

## DEVELOPMENT AGREEMENT

This Agreement is entered into between the Osceola County, Iowa (the "County") and Cooperative Farmers Elevator (the "Coop") as of the 15<sup>th</sup> day of September, 2017 (the "Commencement Date").

WHEREAS, the County has established the 2017 CFE Urban Renewal Area (the "Urban Renewal Area"), and has adopted a tax increment ordinance for the Urban Renewal Area; and

WHEREAS, the Coop owns certain real property which is situated in the County and lies within the Urban Renewal Area and is more specifically described on Exhibit A hereto (the "Property"); and

WHEREAS, the Coop has proposed to undertake the construction and operation of a new feed mill (the "Project") for use in its agribusiness operations on the Property; and

WHEREAS, the Coop has requested that the County provide financial assistance in the form of incremental property tax payments to be used by the Coop in paying the costs of constructing and maintaining the Project; and

WHEREAS, the base valuation of the Property for purposes of Section 403.19 of the Code of Iowa is \$ 51,770 (the "Base Valuation"); and

WHEREAS, Chapter 15A of the Code of Iowa authorizes counties to provide grants, loans, guarantees, tax incentives and other financial assistance to or for the benefit of private persons; and

NOW THEREFORE, the parties hereto agree as follows:

Isn't this subject to Co-Bank's uncertain funding?

**A. Coop's Covenants**

**1. Project Construction and Use.** The Coop agrees to construct the Project on the Property and to maintain and use the completed Project as part of its business operations throughout the Term, as hereinafter defined. The Coop agrees to invest not less than \$25,000,000 into capital improvements for the Project. The Coop has submitted a detailed site plan (the "Site Plan") for the development of the Project to the County which has been approved by the Board of Supervisors and is set forth as Exhibit B hereto. The Coop agrees to construct the Project in accordance with the Site Plan and to substantially complete such construction by no later than October 15, 2018

**2. Property Taxes.** The Coop agrees to make timely payment of all property taxes as they come due with respect to the Property with the completed Project thereon throughout the Term, as hereinafter defined, and to submit a receipt or cancelled check in evidence of each such payment.

**3. Coop's Certifications.** The Coop agrees to submit documentation to the satisfaction of the County by no later than each October 15 during the Term, as hereinafter

General Obligation bonds are an obligation of the property taxpayers.

defined, commencing October 15, 2019, demonstrating that the completed Project is being used as part of the Coop’s business operations.

**4. County Road Improvement Project.** The Coop hereby acknowledges that the County will enter into a loan agreement and issue General Obligation Bonds (the “Bonds”) in evidence thereof in order to pay the costs of constructing improvements to existing roads and the construction of new roads (the “Road Improvement Project”) to support the operations of the Project. The Company further acknowledges and agrees that before making any Incremental Property Tax Revenues (as hereinafter defined) from the Property available to fund the Payments to the Coop, as defined in Section B.2 hereof, the County will first deduct an amount (the “Debt Service Deduction”) sufficient to pay (i) such principal of and interest on the Bonds as has already become due and owing (and thus has been covered with lawfully available sources of County funds other than Incremental Property Tax Revenues); and (ii) such principal of and interest on the Bonds as is scheduled to come due and owing in that same fiscal year of the County .

At the time of issuance of the Bonds, a schedule reflecting the actual annual debt service payments on the Bonds will be attached hereto as Exhibit C. To the extent that it becomes necessary for the County to make scheduled debt service payments on the Bonds from sources of County funds other than Incremental Property Tax Revenues, the County shall keep a written accounting of such payments in order to demonstrate, if requested, to the Coop the amount and nature of each Debt Service Deduction.

The Coop also hereby acknowledges that the County has previously authorized an internal loan (the “Internal Loan”) from the County’s General Fund in the amount of \$150,000 to fund planning and design costs of the Road Improvement Project. The Coop further acknowledges that the County will first deduct from any Incremental Property Tax Revenues (as hereinafter defined) that become available from the Property an amount (the “Internal Loan Deduction”) sufficient to repay such Internal Loan before making any remaining Incremental Property Tax Revenues (as hereinafter defined) available to fund the Payments to the Coop under Section B.2 hereof.

