

ORDINANCE NO. 2017-06

AN ORDINANCE RELATING TO THE ANNEXATION OF REAL PROPERTY PRESENTLY
LOCATED OUTSIDE THE CORPORATE BOUNDARIES OF THE CITY OF TIOGA

**BE IT ORDAINED BY THE BOARD OF THE CITY COMMISSIONERS OF THE CITY OF TIOGA,
NORTH DAKOTA:**

The City Commission of the City of Tioga, North Dakota, pursuant to Chapter 40-51.2 of
the North Dakota Century Code, states that:

1. All of the owners of the following-described real property have signed a written petition for annexation into the corporate boundaries of the City of Tioga, North Dakota or, have withdrawn, in writing, any protest previously lodged with respect to the same; and
2. All of the below-described real property is lands that are contiguous or adjacent real property which is within the corporate limits of the City of Tioga;
3. The real property is fully described as follows, to-wit:

TOWNSHIP 157 NORTH, RANGE 95 WEST:

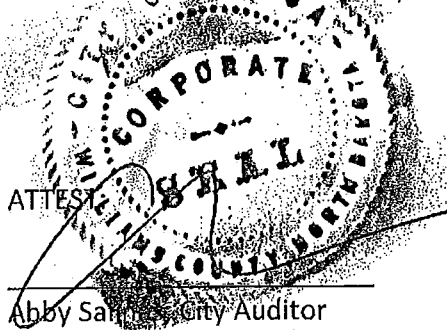
Section 26: A Parcel of Land being The Northwest Quarter of Section 26, Township 157 North, Range 95 West of the Fifth Principal Meridian, Williams County, North Dakota; Excepting therefrom any portions west of the North Dakota State Highway 40 Right-of Way

Together with: A Parcel of Land being the North Half of the Southwest Quarter of said Section 26.

This ordinance shall take effect and be in force from and after final passage, and due publication according to law.

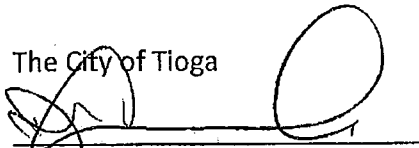
Dated this 6 day of November 2017

ATTEST



Abby Sain City Auditor

The City of Tioga



Drake McClelland,
President City Commission

First Reading: 10-16-17

Publication Dates: 10-25-17
11-15-17

Second Reading: 11-6-17

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TOWNSHIP 157 NORTH, RANGE 95 WEST:

