

Special mtg  
11/20/15

RESOLUTION NO. 12301

Approving 2015 Amendment to Development Agreement between Woodbury County and Ag Processing Inc a cooperative Related to State of Iowa High Quality Jobs Program

WHEREAS, Woodbury County (the "County") and Ag Processing Inc a cooperative (the "Company") have entered into a development agreement dated as of the 19<sup>th</sup> day of December, 2014 (the "Development Agreement"), pursuant to which the Company has agreed to construct a facility (the "Project") and the County has agreed to provide certain incentives; and

WHEREAS, in the Development Agreement, the Company proposed to invest \$90,000,000 on capital improvements; and

WHEREAS, the Company now anticipates that its capital improvement investment will be \$128,000,000; and

WHEREAS, in the Development Agreement, the Company proposed to establish and maintain 20 full-time employees; and

WHEREAS, the Company now anticipates it will establish and maintain 23 full-time employees; and

WHEREAS, in the Development Agreement, the County agreed to provide an exemption from property taxation for \$14,500,000 of new taxable valuation that would result from the construction of the Project; and

WHEREAS, it has been proposed that an amendment to the Development Agreement be approved, in the form attached to this resolution as Exhibit A (the "2015 Amendment"), which would modify the anticipated value of the Company's investment in capital improvements from \$90,000,000 to \$128,000,000, would increase the Company's proposal to establish and maintain full-time jobs from 20 to 23 and would modify the Property Valuation Exemption Schedule shown as Exhibit B to the Development Agreement to add exemption from property taxation for valuation in the amount of \$19,500,000;

NOW, THEREFORE, IT IS RESOLVED by the Board of Supervisors of Woodbury County, Iowa, as follows:

Section 1. The 2015 Amendment to Development Agreement attached hereto as Exhibit A is hereby approved.

Section 2. All resolutions or parts of resolutions in conflict herewith are hereby repealed.

Passed and approved 11-20-, 2015.

  
Chairperson

Attest:

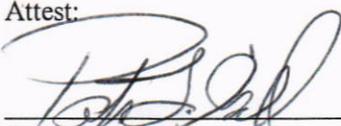
  
County Auditor

EXHIBIT A

2015 AMENDMENT TO DEVELOPMENT AGREEMENT

This 2015 Amendment to Development Agreement is entered into between Woodbury County, Iowa (the "County") and Ag Processing Inc a cooperative (the "Company") as of the 20th day of November, 2015.

WHEREAS, the County and the Company have entered into a development agreement dated as of the 19<sup>th</sup> day of December, 2014 (the "Development Agreement"), pursuant to which the Company has agreed to construct a facility (the "Project") and the County has agreed to provide certain incentives; and

WHEREAS, in the Development Agreement, the Company proposed to invest \$90,000,000 on capital improvements; and

WHEREAS, the Company now anticipates that its capital improvement investment will be \$128,000,000; and

WHEREAS, in the Development Agreement, the Company proposed to establish and maintain 20 full-time employees; and

WHEREAS, the Company now anticipates it will establish and maintain 23 full-time employees; and;

WHEREAS, in the Development Agreement, the County agreed to provide an exemption from property taxation for \$14,500,000 of new taxable valuation that would result from the construction of the Project; and

WHEREAS, it has been proposed that an amendment to the Development Agreement be approved, which would modify the anticipated value of the Company's investment in capital improvements from \$90,000,000 to \$128,000,000, would increase the Company's proposal to establish and maintain full-time jobs from 20 to 23 and would modify the Property Valuation Exemption Schedule shown as Exhibit B to the Development Agreement to increase the amount of new taxable valuation that would be eligible for exemption from property taxation to \$19,500,000;

NOW, THEREFORE, the parties hereto agree as follows:

The Development Agreement between the County and the Company, dated as of the 19<sup>th</sup> day of December, 2014, is hereby amended as follows:

**Section 1.** The first sentence of Paragraph 1, under "A. Company's Covenants," is hereby amended to read as follows:

**"1. Project Construction.** The Company proposes to invest One Hundred Twenty-Eight Million Dollars (\$128,000,000) into capital improvements, including construction work and equipment acquisition in connection with the undertaking of the Project.

**Section 2.** The first sentence of Paragraph 2 under “A. Company’s Covenants,” is hereby amended to read as follows:

“**2. Compliance with State Agreement Employment Levels.** The Company proposes to establish and maintain an employment level of 23 full-time employees (the “Minimum Jobs Requirement”) in connection with the Project in accordance with the terms and conditions set forth in the State Agreement.”

