

RESOLUTION NO. 2016-040

Resolution expressing intent to provide economic development support to the Elite Octane, LLC ethanol plant development project

WHEREAS, Elite Octane, LLC (the “Company”) has undertaken the development of an ethanol plant (the “Project”) on certain real property (the “Property”) described on Exhibit A hereto and proposed to be situated in the Amazing Energy Urban Renewal Area (the “Urban Renewal Area”) in Cass County, Iowa (the “County”); and

WHEREAS, the Company has requested that the County provide financial support to help to defray the costs of the Project, through a series of incremental property tax payments (the “Payments”) to be derived from the Property for a period of fifteen (15) years; and

WHEREAS, the Company has requested that the County undertake the planning, design and construction of certain road and grey water sewer system improvements (the “Public Improvements Project”) necessary for the development of the Project; and

WHEREAS, the County intends to support the Company in the undertaking of the Project by entering into a development agreement (the “Development Agreement”) and making provision for the funding of the Payments; and

WHEREAS, the Board of Supervisors will need to undertake the statutory processes for (1) approving the support to the Company and including the entirety of the Property under the plan for the Urban Renewal Area, (2) authorizing the Development Agreement and the Payments; (3) undertaking the contract bid letting process set forth in Chapter 26 of the Code of Iowa for the award of construction contracts for the Public Improvements Project; and (4) authorizing the issuance of General Obligation Bonds (the “Bonds”) in order to pay the costs of constructing the Public Improvements Project; and

WHEREAS, the County now desires to convey its intent to pursue these actions to the Company in order to facilitate progress on the development of the Property through the adoption of this Resolution;

NOW, THEREFORE, Be It Resolved by the Board of Supervisors of Cass County, Iowa, as follows:

Section 1. The County hereby expresses its intent to support the Project in the future. The County will in good faith negotiate the Development Agreement with respect to the development of the Property and the undertaking of the Project, such proposed agreement to minimally include the following terms:

- A) The Company will commit to constructing the Project on the Property; and
- B) The Company will agree to maintain ownership of the Property and operate the ethanol plant thereon during the term of the Development Agreement; and

- C) The Company will commit to timely payment of all property taxes as they come due with respect to the Property; and
- D) The Company will enter into a minimum assessment agreement pursuant to Section 403.6 of the Code of Iowa establishing a minimum increased assessed valuation for the Property of \$32,000,000 resulting from the Property; and
- E) The Development Agreement will establish a minimum amount of annual incremental property tax revenues to be received by the County for the payment of debt service on the Bonds. To the extent that the incremental property tax revenues derived from the Property are not sufficient for the County to pay the debt service requirements on the Bonds, the Company will agree to make payments in lieu of property taxes (the "PILOTS") to the County to make up for any shortfalls in this annual minimum. The Developer will provide a subordinate mortgage in the Property and/or such other reasonable assets as security on the PILOTS; and
- F) The County will agree to fund the Payments over a period of fifteen (15) years of incremental property tax collections. The Payments will be funded with incremental property tax revenues to be derived from the Property, and each payment will be in an amount which represents 50% of the incremental property tax revenues available to the County on the first \$32,000,000 of incremental value with respect to the Property during the six months immediately preceding each Payment date. In addition, in the event that the assessed valuation of the Project exceeds \$32,000,000, the County will agree to fund Payments to the Company in an amount which represents 100% of the incremental property tax revenues available to the County with respect to the portion of taxable incremental value in excess of \$32,000,000; and
- G) The County will cause the planning, design and construction of the Public Improvements Project, and the County will undertake the contract bid letting process set forth in Chapter 26 of the Code of Iowa for the award of construction contracts for the Public Improvements Project. Further the County will issue the Bonds in order to pay the costs of the Public Improvements Project.

Section 2. The County hereby agrees to use its best efforts to complete the statutory requirements of Chapter 403 of the Code of Iowa in order to amend its urban renewal plan and to authorize the Development Agreement. Both the County and the Company acknowledge that the County's commitment in this Section is merely a present statement of intent and that the Board of Supervisors must exercise their ordinary political discretion in the completion of the statutory processes referenced herein. The County will not be held liable in the event that the Board of Supervisors, through the exercise of their ordinary political discretion, determines to not approve any of the actions outlined herein.

Section 3. Nothing in this Resolution shall prevent the parties from negotiating additional terms, not set forth herein, for inclusion in the Development Agreement.

Section 4. All resolutions and orders or parts thereof in conflict with the provisions of this resolution, to the extent of such conflict, are hereby repealed.

Passed and approved December 14, 2016.

Ayes: Mark Wedemeyer, Charles Rieken, Duane McFadden, Frank Waters and Gaylord Schelling.

Nays: None

/s/-Gaylord Schelling, Chair Attest: /s/-Dale Sunderman, Auditor

EXHIBIT A
Property Description

Certain real property located in the Cass County, Iowa and bearing property tax identification parcel numbers:

- : Parcel ID: 180001556001000 – 3.55 acres
- Parcel ID: 250000488001005 – 13.29 acres
- Parcel ID: 250000488001006 – 50.87 acres
- Parcel ID: 250000488004011 – 2.25 acres
- Parcel ID: 250000488004012 – 8.95 acres
- Parcel ID: 250000522001006 – 1.93 acres
- Parcel ID: 250000523002003 – 3.17 acres
- Parcel ID: 250000533001001 – 2.81 acres
- Parcel ID: 250000533001002 – 0.24 acres
- Parcel ID: 250000533001003 – 1.04 acres
- Parcel ID: 250000687003002 – 6.08 acres
- Parcel ID: 250000754001002 – 3.60 acres
- Parcel ID: 250000754003002 – 4.41 acres