by Superintendent Crump. We believe this is important information that should not be withheld from teachers, parents, or residents.

NaturEner has always paid its tax bills in full. We have worked for years, with the Department of Revenue, to correct the property value assessment of our projects. We have been explicit about our position in meetings with all stakeholders, including the January 24, 2017 meeting in Shelby. We knew entering a formal protest would mean tax monies could be withheld from the county and state. Acknowledging this, NaturEner invested time and money to reach an agreement with the state over the years without a formal protest, and NaturEner forewarned the county commissioners that this may become a reality so they were able to react and plan accordingly.

During the January 24, 2017 meeting with the Toole County Commission and Superintendent Crump, we explained that for the past years NaturEner has tried to work with the state to implement a correct methodology for property value assessment that is consistent with the tax code and Montana law, while still paying the incorrect tax bills in full. Unable to reach an understanding, we had to enter a formal protest following the only procedures available to Montana taxpayers. NaturEner has always paid and continues to pay its tax bills in full even though the value of our properties has been assessed on incorrect metrics resulting in an incorrect tax liability.

On January 26, 2017, we had a follow-up call with Superintendent Crump to talk about ways in which NaturEner could help the school with its budget shortfall. Initially, Superintendent Crump said he would work with the Shelby School Board to get us a list of areas NaturEner could donate to or help fund. During

this time, we were also reaching out to the Sunburst School District. In these meetings, we made it clear that by no means were these donations in lieu of our protested taxes and that we understood the community was hurting and therefore we wanted to help by offering project specific donations. On March 1, 2017, our representative called Superintendent Crump to get the donation list from him and was told at the time that the school board had instructed Superintendent Crump not to accept donations from NaturEner. The reason for this, as explained by the Superintendent, was that the board wouldn't be seen "glad-handing" with our company. We had a scheduled call with Cut Bank Superintendent Wade Johnson that same day; when we spoke he stated that he had talked to Superintendent Crump and that he too would not accept donations from NaturEner.

Folks in town are angry and frustrated with our company because of the protest and we understand this reaction. As prudent business operators, we have to balance our responsibilities to our investors, to our employees, and to the communities in which we provide jobs and tax dollars. At minimum, we believe that it is the communities' right to know that we have put forward a good faith effort to help where we can. The fact that the local school board has explicitly refused our offers to make targeted donations is information that the public deserves to know.

We are proud that our company resides in Toole and Glacier counties. We have been a part of the community for over 10 years, and we understand fully that regrettably our protested taxes are deeply affecting both the school district and the county. Our employees live in these communities, they send their children to school in Shelby and Sunburst, and it's important to us that we continue to be good community partners. We can assure you that we have been working diligently to resolve this matter with the state and commit to continue doing so.

As we discussed back in January, we want to work together to see this protest quickly resolved, and in the meantime, help where we can within Shelby, Cut Bank and Sunburst. We are open and ready to work together by setting the public record straight and discussing specific current needs for the local schools. We would be happy to set up another meeting, in person or over the phone, with all stakeholders.

Regards,

Jose Maria Sanchez Seara
President & Chief Executive

Candace Saffery Neufeld
Chief Operating Officer

c. Mayor Bonderud
Superintendent Crump

Lori Stratton

From: Larry Bonderud
Sent: Thursday, May 11, 2017 9:51 PM
To: Lori Stratton
Subject: Fwd: 'Shelby National Forest' thriving on Hi-Line

Council Packets

Sent from my iPhone

Mayor Lar

Begin forwarded message:

> **From:** Melissa Lewis <melissa@mlewisassoc.com>
> **Date:** May 11, 2017 at 8:05:02 PM MDT
> **To:** "larry@shelbymt.com" <larry@shelbymt.com>
> **Subject: 'Shelby National Forest' thriving on Hi-Line**
>
> Check out this article from Great Falls Tribune:
>
> 'Shelby National Forest' thriving on Hi-Line
>
> http://gftrib.com/2ppH17K

CITY OF
SHELBY
MONTANA

Lorette Carter
Community Development
112 1st Street South
Shelby, MT 59474
(406) 424-8799
(406) 450-4067
Fax: (406) 424-8413
www.shelbymt.com

May 15, 2017

Steve Bullock, Governor
Office of the Governor
State Capitol
P.O. Box 200801
Helena, MT 59620-0801

Dear Governor Bullock,

On behalf of Mayor Bonderud, the Shelby City Council and community of Shelby I want to thank you so very much for bestowing Shelby with the honor of being named the 2017 Montana Tree City of the Year. The celebration was an uplifting day for our students and community as a whole and we were so glad you were able to attend.