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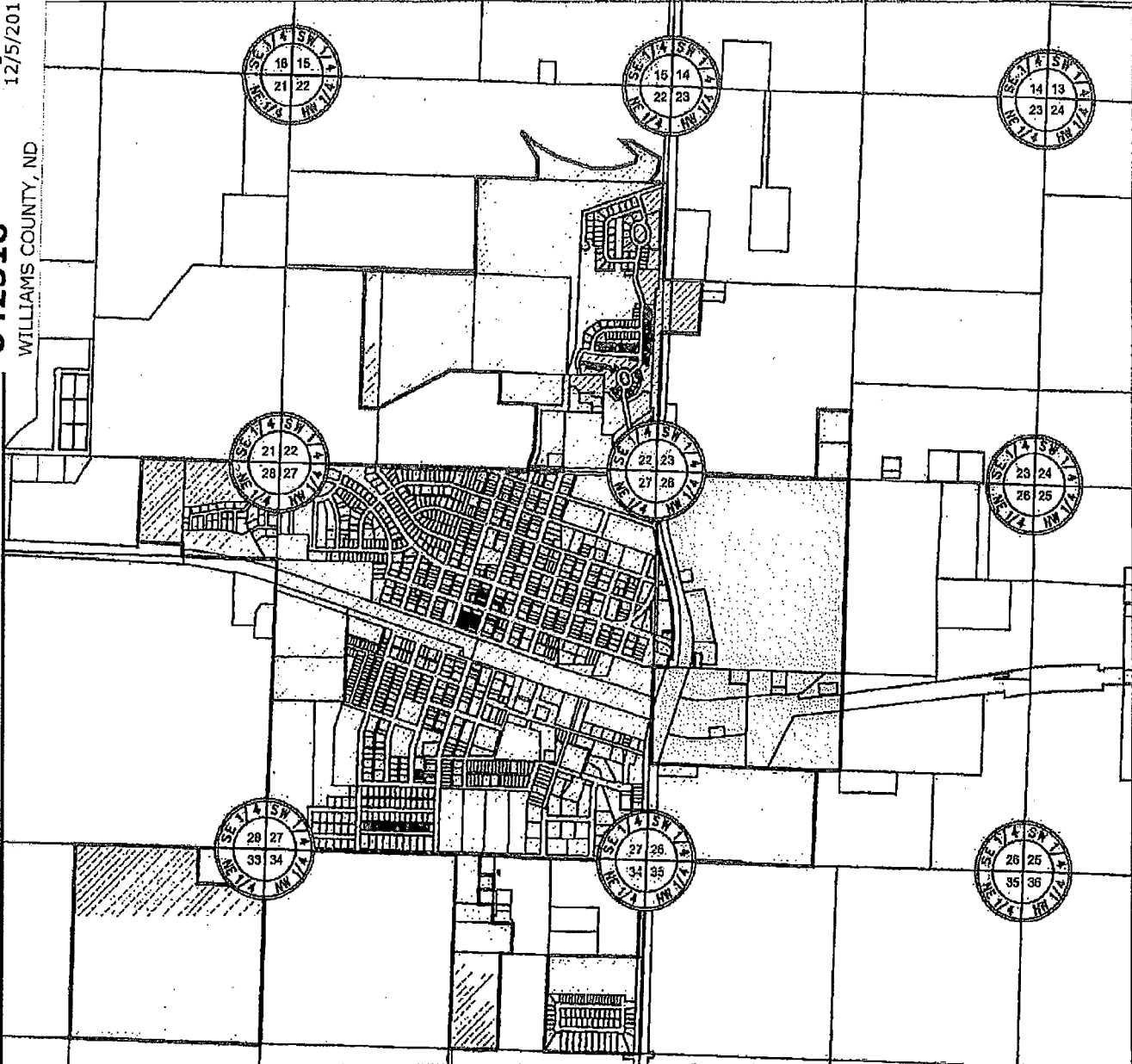
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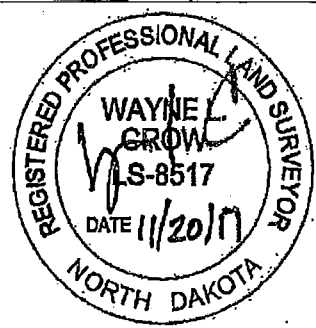
WILLIAMS COUNTY, ND

CITY OF TIOGA, ND PORTION OF SECTION 26 Township 157 North, Range 95 West



LEGEND

-  Existing City Limits
-  Proposed Area to be Annexed (233.7± Acres)



PROJECT NO.
R00029
DRAWING NAME
Tioga Annexation
1 OF 1

DRAWN BY: AA
DESIGNED BY: AA
CHECKED BY: WC
DATE: 11/20/2017



THIS DOCUMENT IS THE PROPERTY OF ACKERMAN ESTVOLD. IT IS TO BE USED ONLY FOR THE PROJECT AND DATE SPECIFIED HEREON. IT IS NOT TO BE REPRODUCED, COPIED, OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM, WITHOUT THE WRITTEN PERMISSION OF ACKERMAN ESTVOLD.

ANNEXATION AGREEMENT

This Annexation Agreement ("Agreement"), is dated effective upon annexation of the Annexed Properties, as hereinafter defined ("Effective Date"), between Hess Corporation, Hess Tioga Gas Plant LLC, Hess Bakken Investments II, LLC, Hess North Dakota Pipelines LLC, Hess North Dakota Export Logistics LLC (collectively "Hess Entities") and The City of Tioga, North Dakota, acting by and through its City Commission ("City").

RECITALS

1. Annexation Properties. In July 2015, pursuant to North Dakota Century Code Section 40-51.2-02-07, the City made petition of annexation for the following properties in Williams County, North Dakota:

Tract 1:

Township 157 North, Range 95 West

Section 26: A Parcel of Land being the Northwest Quarter of Section 26, Township 157 North, Range 95 West, of the Fifth Principal Meridian, Williams County, North Dakota; excepting therefrom any portion west of the North Dakota State Highway 40 Right-of-Way.

Together with: A Parcel of Land being the North half of the Southwest Quarter of said Section 26.