**5. Minimum Assessment Agreement.** The Coop agrees to enter into a minimum assessment agreement (the “Assessment Agreement”), pursuant to Section 403.6 of the Code of Iowa fixing the minimum assessed valuation of the Property, in contemplation of the value to be added by the proposed Project, at not less than \$11,100,000 (the “Minimum Assessed Value”) as of January 1, 2019 (the “First Valuation Date”). It is intended by the Coop that the Minimum Assessed Value shall go on the Osceola County property tax rolls as of the First Valuation Date regardless of the then-current degree of completion or incompleteness of the Project. The Assessment Agreement shall remain in effect until the earlier of (i) June 1, 2030 or (ii) the date on which the last Payment (as hereinafter defined) is made by the County to the Coop under Section B.2 below. The Assessment Agreement shall be in substantially the form set forth on Exhibit D hereto.

**6. Remedy.** The Coop hereby acknowledges that failure to comply with the requirements of this Section A, will result in the County having the right to withhold Payments

With the final road bond amount not established yet, why are they fixing a minimum assessment so low? We ran the numbers on our Feb.8 FB post on a \$4 million bond with a \$14,000,000 minimum assessment, which barely worked. Now they want to go with only \$11.1 million?

under Section B of this Agreement at its sole discretion, until such time as the Coop has demonstrated, to the satisfaction of the County, that it has cured such non-compliance.

**B. County's Obligations**

**1. County Road Improvement Project.** The County will undertake the Road Improvement Project. The County will sell the Bonds at a commercially reasonable rate of interest in order to pay the costs of the 311<sup>th</sup> Street Paving Project.

**2. Payments.** In recognition of the Coop's obligations set out above, the County agrees to make forty (40) semiannual economic development tax increment payments (the "Payments") to the Coop due on each December 1 and June 1 during the Term, as hereinafter set forth, pursuant to Chapters 15A and 403 of the Code of Iowa, provided however that the aggregate, total amount of the Payments shall not exceed \$2,000,000 (the "Maximum Payment Total").

Each Payment shall not exceed an amount which represents the amount of the remaining Incremental Property Tax Revenues (as hereinafter defined) available to the County with respect to the Property with the completed Project thereon during the six (6) months immediately preceding each Payment date after the County has first withheld the Debt Service Deduction and the Internal Loan Deduction, as described in section A.4 of this Agreement.

For purposes of this Agreement, Incremental Property Tax Revenues are calculated by: (1) determining the consolidated property tax levy (county, school, etc.) then in effect with respect to taxation of the Property; (2) subtracting (a) the debt service levies of all taxing jurisdictions, (b) the school district instructional support and physical plant and equipment levies and (c) any other levies which may be exempted from such calculation by action of the Iowa General Assembly; (3) multiplying the resulting modified consolidated levy rate times any incremental growth in the taxable valuation of the Property, as shown on the property tax rolls of Osceola County, above and beyond the Base Valuation; and (4) deducting any property tax credits which shall be available with respect to the Property.

This Agreement assumes that new taxable valuation from the Project will go on the property tax rolls as of January 1, 2019. Accordingly, Payments will be made on December 1 and June 1 of each fiscal year, beginning on December 1, 2020, and continuing through and including June 1, 2040, or until such earlier date upon which total Payments equal to the Maximum Payment Total have been made.

**3. Security for Payments.** The Payments shall not constitute general obligations of the County, but shall be made solely and only from Incremental Property Tax Revenues received by the County from the Osceola County Treasurer which are attributable to the Property with the completed Project thereon, such revenues to be deposited into a subfund (the "CFE Subfund") of the County's Urban Renewal Tax Increment Revenue Fund. The CFE Subfund and the Incremental Property Tax Revenues to be collected therein have been pledged to the funding of the Payments by duly authorized action of the Board of Supervisors.