Shelby, like many small rural towns, struggles, but a celebration such as this brings renewed pride and interest in improving our community now and for generations to come. It serves to honor those that tirelessly work for the betterment of the community and inspire new hearts to give of their time and energies.

Thank you again for honoring Shelby. We are growing the "Shelby National Forest" one tree at a time!

Sincerely,

Lorette Carter

Lorette Carter
Community Development Director
City of Shelby

Cc: Larry Bonderud, Mayor
Shelby City Council

CITY OF
SHELBY
MONTANA

Lorette Carter
Community Development
112 1st Street South
Shelby, MT 59474
(406) 424-8799
(406) 450-4067
Fax: (406) 424-8413
www.shelbymt.com

May 15, 2017

Bob Harrington, Administrator of Forestry
Department of Natural Resources & Conservation
2705 Spurgin Road
Missoula, MT 59804

Dear Bob,

On behalf of Mayor Bonderud, the Shelby City Council and community of Shelby I want to thank you so very much for honoring Shelby as the 2017 Montana Tree City of the Year. The celebration was an uplifting day for our students and community and we are glad you were able to attend.

Special thanks to Jamie, Cori and Dave for helping with the planting, the seedlings and great recognition ceremony. They were tremendous help in getting our trees off to a good start and we look forward to watching them grow and thrive. We will remember this special day each time we watch our Coyotes in action!

Shelby, like many small rural towns, struggles, but a celebration such as this brings renewed pride and interest in improving our community now and for generations to come. It serves to honor those that tirelessly work for the betterment of the community and inspires new hearts to give of their time and energies.

Thank you again for honoring Shelby. We are growing the "Shelby National Forest" one tree at a time!

Sincerely,

Lorette Carter

Lorette Carter
Community Development Director
City of Shelby

Cc: Larry Bonderud, Mayor
Shelby City Council

PR Newswire
a CISION company

New Study Highlights Shelby, MT as an Exceptional Rural Location in the West to Site a Data Center

NEWS PROVIDED BY
City of Shelby →
17 May, 2017, 07:52 ET

SHELBY, Mont., May 17, 2017 /PRNewswire/ -- A new study indicates that Shelby, MT is an attractive low-cost rural location with infrastructure necessary to locate a data center.

The recently released study details the city's infrastructure, workforce, tax incentives, construction and operating costs, climate and available property to help interested parties make decisions about siting a 15 megawatt (MW) data center in Shelby, MT.

Downtown Shelby, Montana

Aerial View of Shelby, Montana

Shelby, with population of 3,500 residents, is situated in north central Montana on Interstate 15 and the BNSF Railway Northern Corridor Mainline. The City is 30 miles south of the Canadian border and 10 miles east of 399 MW of wind energy.

With its combination of cooler year-round weather and wealth of renewable wind energy, Shelby is an ideal location to construct air-cooled cloud computing data center facilities, according to the study. Cold external air is becoming a big attraction for data center operators, and many high-profile cloud computing companies are building new data centers in relatively cold and windy locations to cut power and cooling costs. Consequently, locating a data center in Shelby will result in dramatically lower power consumption costs associated with cooling.

The study also details how Shelby has several electrical renewable power options including hydropower and wind, creating a competitive market for data centers to secure power and negotiate power costs. There are a number of renewable electrical power providers near Shelby such as Marias River Electric Cooperative, Western Area Power Administration, Basin Electric Power Cooperative, NaturEner, Energy Keepers and Enbridge.

Fiber optics access is also a critical component in placement of a data center, and the study highlights the various fiber optic providers that serve the Shelby area including two major tier 1 providers, Century Link and Zayo Group. Other fiber optics providers that serve Shelby include Northern Telephone Cooperative, 3 Rivers Communications and Vision Net, as well as two Canadian fiber optics carriers, Axia and Shaw. With all these fiber optics providers in the area, Shelby has good combination of fiber optics capacity and redundancy, and is connected to internet hubs all over the United States and Canada.

Shelby is an affordable place to site a data center. Shelby's fairly flat topography is ideal for a data center construction as earthwork requirements are minimal. Industrial or commercial real estate in Shelby ranges from $2,000 to $10,000 per acre or $0.05 to $0.25 per square foot, which is considerably less than other potential sites across the nation.