Tract 2:

Township 157 North, Range 95 West

Section 28: A Parcel of Land being all of Section 28 lying Southerly of the railroad Right of Way. Together with: A parcel of land being the Northwest Quarter of Section 28 lying Northerly of the Railroad right of way.

("the Annexed Properties")

2. Hess Entities ownership interests. Hess Corporation, Hess Tioga Gas Plant, LLC, Hess Bakken Investments II, LLC, and Hess North Dakota Pipelines LLC all own real property interests located in Tract 1. The Hess office complex building, warehouse, and central yard are all located in Tract 1. Hess North Dakota Export Logistics LLC owns real property interests in Tract 2, and also owns and operates the Tioga Rail Terminal located thereon.
3. Public hearing and Protest. On August 25, 2015, a public hearing on the proposed annexations was held by the Tioga City Commission. Pursuant to Section 40-51.2-07(2) N.D.C.C., Hess Corporation, Hess Tioga Gas Plant, LLC, Hess Bakken Investments II, LLC, and Hess North Dakota Pipelines LLC filed a protest in opposition to annexation of Tract 1, and Hess North Dakota Export Logistics LLC filed a protest in opposition to annexation of Tract 2.



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4. Mediation. Following the August 25, 2015, public hearing, the City and Hess Entities agreed to enter into mediation pursuant to the provisions of N.D.C.C. Chapter 40-51.2. The Hess Entities and City desire to formalize the agreed upon terms resulting from the mediation process.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein the Hess Entities and City hereby agree as follows:

AGREEMENT

Part I - Annexation

1. Withdrawal of Protests. Hess Corporation, Hess Tioga Gas Plant LLC, Hess Bakken Investments II, LLC, and Hess North Dakota Pipelines LLC agreed to withdraw their protest of annexation by the City of Tract 1, and Hess North Dakota Export Logistics LLC agreed to withdraw its protest of annexation by the City of Tract 2 in that certain letter to the City on March 15, 2017.
2. City Services: Upon the effective date of annexation, the City agrees to provide such services to the Annexed Properties as is customary and required by applicable laws of municipalities.
3. Special Assessments. The City hereby agrees that the future special assessments, if any, relating to the Hess Entities interest in the Annexed Properties shall be deferred for a period of three years from the effective date of this Agreement, at which time the special assessment deferral shall expire, unless extended by mutual agreement of the parties.
4. Payment of In Lieu Property Taxes pursuant to NDCC Chapter 40-57.1 Section 40-57.1-03 of the North Dakota Century Code authorizes municipalities to grant partial or complete exemption to ad valorem (property) taxation, or the option to make payments in lieu of ad valorem taxes, to project operators for qualifying projects relating to the construction or improvement of buildings, structures, fixtures, and improvements used in or necessary to the operation of a project for a period not exceeding three years from the date of commencement of project operations. The City hereby agrees that should Hess Entities propose a qualifying project located on the Annexed Properties at any time after the Effective Date, the City shall pledge support for property tax relief or payment in lieu of taxes as provided for in Section 40-57.1-03.
5. Annexation of Other Properties. The City hereby agrees it will not seek annexation of other Hess Entities properties ("Other Properties"), including but not limited to the Tioga Gas Plant, at any time prior to July 1, 2020. The City acknowledges that the Hess Entities do not implicitly or expressly agree or consent to further annexation of



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Other Properties and that the Hess Entities hereby reserve the right to protest annexation proceedings if ever proposed by the City.

Part II – Water and Sewer Agreement

1. Annexed Properties:

A. City Water and Sewer Services. The City shall continue to provide water supply and sewer services to the Hess Entities' facilities located on the Annexed Properties.

B. Water and Sewer Rates. All water supply and sewer services provided by the City to the Hess Entities facilities located within the Annexed Properties shall be at the established city rates that may be in effect from time to time, less a 10% discount.

2. Tioga Gas Plant.

A. City Water and Sewer Services. The parties acknowledge that Hess currently purchases water from R&T Water Supply Association ("R&T") for industrial water supply at the Tioga Gas Plant which is delivered by R&T to the City water works system and then carried through the City water system connecting to the Tioga Gas Plant. Upon the Effective Date of this Agreement, the City shall thereafter directly provide adequate industrial water supply necessary for the operation of the Hess Tioga Gas Plant (located immediately outside the City boundaries in the Northeast Quarter of Section 16, Township 157, North, Range 95 West).

