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WOODBURY COUNTY BOARD OF SUPERVISORS AGENDA ITEM(S) F

Date: _January 7, 2016_____

Weekly Agenda Date: _January 12, 2016_____

ELECTED OFFICIAL / DEPARTMENT HEAD / CITIZEN: _Dennis D. Butler, Finance/Operations Controller, Jeremy Taylor, Chairman of the Woodbury County Supervisors_____

SUBJECT: _Discussion of the Amendment to Development Agreement between Woodbury County and CF Industries Nitrogen, LLC Related to State of Iowa High Quality Jobs Program_____

ACTION REQUIRED:

Approve Ordinance ☐	Approve Resolution ☐	Approve Motion ☐
Give Direction ☐	Other: Informational ☒	Attachments ☐

WORDING FOR AGENDA ITEM: Discussion of the Amendment to Development Agreement between Woodbury County and CF Industries Nitrogen, LLC Related to State of Iowa High Quality Jobs Program.

EXECUTIVE SUMMARY: On September 13, 2013 Woodbury County and CF Industries Nitrogen, LLC entered into a Development Agreement where each entity agreed to several items. One of the items agreed to was a 20 year abatement schedule which gradually increased the taxable valuation over the 20 year period. For January 1, 2016 there was a 100 percent abatement exemption. On January 1, 2015 the County Assessor placed a partial completion assessment on the new CF Plant in the amount of 36,007,950. For this reason the two entities are requesting the Board of Supervisors and CF Industries Nitrogen, LLC to approve an amendment to the original Development Agreement by amending the Abatement Schedule to reflect a new schedule that would make the January 1, 2015 assessment 100 percent abated. The term of the abatement schedule would still remain 20 years with the total 100 percent assessed value in year 2035 instead of 2036. Also to keep in the spirit of the agreement the abatement schedule is being increased by an additional .75 percent for years 2017 through 2034. This increase will produce the tax savings that would have been for 2035 in the original Development Agreement. For 2035 the tax savings amount would have amounted to $2,434,014. As shown in the new abatement schedule the revised abatement would equal the savings that would have occurred in the original agreement less $380,315 in additional tax savings to CF that would be the near equivalent of what CF is realizing by having the additional exemption spread from 2017-2034 earlier than in one lump sum total of 2035. This was actually pointed out by CF in a good-faith effort, and is appreciated. CF is agreeable with the Amended Development Agreement.

BACKGROUND:

FINANCIAL IMPACT: None

RECOMMENDATION: Approve the Amended Development Agreement on the following Tuesday, January 19, 2016.

ACTION REQUIRED / PROPOSED MOTION:

Approved by Board of Supervisors March 3, 2015.