Average new data center construction in Shelby is estimated at $1,300 to $2,000 per square foot which includes construction, infrastructure, computer servers and other ancillary costs.

Shelby has a strong history of successfully siting and building large projects and is eager to support the construction of a data center. The Shelby area easily accommodated a workforce of over 400 for a large power infrastructure project over a three year duration. Moreover, Shelby has a large rail terminal (the Port of Northern Montana Multimodal Hub) on the BNSF Railway. As the transport of construction materials can play a significant cost in project, the Multimodal Hub at Shelby provides an excellent low-cost option for transporting project materials.

The study also indicates Shelby has an abundant supply of water to provide the necessary cooling water for a data center. Furthermore, Shelby has a modern wastewater treatment system that can accommodate data center cooling water discharge.

The City of Shelby has a Targeted Economic Development Tax Increment Financing (TEDTIF) District which can offer a substantial tax incentive and tax reduction for companies locating within the district. In addition to Shelby's TEDTIF district, the study notes that there is no sales tax in Montana.

Shelby is readily accessible by car, plane, bus and train. Shelby is located at the intersection of Interstate 15 and Highway 2. Shelby is home to an Amtrak train station with both bus and train services. The Amtrak train station provides service west to Seattle and east to Chicago. The local Shelby airport is located approximately two miles north of town and provides daily services to local airports in the surrounding area. The Great Falls International Airport is located approximately 80 miles to the south and provides several commercial airline services.

The City stands ready to welcome a data center and will help in any way possible to accommodate facility requirements. Shelby has an excellent track record of economic development in the region, and has helped multiple businesses and industries locate in Shelby by providing tax incentives, teaming with businesses to identify and pursue funding, and providing connection options to existing City infrastructure.

More importantly, the study summarizes that Shelby has all the necessary infrastructure for a data center. Not only is Shelby a feasible data center location, it is an ideal location due to its rural setting, cool climate, and accessibility. Furthermore, there are numerous financial incentives which make Shelby an attractive location to site a data center.

For more information, please refer to the Shelby Data Center Feasibility Study or contact Larry Bonderud of the City of Shelby at 406-434-5222 or 160330@email4pr.com.

SOURCE City of Shelby

CONSTRUCTION FIELD REPORT

Project Name: NCMRWA Segment W4-B1 Shelby to Conrad

Report Date: 5/21/2017

Owner: NCMRWA

Project Location: Shelby to Conrad, MT

KLJ Project No: 4615048

Contractors: Downing Construction Inc.

Reporter: Logan Tweet

Weather & Site Conditions

- Much cooler temperatures with daily highs in the 40s and 50s. Rain throughout the day Wednesday caused extremely muddy site conditions and halted work for the day.

Construction Activities

- Downing Construction installed pipe from sta 189+00 to sta 208+00 the week of May 14th. This included the cluster of fittings where the future 24" line will be connected at sta191+40. Pipe installation will continue the week of May 21st starting at sta 208+00 working north.
- Underground Solutions has completed fusing all the bore pipe.
- CIT installed bores under Underdahl and Simons Road as well as the wetlands near sta 405+00 and 388+30. A total of 730 LF of bore pipe had been installed to date. Boring will continue the week of May 21st starting with the bore under the wetland between sta 361+55 and sta 365+55.

Construction Pictures

Constructing Future Connection Fittings

Bore End at Wetland Area

CONSTRUCTION FIELD REPORT

Project Name: NCMRWA Segment W3 Shelby to Cut Bank

Report Date: 5/21/2017

Owner: NCMRWA

Project Location: Shelby to Cut Bank, MT

KLJ Project No: 4611005

Contractors: Downing Construction Inc. & Central Excavation Inc.

Reporter: Logan Tweet

Weather & Site Conditions

- Much cooler temperatures with daily highs in the 40s and 50s. Rain throughout the day Wednesday caused extremely muddy site conditions and halted work for the day.

Downing Construction Inc.

- The week of May 14th Downing Construction inserted a 16" pipe near the Shelby meter vault and pushed it to the pumphouse. The missing pig was not found in this section of the water line. The process of re-pigging the line will continue the week of May 21st by inserting a pig at the pumphouse and pushing it through a discharge line at the standpipe.

