

**SPECIAL SESSION OF THE MOWER COUNTY
BOARD OF COMMISSIONERS**

January 20, 2006

The Mower County Board of Commissioners in and for the County of Mower, Minnesota, met in Special Session January 20, 2006 at 1:00 p.m. at the Courthouse in Austin, Minnesota.

All members present, viz: David Hillier, Chair
 Dick Lang
 Garry E. Ellingson
 Richard Cummings
 Raymond Tucker
 Craig Oscarson, County Coordinator

The Chair stated the purpose of the meeting is to take public input and possibly take action on the request of Absolute Energy for a tax abatement, subordinated loan and sponsorship of grants and loans for a proposed ethanol plant in Lyle, Minnesota.

The Finance Committee has developed a proposed policy for tax abatement and it has been reviewed by County staff.

Motion by Commissioner Cummings, seconded by Commissioner Ellingson to adopt the following tax abatement guidelines:

Mower County shall utilize tax abatement and direct county loans when it determines this to be an appropriate and necessary economic development tool for creating qualified jobs and/or significant property tax growth. These tools shall be utilized under the "but for" principle for business subsidies with the interpretation that "but for" a business subsidy the business would not be financially able or willing to locate their business and employment base in Mower County. The level of assistance shall be on a case by case basis and the following guidelines will assist the County Board in determining what level of assistance, if any, shall be provided:

1. To be considered a qualified job, the rate of pay shall equal or exceed 125% of the federal poverty guidelines for a family of four. In addition, the employer shall provide the equivalent of \$2.65 per hour in benefits. This benefit rate is for 2006 only and shall be adjusted annually by 5% per year. Eligible benefits include health insurance, vacation, sick leave and retirement. Employer match of FICA, medicare and other payroll taxes do not qualify as an eligible benefit. During the term of the abatement and/or loan the successful applicant needs to meet the adjusted wage and benefit levels to remain qualified for the business subsidy.

2. Existing positions/employees are not eligible as a qualified job. Also those positions that fall below section 1, do not qualify.
3. To be considered for a business subsidy 2/3 of all positions/employees shall need to meet the conditions of a qualified job.
4. Applicants must create at least 10 qualified jobs to be considered for a business subsidy.
5. Applicant shall agree to pay all external costs incurred by the County in processing, reviewing and making a final determination on the application and costs incurred after an application has been approved. Examples of such costs are legal fees to develop a developer's agreement and consulting costs for bond analysis. The applicant will be notified by the county of an estimated cost or actual costs, if available, prior to the county incurring said costs. The applicant shall be required to pay the estimated cost prior to further review of their application. These costs are non-refundable regardless of the outcome of their application for a business subsidy.
6. If an application is for a business that competes with another area business and the result is no net gain in terms of jobs created and jobs eliminated, the application shall be rejected.
7. Maximum business subsidy per application shall not exceed 10% of the total county maximum unless it is determined that the applicant greatly exceeds the expectation of the county in terms of qualified jobs created and tax base.

Motion carried.

Kathy Showalter, Planscape Partners, consultant for Absolute Energy, offered the following information for the Board and public:

- The proposed plant will create 30-35 new jobs
- These jobs will total approximately \$1.6 million in payroll
- Will accommodate 160,000 gallons of distilled grain and 50 million gallons of ethanol
- Requesting 20 years of tax relief
- Loan in the amount of \$5 million

Five members of the public gave input. The public input portion was closed and brought back to the Board for discussion.

Date: January 20, 2006

Res. #05-06

RESOLUTION

On motion of Commissioner Lang, seconded by Commissioner Ellingson, the following Resolution was passed and adopted by the Mower County Board of Commissioners at a meeting held January 20, 2006 at the Courthouse, Austin, Minnesota.

WHEREAS, Absolute Energy, LLC is exploring options to build an ethanol plant with a capacity to produce 50 million gallons of ethanol in the City of Lyle, Mower County, Minnesota; and

WHEREAS, Absolute Energy, LLC intends to create 30 -34 jobs and make an investment of \$80 million in developing the facility in the County which will have a very positive impact on the entire area; and

WHEREAS, Absolute Energy, LLC requested financial assistance from the County as follows:

1. Property tax abatement for the maximum term allowed by statute;
2. A \$5 million, 20 year loan that is subordinate to senior lenders;
3. That Mower County provide its name and sponsorship where necessary for loans and grants that might be available through state or local sources to support the development of the site and/or facility. In addition, the County would not be required to provide any cash matches or other uses of funds towards any grants or loans including guarantees for repayment; and

WHEREAS, a public hearing was held on Absolute Energy, LLC's request for public assistance on January 20, 2006,

NOW, THEREFORE, BE IT RESOLVED BY THE MOWER COUNTY BOARD OF COMMISSIONERS That if Absolute Energy, LLC chooses to build a plant on the site in Lyle, MN, the county intends to negotiate a development agreement including but not limited to the following terms and conditions:

1. Abatement of 100% of County property taxes for the maximum term allowed by statute.
 - a. This abatement excludes current property and shall only be based on the increased value due to the construction of the facility.
 - b. Any improvements to the facility and/or property beyond a 50 million gallon ethanol facility are excluded unless approved in a subsequent tax abatement application.
 - c. Absolute Energy, LLC shall create 25 jobs that qualify pursuant to the requirements of the Mower County guidelines for tax abatement and loans for economic development. Said jobs shall be created within 2 years of final construction. In the event the total number of qualified jobs falls below 25 the tax abatement shall be prorated subject to the terms of the development agreement.
2. Mower County will provide its name and sponsorship where necessary for state and local grants and loans on the condition there is no cost or liability to the county.

3. Mower County shall provide road upgrades to CSAH #6 as necessary between TH 218 and TH 105 to enable year round delivery of grain to the ethanol facility.

Passed and approved this 20th day of January, 2006. The Commissioners voted as follows: Lang aye, Cummings aye, Tucker nay, Ellingson aye, and Hillier aye. Motion carried 4 to 1.

THE MOWER COUNTY BOARD OF COMMISSIONERS

By: _____
Chairperson

By: _____
Clerk/Coordinator

Motion by Commissioner Lang to approve a \$5 million, 20 year subordinated loan to Absolute Energy. Commissioner Lang withdrew his motion.

Motion by Commissioner Cummings, seconded by Commissioner Ellingson to deny the request of Absolute Energy for a \$5 million, 20 year subordinated loan. The Commissioners voted as follows: Lang nay, Cummings aye, Tucker aye, Ellingson aye, Hillier aye. Motion carried 4 to 1.

Motion by Commissioner Tucker, seconded by Commissioner Ellingson to adjourn the meeting at 2:19 p.m. until January 24, 2006 at 8:30 a.m. Motion carried.

THE MOWER COUNTY BOARD OF COMMISSIONERS

BY: _____
Chairperson

Attest:

By: _____
Clerk/Coordinator

INDEX

A

adjourn, 19

R

Res. #05-06

Absolute Energy

economic assistance, 17

S

subordinated loan

deny request, 19

motion withdrawn, 19

T

tax abatement guidelines, 16