**Section 3.** Paragraph 3, under “A. Company’s Covenants,” is hereby amended to read as follows:

“**3. Remedy.** The Company hereby acknowledges that failure to comply with the requirements of this Section A will result in the County having the right to withhold approval of or rescind approval of a percentage of the Property Valuation Exemptions under Section B of this Agreement at its reasonable discretion. The percentage of the Property Valuation Exemptions to be withheld or rescinded by the County pursuant to this paragraph shall not exceed the greater of the following two percentages:

- the percentage shortfall between the amount actually invested by the Company in improvements and eighty-five percent (85%) of the \$128,000,000 minimum investment pledged by the Company in this Agreement; or
- the percentage shortfall between the number of jobs actually created by the Company and eighty-five percent (85%) of the 23 new jobs pledged by the Company in this Agreement.

The County will notify the Company whenever the County becomes aware that the Company has failed to comply with the requirements of this Section A. The County will provide the Company with 90 business days from receipt of written notice to cure any deficiency that has resulted in the failure to comply with the requirements of this Section A.”

**Section 4.** Paragraph 5 under “A. Company’s Covenants” is hereby amended to read as follows:

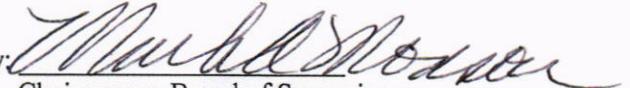
“**5. Minimum Valuation.** The Company agrees that the minimum actual valuation for the Property during the life of this Agreement will be not less than \$19,500,000, effective January 1, 2018; provided, however, the parties agree to extend this date in the event the Project is delayed due to causes beyond the Company’s reasonable control, including but not limited to war, fire, flood, tornado earthquake, lightning, explosion, and acts of state or governmental action prohibiting or impeding any party from performing its respective obligations under the contract or delays by local, state or federal agencies in the approval or issuance of required permits. The Company hereby acknowledges that failure to meet the Minimum Valuation Requirement will give the County cause and right to rescind or amend the Property Valuation Exemptions as hereinafter set forth in Section B. This Agreement does not prohibit the County Assessor from assigning a higher actual value to the Property, nor does it prohibit the Company from seeking administrative or legal remedies to reduce the actual value assigned by the County Assessor, except that the Company shall not seek to have the actual value reduced below \$19,500,000 during the life of this Agreement.”

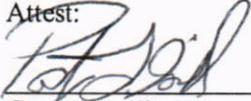
**Section 5.** Exhibit B to the Development Agreement entitled “Property Valuation Exemption Schedule” is hereby deleted from the Development Agreement and the page attached to this 2015 Amendment entitled Exhibit B is hereby substituted in place of the original Exhibit B.

**Section 6.** This 2015 Amendment to Development Agreement shall be effective retroactively to the date of the Development Agreement, December 19, 2014.

The County and the Company have caused this Agreement to be signed, in their names and on their behalf by their duly authorized officers, all as of the day and date written above.

WOODBURY COUNTY, IOWA

By:   
Chairperson, Board of Supervisors

Attest:  
  
County Auditor

AG PROCESSING INC A COOPERATIVE

By:   
COO AQP

  
LEGAL REVIEW

## Exhibit B

### HQJ PROPERTY EXEMPTION

#### 7 YEARS - FINAL

Assumes 100% abatement during construction

#### ASSESSED

YEAR	Abatement %	VALUATIONS	TOTAL EXEMPT	ROLLBACK	NET ASSESSED	TAX RATE/M	TAXES ABATED	TAX DUE
			ASSESSED		VALUES	for Assessment Year		
Base		\$ 19,500,000		90%	\$ 17,550,000.00	\$ 23.59078		\$ 414,018.19
2018	100.0%	\$ 19,500,000	\$ 19,500,000	90%	\$ 17,550,000	\$ 23.59078	\$ 414,018	\$ (0)
2019	100.0%	\$ 19,500,000	\$ 19,500,000	90%	\$ 17,550,000	\$ 23.59078	\$ 414,018	\$ (0)
2020	100.0%	\$ 19,500,000	\$ 19,500,000	90%	\$ 17,550,000	\$ 23.59078	\$ 414,018	\$ (0)
2021	100.0%	\$ 19,500,000	\$ 19,500,000	90%	\$ 17,550,000	\$ 23.59078	\$ 414,018	\$ (0)
2022	100.0%	\$ 19,500,000	\$ 19,500,000	90%	\$ 17,550,000	\$ 23.59078	\$ 414,018	\$ (0)
2023	100.0%	\$ 19,500,000	\$ 19,500,000	90%	\$ 17,550,000	\$ 23.59078	\$ 414,018	\$ (0)
2024	50.0%	\$ 19,500,000	\$ 9,750,000	90%	\$ 17,550,000	\$ 23.59078	\$ 414,018	\$ 207,009
Total Abatement Value							\$ 2,691,118	
							Taxes Paid	\$ 207,008

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