

RESOLUTION NO. 1907

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Shelby, Montana (the "City"), certify that the attached resolution is a true copy of a Resolution entitled: "RESOLUTION RELATING TO THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO THE CONTRACT FOR PRIVATE DEVELOPMENT WITH CHS, INC. AND REVISIONS TO A TAXABLE TAX INCREMENT FINANCING NOTE TO BE DELIVERED TO CHS, INC." (the "Resolution) on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Council of the City at a regular meeting on December 1, 2014, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following City Council members voted in favor thereof: Doane, Kimmet, Lee, Haroldson, Hawbaker, Miller

voted against the same: none

abstained from voting thereon: none

or were absent: none

WITNESS my hand and seal officially this 1st day of December, 2014.



Teri Ruff
City Finance Officer

RESOLUTION NO. 1907

RESOLUTION RELATING TO THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO THE CONTRACT FOR PRIVATE DEVELOPMENT WITH CHS, INC. AND REVISIONS TO A TAXABLE TAX INCREMENT FINANCING NOTE TO BE DELIVERED TO CHS, INC.

WHEREAS, the City previously established its Shelby Industrial Park-Fairgrounds Area Tax Increment Financing District (the "Industrial TIF District") pursuant to Montana Code Annotated, Section 7-15-4282 through 7-15-4294, and Montana Code annotated, Title 7, Part 15, Chapter 43, as amended (collectively the "TIF Act"); and

WHEREAS, the City and CHS Inc., a Minnesota cooperative corporation (the "Developer") previously entered into a Contract for Private Development, dated as of May 21, 2013 (the "Original Development Agreement") for the development of certain parcels in the Industrial TIF District, which included the acquisition, construction, and equipping by the Developer of an approximately 40,000 ton bulk dry fertilizer receiving and distribution facility including a 45,000 square foot building and a parking area (the "Project"); and

WHEREAS, the Original Development Agreement provided that the City would issue a taxable tax increment revenue note (the "TIF Note") in an original aggregate principal amount not to exceed \$500,000, less the City's costs relating to the TIF Note, to the Developer upon completion of the Project and the Developer providing proof to the City that the Developer incurred Project costs that are eligible costs under Section 7-15-4288 of the TIF Act;

WHEREAS, the execution and delivery of the Original Development Agreement and the TIF Note were authorized by a resolution of the City Council of the City previously adopted on May 20, 2013 (the "Prior Resolution");

WHEREAS, in 2013, the Montana Legislature significantly amended the TIF Act to authorize the creation of Targeted Economic Development Tax Increment Financing Districts by local governments and authorizes the use of tax increment financing in Targeted Economic Development Tax Increment Financing Districts; and

WHEREAS, in light of recent changes to the TIF Act by the Montana Legislature in 2013, on November 18, 2013, the Shelby City Council created the Shelby Targeted Economic Development Tax Increment Financing District (the "TED TIF District") and authorized the termination of the Industrial TIF District by the adoption of Ordinance No. 813 "An Ordinance Dissolving the Shelby Industrial Park Tax Increment Financing District and Simultaneously Creating and Establishing the Shelby Targeted Economic Development Tax Increment Financing District; Establishing the Boundaries of the Targeted Economic Development Tax Increment Financing District; and Establishing January 1, 2013 as the Base Taxable Year for the Targeted Economic Development Tax Increment Financing District"; and

WHEREAS, the boundaries of the TED TIF District include the Development Parcel; and

WHEREAS, the Developer has represented to the City that the Developer has completed construction of the Project and is utilizing the Project in its business and is in compliance with the requirements of the Original Development Agreement; and

WHEREAS, the City and the Developer wish to amend the terms of the Original Development Agreement and the Prior Resolution in order to conform such document with the requirements of the TIF Act for a TED TIF District and to provide for the issuance and delivery of the TIF Note to the Developer.

NOW THEREFORE, BE IT RESOLVED by the City Council (the "City Council") of the City of Shelby, Montana (the "City"), as follows:

1. The City hereby approves the execution and delivery of a First Amendment to the Contract for Private Development, dated on or after December 1, 2014 (the "First Amendment"), between the City and the Developer and the issuance of the TIF Note.

2. The Prior Resolution is hereby amended to incorporate corresponding definitional changes with those set forth in the First Amendment.

3. The revised form of the TIF Note, incorporating the changes required as a result of the First Amendment, the amendments to the TIF Act, and this resolution is attached to this resolution as Exhibit A. All references in the Prior Resolution to Section 7-14-4282 of the TIF Act shall be amended to read Section 7-14-4288 of the TIF Act. The TIF Note shall be issued in substantially the form in EXHIBIT A attached hereto, with the blanks to be properly filled in and the principal amount and payment schedule adjusted as of the date of issue and other revisions as are required by the City's bond counsel, all as approved by the Mayor and the Finance Officer. Principal of and interest on the TIF Note shall be payable on each January 1 and July 1, commencing July 1, 2015 (or such other date as agreed between the City and the Developer) until full repayment of the TIF Note (each a "Payment Date"). Principal of and interest on the TIF Note shall be payable by mail to the owner of record thereof as of the close of business on the 15th day of the month preceding the Payment Date, whether or not such day is a business day.

