

Forman, North Dakota
January 23, 2007

Chairman Bill Anderson called a special meeting at 9:00 a.m. with the following members present: Bill Anderson, Steve Wyum, Mike Walstead, Maurice Orn and Jerry Waswick. Absent none. Also present Sheriff Travis Paeper and States Attorney Lyle Bopp.

The purpose of the special meeting was to discuss the financing of the Sheyenne Valley Correctional Center (SVCC) in Valley City. The associated counties include: Valley City/Barnes, Dickey, Griggs, Ransom, Sargent, Steele and Lamoure. Commissioner Waswick and Sheriff Paeper are Sargent County's representatives.

Commissioner Waswick proceeded to explain the changing financial situation that the funding of the center is experiencing at the present time. USDA the primary lender to secure debt services for SVCC is concerned with the financial exposure due to the lack of usage of the newly constructed Rugby facility by the North Dakota Dept. of Corrections and U.S. Marshal's Service. Because SVCC has no state and/or federal contracts (and the state and federal are not entering into new contracts), the USDA is asking for assurances from member counties that they will be able to service the debt on SVCC under a worse-case scenario, which would be if there were no state, federal, or non-associated county rented beds.

Mr. Waswick presented three financial exposure scenarios that the associated counties would be responsible for if these three customers did not use the facility. These scenarios indicate the maximum exposure by ownership (worse case) for a five-year guarantee of supporting (guaranteeing) debt service to USDA. One scenario would place Sargent County at \$113,560 over a five year period and the preferred option is a liability of \$72,104 or \$14,421 per year over the same five year period. One mill in Sargent County currently generates \$15,916.

After lengthy discussion and based on the USDA recent regulation changes a motion by Commissioner Waswick to send a letter to SVCC with obligation from Sargent County not to exceed \$14,421 per year as liability to USDA for maximum exposure of five years and following conditions: 1) contingent on the other counties doing the same; 2) the ability to levy in installments and not a lump sum payment and 3) upon commission final approval of commitment letter through the Joint Powers Agreement. Commissioner Wyum seconded the motion. Roll Call vote: Aye: Anderson, Waswick, Walstead, Orn, Wyum. Nay: none. Motion carried. A letter will be drafted by Jerry Waswick, Lyle Bopp and Travis Paeper to send the SVCC Board members by the January 31, 2007 deadline. Authorize Chairman to sign the letter. (Orn/Walstead, unanimous)

Meeting adjourned at 10:20 a.m.

BILL ANDERSON – CHAIRMAN

ATTEST:

SHERRY HOSFORD - AUDITOR