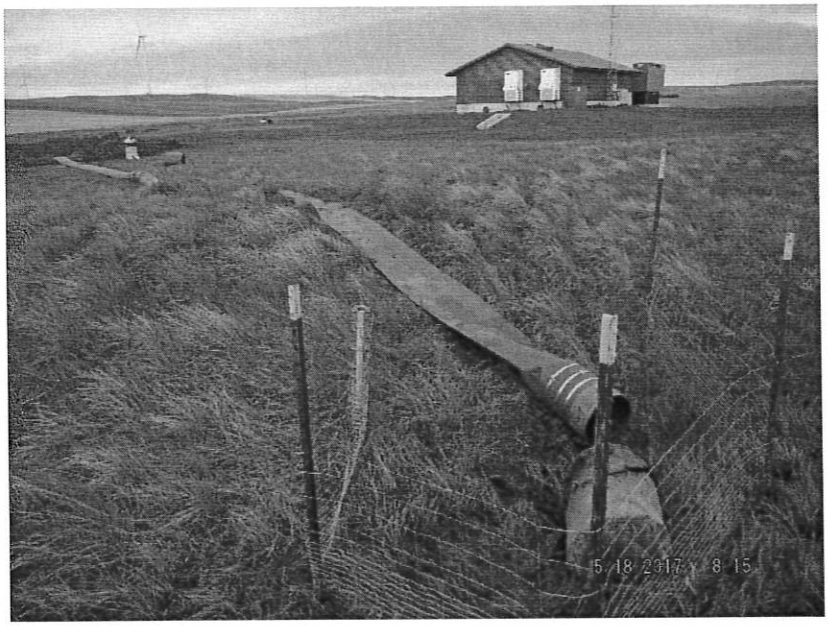
Central Excavation Inc.

- Central Excavation spent the week of May 14th spreading topsoil at the pumphouse, stand pipe, and meter building. They plan to seed all the locations early next week.

Construction Pictures

Pumphouse Ready for Seeding

16" Pig Discharged Near Pumphouse



DEPARTMENT OF ADMINISTRATION

STEVE BULLOCK, GOVERNOR
MIKE COONEY, LIEUTENANT GOVERNOR

JOHN LEWIS
DIRECTOR

STATE FINANCIAL SERVICES DIVISION

State Accounting Bureau
Mitchell Bldg., Rm. 255
P.O. Box 200102
Helena, MT 59620
(406) 444-3092

Financial Services Technology Bureau
Mitchell Bldg., Rm. 295
P.O. Box 200102
Helena, MT 59620
(406) 444-3092

State Social Security Administrator
Mitchell Bldg., Rm. 270
P.O. Box 200102
Helena, MT 59620
(406) 444-2596

Local Government Services Bureau
Mitchell Bldg., Rm. 270
P.O. Box 200547
Helena, MT 59620
(406) 444-9101

State Procurement Bureau
Mitchell Bldg. Rm. 165
P.O. Box 200135
Helena, MT 59620
(406) 444-2575

May 23, 2017

Council Members
City of Shelby
112 1st St. S.
Shelby, MT 59474

Re: FY2015 Audit Report

The Local Government Services Bureau recently conducted a routine review of the audit report covering City of Shelby for the year ended June 30, 2015 and 2014, which was issued to you by Douglas Wilson and Company, P.C. in June of 2016. Our review of the audit report disclosed the following discrepancy:

- The independent auditors' report did not include a statement that the audit was performed in accordance with Government Auditing Standards.

Your auditor has since corrected the error and resubmitted the revised report.

If you have not already received copies of the revised report from Douglas Wilson and Company, P.C., you should shortly. If you have any questions, please contact me at 406-444-9105 or cmclean2@mt.gov.

Sincerely,

Chet McLean, CPA, CIA
Local Government Services Bureau

c: Douglas Wilson and Company, P.C.

Lori Stratton

From: Larry Bonderud
Sent: Wednesday, May 24, 2017 3:09 PM
To: Lori Stratton
Subject: Fwd: Lobbying Report Successfully Filed

Council

Sent from my iPhone

Mayor Lar

Begin forwarded message:

> **From:** Melissa Lewis <melissa@mlewisassoc.com>
> **Date:** May 24, 2017 at 2:42:13 PM MDT
> **To:** Larry Bonderud <larry@shelbymt.com>
> **Subject: Lobbying Report Successfully Filed**
>
> Hi Mayor,
>
> Just a quick note to let you know the City of Shelby's lobbying report was successfully filed with the Commissioner of Political Practices on May 9. You may have received an email reminder to fileyour report by May 30. The Commissioner's office sends reminders to all principals, even those who have already filed their reports. Anyway, just wanted to give you peace of mind. You're good to go! The next report is due Feb 15, 2018.
>
> https://app.mt.gov/cgi-bin/camptrack/lobbysearch/lobbySearch.cgi?ACTION=FINANCIAL_REPORT&BACKACTION=&LOBBYID=&PRINCIPALID=6476&REPORTID=22230&SESSION=2018
>
> Have a great afternoon!
>
> Melissa
>
> Melissa Lewis
> 800 E. 6th Avenue
> Helena, MT 59601
> Cell: 406-465-8045
> Office: 406-422-0988
> www.mlewisassoc.com