**4. Certification of Payment Obligation.** By no later than December 1, 2019, the County agrees to certify to the Osceola County Auditor an amount of tax increment debt

This is all fine between these two parties. But will the holders of the general obligation bonds see it differently?

Is this it? Is Co-Bank scrambling to shore up more security for their loan to CFE? And the taxpayers are serving this purpose? If so, why does Co-Bank need more security on their loans?

payable from future Incremental Property Tax Revenues to be collected from the Property pursuant to this Agreement equal to \$2,000,000.

**C. Administrative Provisions**

**1. Amendment and Assignment.** Neither party may cause this Agreement to be amended, assigned, assumed, sold or otherwise transferred without the prior written consent of the other party. However, the County hereby gives its permission that the Coop's rights to receive the Payments hereunder may be assigned by the Coop to a private lender, as security on a credit facility taken with respect to the Project, without further action on the part of the County.

**2. Successors.** This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

**3. Term.** The term (the "Term") of this Agreement shall commence on the Commencement Date and end on June 1, 2040 or on such earlier date upon which the aggregate sum of Payments made to the Coop equals the Maximum Payment Total.

**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 Coop 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.

OSCEOLA COUNTY, IOWA

By: \_\_\_\_\_  
Chairperson, Board of Supervisors

Attest:

\_\_\_\_\_  
County Auditor

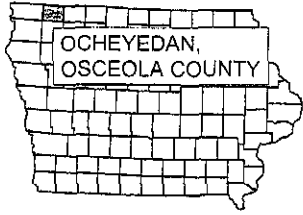
COOPERATIVE FARMERS ELEVATOR.

By: \_\_\_\_\_

**EXHIBIT A**  
**LEGAL DESCRIPTION OF THE PROPERTY**

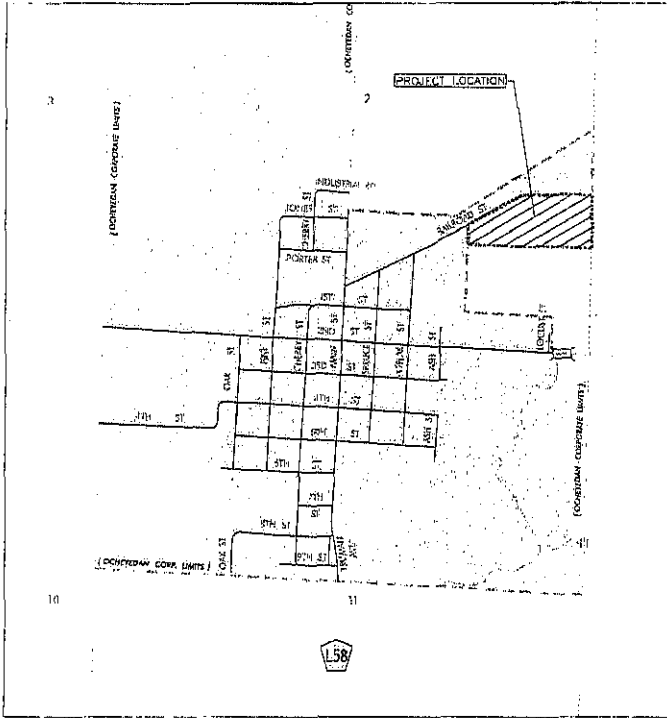
Parcel H in the SE ¼ of Section 2-99-40 (Ocheyedan Township), Osceola County,  
Iowa