B. Water and Sewer Rates. All water supply and sewer services provided by the City to the Tioga Gas Plant shall be invoiced directly by the City to Hess at the established city rates that may be in effect from time to time, less a 10% discount.

3. Term of Water and Sewer Agreement: Part II-1 of this Agreement shall remain in full force and effect until amended by mutual agreement of the parties hereto. Part II-2 of this Agreement shall remain in full force and effect until amended by mutual agreement of the parties hereto, or for so long as Hess uses industrial water supply from the City to the Tioga Gas Plant.



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SIGNATURES OF PARTIES:

Hess Tioga Gas Plant LLC

By

John Gatling, Vice President

Hess North Dakota Pipelines LLC

By

John Gatling, Vice President

Hess North Dakota Export Logistics LLC

By

John Gatling, Vice President

Hess Bakken Investments II, LLC

By

Barry Biggs, President

Hess Corporation

By

Barry Biggs, Vice President
Global Production – Onshore

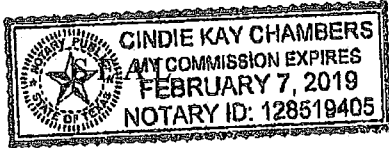
City of Tioga

By

John Grubb, Vice President of
The City of Tioga Commission

STATE OF Texas)
)SS.
COUNTY OF Harris)

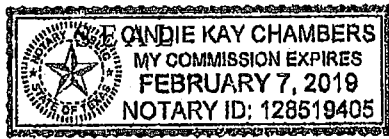
This document was acknowledged before me this 28 day of Sept., 2017,
by John Gatling, Vice President of Hess Tioga Gas Plant LLC.



[Signature]
Notary Public
Harris County, Texas
My Commission Expires: 2-7-19

STATE OF Texas)
)SS.
COUNTY OF Harris)

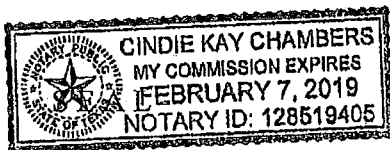
This document was acknowledged before me this 28 day of Sept., 2017,
by John Gatling, Vice President of Hess North Dakota Pipelines LLC.



[Signature]
Notary Public
Harris County, Texas
My Commission Expires: 2-7-19

STATE OF Texas)
)SS.
COUNTY OF Harris)

This document was acknowledged before me this 28 day of Sept., 2017,
by John Gatling, Vice President of Hess North Dakota Export Logistics LLC.



[Signature]
Notary Public
Harris County, Texas
My Commission Expires: 2-7-19



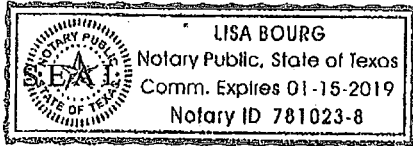
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STATE OF Texas)
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COUNTY OF Harris)

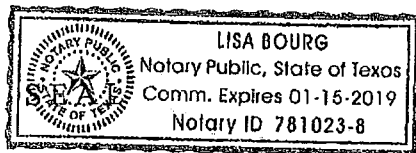
This document was acknowledged before me this 28 day of September, 2017,
by Barry Biggs, President of Hess Bakken Investments II, LLC.



Lisa Bourg
Notary Public
Harris County, Texas
My Commission Expires: 01-15-2019

STATE OF Texas)
)SS.
COUNTY OF Harris)

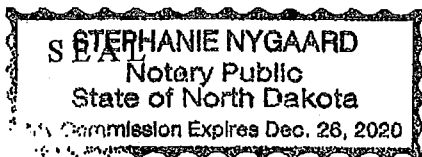
This document was acknowledged before me this 28 day of September, 2017,
by Barry Biggs, Vice President, Global Production – Onshore of Hess Corporation.



Lisa Bourg
Notary Public
Harris County, Texas
My Commission Expires: 01-15-2019

STATE OF NORTH DAKOTA)
)SS.
COUNTY OF Williams)

This document was acknowledged before me this 16th day of October, 2017,
by John Grubb, Vice President of The City of Tioga Commission.



Stephanie Nygaard
Notary Public
Williams County, North Dakota
My Commission Expires: Dec 28, 2020



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COUNTY RECORDER, WILLIAMS COUNTY, ND

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I certify that this Instrument was filed and recorded

Karl Evenson, County Recorder

by

Jan Olson Deputy

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