Assessment Year	Effective Payment Year	Exemption Percentage	Full FMV	Abatement	Abated Assessed Value	Tax Rate	Tax Due	Tax Without Abatement	Tax Savings	Discounted Savings	Additional Exemption	Additional Abated Assessed Value	Additional Tax Savings	Tax Savings with Additional	Discounted Value of Savings with Additional	Discount Factor
2015	2016	100%	36,007,950	$ 36,007,950	$ -	25.56737	$ -	$ 920,629	$ 920,629	$920,628.58	0.00%	$ -	$ -	$ 920,628.58	$920,628.58	100%
2016	2017	100%	$ 595,000,000	$ 595,000,000	$ -	25.56737	$ -	$ 15,212,585	$ 15,212,585	$15,212,585.15	0.00%	$ -	$ -	$ 15,212,585.15	$15,212,585.15	100%
2017	2018	96%	$ 595,000,000	$ 571,200,000	$ 23,800,000	25.56737	$ 608,503	$ 15,212,585	$ 14,604,082	$14,341,629.92	0.75%	$ 4,462,500	$ 114,094	$ 14,718,176.13	$14,453,673.90	98%
2018	2019	91%	$ 595,000,000	$ 541,450,000	$ 53,550,000	25.56737	$ 1,369,133	$ 15,212,585	$ 13,843,452	$13,350,358.47	0.75%	$ 4,462,500	$ 114,094	$ 13,957,546.88	$13,460,388.89	96%
2019	2020	87%	$ 595,000,000	$ 517,650,000	$ 77,350,000	25.56737	$ 1,977,636	$ 15,212,585	$ 13,234,949	$12,534,154.49	0.75%	$ 4,462,500	$ 114,094	$ 13,349,043.47	$12,642,207.55	95%
2020	2021	82%	$ 595,000,000	$ 487,900,000	$ 107,100,000	25.56737	$ 2,738,265	$ 15,212,585	$ 12,474,320	$11,601,493.46	0.75%	$ 4,462,500	$ 114,094	$ 12,588,414.21	$11,707,604.68	93%
2021	2022	78%	$ 595,000,000	$ 464,100,000	$ 130,900,000	25.56737	$ 3,346,769	$ 15,212,585	$ 11,865,816	$10,837,245.36	0.75%	$ 4,462,500	$ 114,094	$ 11,979,910.81	$10,941,449.64	91%
2022	2023	74%	$ 595,000,000	$ 440,300,000	$ 154,700,000	25.56737	$ 3,955,272	$ 15,212,585	$ 11,257,313	$10,096,719.22	0.75%	$ 4,462,500	$ 114,094	$ 11,371,407.40	$10,199,050.84	90%
2023	2024	69%	$ 595,000,000	$ 410,550,000	$ 184,450,000	25.56737	$ 4,715,901	$ 15,212,585	$ 10,496,684	$9,245,319.13	0.75%	$ 4,462,500	$ 114,094	$ 10,610,778.14	$9,345,811.72	88%
2024	2025	65%	$ 595,000,000	$ 386,750,000	$ 208,250,000	25.56737	$ 5,324,405	$ 15,212,585	$ 9,888,180	$8,552,841.59	0.75%	$ 4,462,500	$ 114,094	$ 10,002,274.74	$8,651,528.23	86%
2025	2026	60%	$ 595,000,000	$ 357,000,000	$ 238,000,000	25.56737	$ 6,085,034	$ 15,212,585	$ 9,127,551	$7,753,049.89	0.75%	$ 4,462,500	$ 114,094	$ 9,241,645.48	$7,849,963.01	85%
2026	2027	56%	$ 595,000,000	$ 333,200,000	$ 261,800,000	25.56737	$ 6,693,537	$ 15,212,585	$ 8,519,048	$7,106,137.58	0.75%	$ 4,462,500	$ 114,094	$ 8,633,142.07	$7,201,309.07	83%
2027	2028	52%	$ 595,000,000	$ 309,400,000	$ 285,600,000	25.56737	$ 7,302,041	$ 15,212,585	$ 7,910,544	$6,479,972.82	0.75%	$ 4,462,500	$ 114,094	$ 8,024,638.67	$6,573,433.97	82%
2028	2029	47%	$ 595,000,000	$ 279,650,000	$ 315,350,000	25.56737	$ 8,062,670	$ 15,212,585	$ 7,149,915	$5,751,643.44	0.75%	$ 4,462,500	$ 114,094	$ 7,264,009.41	$5,843,424.98	80%
2029	2030	43%	$ 595,000,000	$ 255,850,000	$ 339,150,000	25.56737	$ 8,671,174	$ 15,212,585	$ 6,541,412	$5,167,575.24	0.75%	$ 4,462,500	$ 114,094	$ 6,655,506.00	$5,257,707.37	79%
2030	2031	38%	$ 595,000,000	$ 226,100,000	$ 368,900,000	25.56737	$ 9,431,803	$ 15,212,585	$ 5,780,782	$4,484,625.75	0.75%	$ 4,462,500	$ 114,094	$ 5,894,876.75	$4,573,138.10	78%
2031	2032	34%	$ 595,000,000	$ 202,300,000	$ 392,700,000	25.56737	$ 10,040,306	$ 15,212,585	$ 5,172,279	$3,940,449.65	0.75%	$ 4,462,500	$ 114,094	$ 5,286,373.34	$4,027,371.33	76%
2032	2033	30%	$ 595,000,000	$ 178,500,000	$ 416,500,000	25.56737	$ 10,648,810	$ 15,212,585	$ 4,563,776	$3,414,384.11	0.75%	$ 4,462,500	$ 114,094	$ 4,677,869.93	$3,499,743.71	75%
2033	2034	25%	$ 595,000,000	$ 148,750,000	$ 446,250,000	25.56737	$ 11,409,439	$ 15,212,585	$ 3,803,146	$2,794,186.48	0.75%	$ 4,462,500	$ 114,094	$ 3,917,240.68	$2,878,012.07	73%
2034	2035	21%	$ 595,000,000	$ 124,950,000	$ 470,050,000	25.56737	$ 12,017,942	$ 15,212,585	$ 3,194,643	$2,304,936.31	0.75%	$ 4,462,500	$ 114,094	$ 3,308,737.27	$2,387,255.46	72%
2035	2036	16%	$ 595,000,000	$ 95,200,000	$ 499,800,000	25.56737	$ 12,778,572	$ 15,212,585	$ 2,434,014	$1,724,582.10			$ (2,434,014)	$ -	$0.00	71%
							$ 127,177,212	$ 305,172,332	$ 177,995,120	$157,614,518.72			**$ (380,315)**	$ 177,614,805.10	$157,626,288.25	
														Difference:	$11,769.53	

Original 2035 Savings amount	**$ 2,434,014**
Add'l Abatement %	0.750%

Discount Rate 1.83%

Note: Over the period from 2017 to 2034 CF Industries Nitrogen, LLC will save $2,053,699 as a result of the amended abatement schedule. This is $380,315 less than the original $2,434,014 anticipated in 2035.

Additional Exemption vs Discount Rate Table

Disc Rate	Addl Exemption % (16 years)
10%	0.319%
5%	0.542%
3%	0.663%
1.83%	0.745%