**EXHIBIT B**  
**SITE PLAN**  
**[ATTACH SITE PLAN HERE]**



STATE MAP

# CFE FEED MILL SITE IMPROVEMENTS OCHEYEDAN, IA

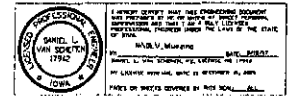


- LEGEND:**
- DECIDUOUS TREE
  - CONIFEROUS TREE
  - SHRUB OR BUSH
  - ACC ASPHALT SURFACE
  - PCC CONCRETE SURFACE
  - MAIL BOX
  - OFF FLAG POLE
  - WATER VALVE
  - EXISTING BURIED WATER LINE
  - YARD HYDRANT
  - FIRE HYDRANT
  - EXISTING SANITARY SEWER MAIN
  - SANITARY SEWER MANHOLE
  - LIGHT POLE
  - ELECTRIC POWER BOX / TRANSFORMER
  - BURIED ELECTRIC POWER
  - TELEPHONE PESTAL
  - BURIED TELEPHONE LINES
  - BURIED FIBER OPTIC LINE IN CONDUIT
  - BURIED GAS LINE
  - SOIL BORING LOCATION

THE URBAN STANDARD SPECIFICATIONS FOR PUBLIC IMPROVEMENTS, CURRENT EDITION SHALL APPLY TO CONSTRUCTION WORK ON THIS PROJECT EXCEPT AS MODIFIED BY THE SPECIAL PROVISIONS.

NOTE: UTILITIES AND OTHER POTENTIAL OBSTACLES (UNDERGROUND FACILITIES) HAVE BEEN SHOWN ONLY TO THE EXTENT THAT THEY WERE OBSERVED AT THE SURFACE OR WERE KNOWN BY OTHERS. THE OWNER AND ENGINEER SHALL NOT BE RESPONSIBLE FOR THE ACCURACY OR COMPLETENESS OF ANY SUCH INFORMATION OR DATA. THE CONTRACTOR SHALL HAVE FULL RESPONSIBILITY FOR REVIEWING AND CHECKING ALL SUCH INFORMATION AND DATA, LOCATING ALL SUCH FACILITIES, COORDINATION OF THE WORK WITH THE OWNERS OF SUCH UNDERGROUND FACILITIES DURING CONSTRUCTION, AND THE SAFETY AND PROTECTION OF ALL SUCH UNDERGROUND FACILITIES.

SHEET	DESCRIPTION
C.01	TITLE SHEET
C.02	CONSTRUCTION NOTES
C.03	REMOVAL PLAN
C.04	GRADING PLAN - OVERALL
C.05	GRADING PLAN - NORTH
C.06	GRADING PLAN - MIDDLE
C.07	GRADING PLAN - EAST
C.08	UTILITY PLAN
C.09	PAVING PLAN
C.10	EROSION CONTROL PLAN



