

9-2118
12/19/14

DEVELOPMENT AGREEMENT

This Agreement is entered into between Woodbury County, Iowa (the "County") and Ag Processing Inc a cooperative (the "Company") as of the 19th day of December, 2014.

WHEREAS, the Company has proposed to construct a facility (the "Project") on certain property located in the County and described on Exhibit A (the "Property") for use in the expansion of its business operations; and

WHEREAS, the Company anticipates that business demands in connection with the completed Project will require the creation of a certain number of new full-time equivalent jobs; and

WHEREAS, the Company anticipates entering into an agreement with the Iowa Economic Development Authority under the State of Iowa's High Quality Jobs Program (the "State Agreement") concerning the ongoing operations and employment levels in relation to the Project; and

WHEREAS, Section 15.332 of the Code of Iowa authorizes counties to provide an exemption from property taxation for the actual value added by improvements to real property made by a company that has entered into an agreement with the State of Iowa under the High Quality Jobs Program;

NOW THEREFORE, the parties hereto agree as follows:

A. Company's Covenants

1. **Project Construction.** The Company proposes to invest Ninety Million Dollars (\$90,000,000) into capital improvements, including construction work and equipment acquisition in connection with the undertaking of the Project. The amount of investment committed by the Company in this Section A.1 shall serve solely for purposes of determining the Company's eligibility for the Property Valuation Exemptions set forth in Section B, and shall not serve in any way to limit the amount eligible for such exemptions. If the Company satisfies its requirements under the State Agreement and this Agreement, the full amount of actual valuation added by improvements to the Property, as determined by the Woodbury County Assessor, shall be eligible for the Property Valuation Exemptions.

2. **Compliance with State Agreement Employment Levels.** The Company proposes to establish and maintain an employment level of 20 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. This Minimum Jobs Requirement satisfies the job creation requirements of the Iowa High Quality Jobs Program in order for the Company to qualify for the Property Valuation Exemptions set forth in Section B. Upon execution and delivery by the parties, the terms and conditions of the State Agreement shall be incorporated herein by this reference. The Company agrees to submit documentation of the completed Annual Project Status Report to the satisfaction of the County by no later than July 31 of each year during the life of this Agreement, demonstrating its compliance with the State Agreement and the Minimum Jobs Requirement, such submission to include the total number of full-time equivalent employees, as

defined by Section 261-173.2 of the Iowa Administrative Code, then employed in connection with the Company's operations on the Property, as of June 30 of each year that this Agreement is in effect. The Company hereby acknowledges that failure to meet the Minimum Jobs Requirement will give the County cause and right to rescind or amend the Property Valuation Exemptions as hereinafter set forth in Section B on a pro-rata basis in relation to the number of actual jobs created.

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 \$90,000,000 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 20 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 requirements of this Section A.

4. **Property Tax Payments** The Company agrees to make timely payment of all property taxes as they come due with respect to the Property during the term of this Agreement.

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 \$14,500,000, effective January 1, 2018; provided, however, the parties agree to extend this date in the event the Project is delayed due to causes beyond 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 \$14,500,000 during the life of this Agreement.

6. **Permits to be Acquired** The Company agrees to acquire and pay the cost of all local, state and federal government permits that may be required for the construction and maintenance of the Project.

B. County's Obligations

1. **Property Valuation Exemptions** Upon receipt by the County of proper certification from the State of Iowa that the State Agreement is in effect, and that the County is entitled to take action to grant the Company an exemption from property taxation for the actual value added by improvements made by the Company to the Property in accordance with the High Quality Jobs Program of the State of Iowa, the County agrees to adopt a resolution approving such exemption from property taxation equal to a percentage of the value added by Company improvements, as shown on the schedule attached hereto as Exhibit B (the "Property Valuation Exemptions"), and to continue such exemptions subject to the Company's continued compliance with the State Agreement and this Agreement. All improvements completed by the Company shall be eligible for exemption from property taxation, and the exemption period for each of the improvements completed by the Company shall begin on the date such improvements are first assessed for taxation; provided, however, that, regardless of the date on which a particular Property Valuation Exemption begins, all Property Valuation Exemptions shall terminate on the date that the initial exemption has been in effect for nine years.

C. Administrative Provisions

1. **Amendment and Assignment.** This Agreement may not be amended or assigned by either party without the written consent of the other party.
2. **Successors.** This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.
3. **Term.** This Agreement shall become effective on the dated date hereof and shall end on the date on which the Company's eligibility for the Property Valuation Exemptions expires.
4. **Choice of Law.** This Agreement shall be deemed to be a contract made under the laws of the State of Iowa and for all purposes shall be governed by and construed in accordance with laws of the State of Iowa.

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: George W. Dyer
Chairperson, Board of Supervisors

Attest:

Pat J. [Signature]
County Auditor

AG PROCESSING INC A COOPERATIVE

BY: [Signature]

EXHIBIT A

Legal Description of the Property

Woodbury County Property Tax Identification Parcel Number: 874731300001

EXHIBIT B

Property Valuation Exemption Schedule

WOODBURY COUNTY PROPERTY TAX ABATEMENT SCHEDULE (CALENDAR TAX YEAR)								
Provides 100% abatement during construction (2016, 2017)								
YEAR	Abatement %	ASSESSED VALUATIONS	TOTAL EXEMPT ASSESSED	ROLLBACK	NET ASSESSED VALUES	TAX RATE/M for Assmt Yr	TAXES ABATED	TAX DUE
		\$ 14,500,000		90%	\$13,050,000.00	\$ 25.49574		\$ 332,719.41
2018	100.0%	\$ 14,500,000	\$ 14,500,000	90%	\$ 13,050,000.00	\$ 25.49574	\$ 332,719	\$ 0
2019	100.0%	\$ 14,500,000	\$ 14,500,000	90%	\$ 13,050,000.00	\$ 25.49574	\$ 332,719	\$ 0
2020	100.0%	\$ 14,500,000	\$ 14,500,000	90%	\$ 13,050,000.00	\$ 25.49574	\$ 332,719	\$ 0
2021	100.0%	\$ 14,500,000	\$ 14,500,000	90%	\$ 13,050,000.00	\$ 25.49574	\$ 332,719	\$ 0
2022	100.0%	\$ 14,500,000	\$ 14,500,000	90%	\$ 13,050,000.00	\$ 25.49574	\$ 332,719	\$ 0
2023	100.0%	\$ 14,500,000	\$ 14,500,000	90%	\$ 13,050,000.00	\$ 25.49574	\$ 332,719	\$ 0
2024	50.0%	\$ 14,500,000	\$ 7,250,000	90%	\$ 6,525,000.00	\$ 25.49574	\$ 166,360	\$ 166,360
Total Abatement Value,							\$ 2,162,676	\$ 166,360