Lori Stratton

From: Larry Bonderud
Sent: Wednesday, May 24, 2017 3:30 PM
To: Lori Stratton
Subject: Fwd: Montana Infrastructure Coalition Meeting
Attachments: MIC Meeting Agenda.pdf; ATT00001.htm

Council

Sent from my iPhone

Mayor Lar

Begin forwarded message:

> **From:** Melissa Lewis <melissa@mlewisassoc.com>
> **Date:** May 24, 2017 at 2:45:19 PM MDT
> **To:** Larry Bonderud <larry@shelbymt.com>
> **Subject: Montana Infrastructure Coalition Meeting**
>
> Mayor,
>
> Yesterday I attended a post-session Montana Infrastructure Coalition meeting in Helena. See attached agenda.
>
> Key meeting participants included **Webb Brown** and **Bridger Mahlum** with the Montana Chamber of Commerce, **Jon Metropoulos** representing the Montana Oil, Gas and Coal Counties, **Becky Bey** and **Tim Uribe** of KLJ, **Daniel Brooks** with the Billings Chamber of Commerce, **Alan Olson** with the Montana Petroleum Association, **Ed Bartlett** with Yellowstone County and the Billings Chamber of Commerce, **Darryl James** with the Montana Infrastructure Coalition, **Tim Burton** and **Kelly Lynch** with the Montana League of Cities and Towns, **Sarah Converse** with Sweetgrass Development Authority, **Geoff Fess** with the Montana Telecom Association, **Jason Rittal** with Fallon County, **Gary Forrester** with MDU and a handful of other stakeholders including county commissioners and engineering firms.
>
> The Coalition currently has 107 members. The original definition of infrastructure was founded on Masolow's hierarchy of needs and was intentionally limited to roads, bridges, drinking water, storm water and sewer. The definition of infrastructure might be revisited in the future to include other types of infrastructure to give the Coalition more content to work with and communicate to legislators and the public at large. With the recent passage of a gas tax increase, some coalition members believe the definition of infrastructure needs to be broadened to include something more appealing and exciting to talk about instead of just water and sewer.
>
> Executive Director Darryl James led a Power Point presentation of the 2017 legislative session and the four bills introduced by the Montana Infrastructure Coalition:
>
> HB 473, Fuel Tax Increase (Garner)
> SB 331, Local Option Sales Tax (Phillips)
> HB 577, Local Option Infrastructure Tax (Fern)

SB 335, Public Private Partnerships (Welborn)

Lessoned learned include:

- Perhaps too many bills were introduced and it was difficult to monitor everything going on behind the scenes
- Coalition might be broadened to include agriculture, **rural water**, developers, schools, realtors and service groups such as rotary.
- Introduce bills earlier in the legislative process
- Establish a better process for mobilizing calls/emails to legislators during the session
- Do a better job of utilizing the small town newspapers to engage constituents

The group also discussed activities that could go on during the interim legislative session including a Montana Infrastructure Coalition road show, engaging in interim committee meetings, research and gather data, expand the Coalition membership and renew current members.

The current Board was re-elected to serve a second year. Webb Brown is the Board Chair. The Secretary is Jon Metropoulos. Vice Chairs include Tim Burton with the League of Cities and Towns and Chris Cavasos with AFL-CIO. There are also three at large members.

A legislative panel dinner discussion followed cocktail hour. Mike Dennison filmed the panel. The following legislators participated:

Senator Duane Ankney (R-Colstrip)
Senator Llew Jones (R-Conrad)
Senator Ed Buttrey (R-Great Falls)
Representative Rob Cook (R-Conrad)
Representative Frank Garner (R-Kalispell)
Representative Ryan Lynch (D-Butte)

Look for news from Mike Dennison. I haven't seen anything pop yet but it could be coming later today.

Melissa

Melissa Lewis
800 E. 6th Avenue
Helena, MT 59601
Cell: 406-465-8045
Office: 406-422-0988
www.mlewisassoc.com