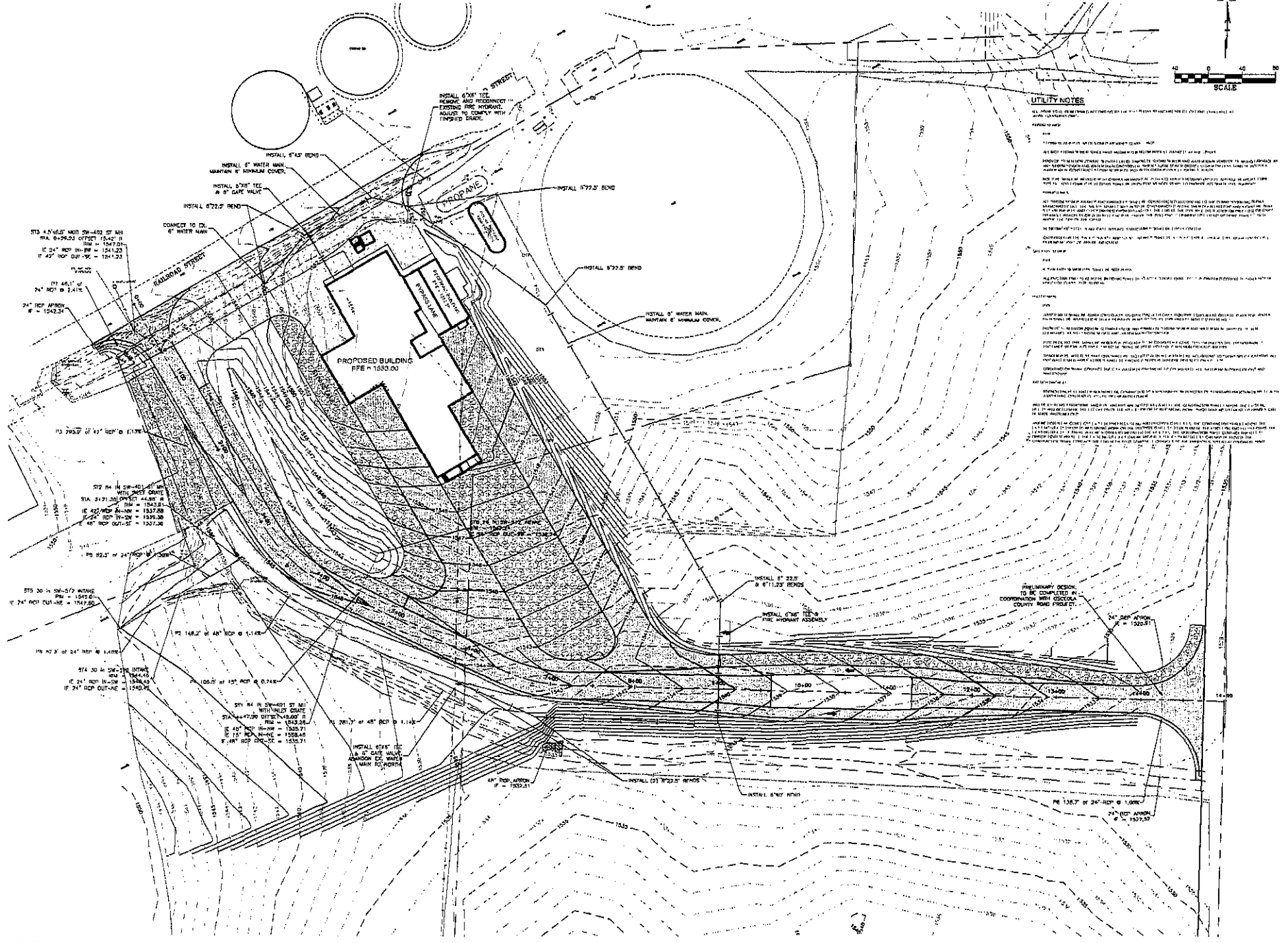
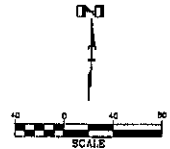
CFE FEED MILL  
SITE IMPROVEMENTS  
OCHEYEDAN, IOWA

PRELIMINARY  
DATE: 08/20/2014

Project Manager: DUY  
Designer: [unreadable]  
Checker: [unreadable]  
Printer: [unreadable]



Sheet  
C.01



### UTILITY NOTES

ALL UTILITIES SHOWN ARE BASED ON RECORD DRAWINGS AND FIELD SURVEY DATA. THE USER SHALL VERIFY THE LOCATION AND DEPTH OF ALL UTILITIES PRIOR TO CONSTRUCTION.

ALL EXISTING UTILITIES SHALL BE MAINTAINED UNLESS OTHERWISE NOTED.

ALL NEW UTILITIES SHALL BE INSTALLED IN ACCORDANCE WITH THE IOWA DEPARTMENT OF TRANSPORTATION (DOT) SPECIFICATIONS.

ALL UTILITIES SHALL BE INSTALLED AT A MINIMUM COVER OF 4 FEET UNLESS OTHERWISE NOTED.

ALL UTILITIES SHALL BE INSTALLED IN ACCORDANCE WITH THE IOWA DEPARTMENT OF TRANSPORTATION (DOT) SPECIFICATIONS.

CHEE FEED MILL  
SITE IMPROVEMENTS  
OCUCHEYDAN, IOWA

PRELIMINARY  
DESIGN

Project Manager: BJT  
Designer: KMT  
Checker: MNT  
Date: 1/12/2012



Sheet  
C.08



# CFE FEED MILL PROJECT OCHEYEDAN, IA

## CAPACITY

- \* 3000 TON PER DAY (18 HOURS)
- \* 780000 TON PER YEAR
- \* 166 TON PER HOUR MIXED
- \* 125 SEMI LOADS OF COMPLETE FEED DELIVERED PER DAY

## INGREDIENT STORAGE

- 1790 TON OF INGREDIENTS STORAGE
- 25-30 LOADS OF BULK INGREDIENTS RECEIVED DAILY

## BATCHING SYSTEM - BETA RAVEN

- 12 TON BATCHING 13.83 BATCHES PER HOUR
- MAJOR SCALE 9 TON
- MAJOR SCALE 7 TON
- MINOR SCALE 2 TON
- 2 - 18 BIN MICRO TABLE

## LOAD-OUT BAYS

- 12 TON WEIGH HOPPERS PER BAY
- BAY 1- 1168 TON
- BAY 2 - 1168 TON

## PELLETING OPTIONS TO MEET NEEDS OF THE FUTURE

- 45 TON PER HOUR (3 LINE CAPABILITY) MAXIMUM CAPACITY

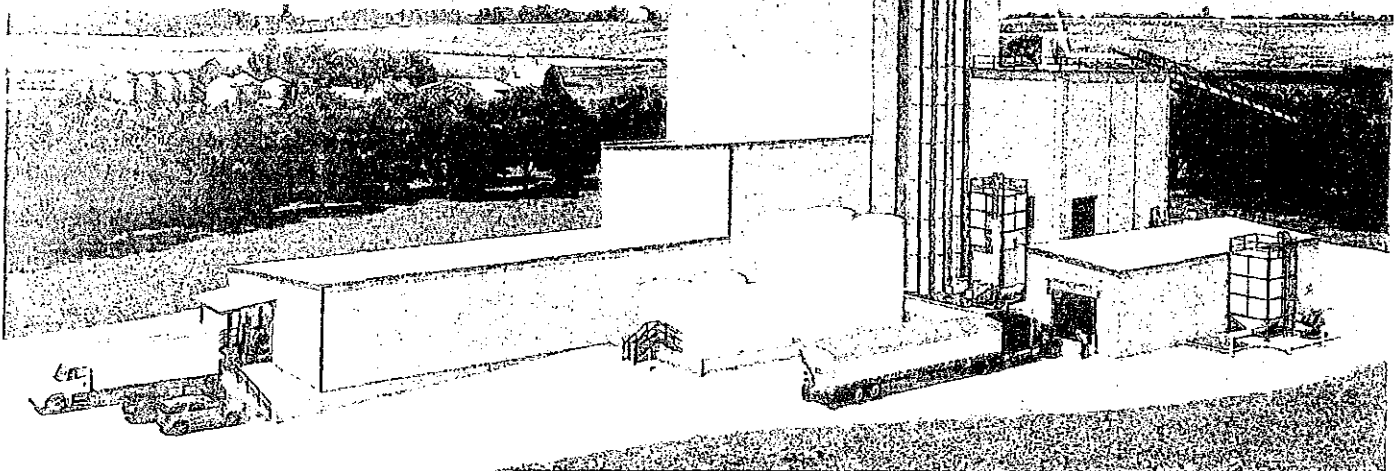
## CORN NEEDS

- 70000 BU PER DAY
- 350000 BU PER WEEK
- 18 MILLION BU PER YEAR

MILL WILL CREATE 19 JOBS AND 10 JOBS RETAINED



**Deep Roots,  
Dedication & Drive**



**EXHIBIT C**  
**ANNUAL DEBT SERVICE DEDUCTION SCHEDULE**

SEE: PAGE 2 of DEVELOPMENT AGREEMENT  
PARAGRAPH#4; LAST SENTENCE

At the time of issuance of the bonds,  
a schedule reflecting the actual annual  
debt service payments on the Bonds will  
be attached hereto as Exhibit C.

**EXHIBIT D**  
**ASSESSMENT AGREEMENT**