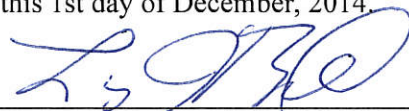
4. Except as specifically amended by this Resolution, all other provisions of the Prior Resolution are in full force and effect and are reaffirmed.

5. The law firm of Barnes & Thornburg LLP is authorized to assist the City Attorney in the drafting of all necessary documents and resolutions for the execution and delivery of the First Amendment and the TIF Note. Barnes & Thornburg LLP is also engaged to act as bond counsel for the City, and to assist in the preparation of the First Amendment other necessary legal documents, certificates and instruments relating to the First Amendment and the TIF Note.

5. The Mayor, the City Finance Officer and other City staff members, in cooperation with the City Attorney, are hereby authorized and directed to prepare on behalf of the City all necessary documents and certifications relating to the First Amendment and the TIF Note.


6. This resolution shall be effective immediately upon its final adoption.

Adopted by the City Council of Shelby, Montana, this 1st day of December, 2014.



Larry J. Bonderud, Mayor

Attest:



Teri Ruff, City Finance Officer

EXHIBIT A

UNITED STATE OF AMERICA
STATE OF MONTANA
COUNTY OF TOOLE

CITY OF SHELBY
TAXABLE TAX INCREMENT REVENUE NOTE
(SHELBY TARGETED ECONOMIC DEVELOPMENT TIF DISTRICT - CHS FACILITY),
SERIES 2014

No. R-1

\$ _____

<u>Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>
5.00%	July 1, 2038	December __, 2014

REGISTERED OWNER: CHS, Inc.

PRINCIPAL AMOUNT: FIVE HUNDRED THOUSAND DOLLARS AND 00/100 (\$500,000.00)

The City of Shelby (the "City") for value received, certifies that it is indebted and hereby promises to pay to CHS, Inc., a Minnesota cooperative corporation (the "Owner"), the principal sum of \$ _____ and to pay interest thereon at the rate of 5.00 percent per annum, as and to the extent set forth herein. Capitalized terms used in this Note and not defined herein shall have the meanings granted to them in the Contract for Private Development, dated as of May 21, 2013 (the "Original Development Agreement"), between the Owner and the City, as amended by a First Amendment to the Contract for Private Development, dated as of December 1, 2014 (the "First Amendment" and together with the Original Development Agreement, the "Development Agreement"), between the Owner and the City.

1. Payments. Principal and interest ("Payments") shall be paid on July 1, 2015, and each January 1 and July 1 thereafter to and including the maturity date listed above ("Payment Dates") in the amounts and from the sources set forth in Section 3 herein. Payments shall be applied first to accrued interest, and then to unpaid principal.

Payments are payable by mail to the address of the Owner or such other address as the Owner may designate upon 30 days written notice to the City. Payments on this Note are payable in any coin or currency of the United States of America which, on the Payment Date, is legal tender for the payment of public and private debts.

2. Interest. Interest at the rate stated above shall accrue on the unpaid principal, commencing on the date of original issue. Interest shall be computed on the basis of a year of 360 days and charged for actual days principal is unpaid.

3. Available Tax Increment. Payments on this Note are payable on each Payment Date solely from and in the amount of "Available Tax Increment," derived from the Development Property and paid to

the City by Toole County in the six months preceding the Payment Date, provided that the amount of Available Tax Increment eligible to be paid for the July 1, 2015 Payment Date shall include any amounts paid by the Developer in November 2014 less the City's costs for the issuance of this Note and the Development Agreement (not to exceed \$30,000).

The City shall have no obligation to pay principal of and interest on this Note on each Payment Date from any source other than Available Tax Increment and the failure of the City to pay the entire amount of principal or interest on this Note on any Payment Date shall not constitute a default hereunder as long as the City pays principal and interest hereon to the extent of Available Tax Increment.

4. Default. If on any Payment Date there has occurred and is continuing any Event of Default under the Development Agreement, the City may withhold from payments hereunder under all Available Tax Increment. If the Event of Default is thereafter cured in accordance with the Development Agreement, the Available Tax Increment withheld under this Section shall be deferred and paid, without interest thereon, on the next Payment Date after the Event of Default is cured. If the Event of Default is not timely cured, the City may terminate this Note by written notice to the Owner in accordance with the Development Agreement.

5. Optional Prepayment. Solely from Available Tax Increment, the principal sum and all accrued interest payable under this Note is prepayable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Note. Any prepayment on this Note will be made solely from Available Tax Increment.

6. Nature of Obligation. This Note is issued pursuant to the provisions of Montana Code Annotated, Sections 7-15-4277 through 7-15-4294, and Title 7, Part 15, Chapter 43, as amended (the "TIF Act"). This Note is payable solely from Available Tax Increment and is a special limited obligation of the City and the general credit and taxing power of the City are not pledged to the payment of this Note. Neither the State of Montana, nor any political subdivision thereof shall be obligated to pay the principal of or interest on this Note or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Montana or any political subdivision thereof is pledged to the payment of the principal of or interest on this Note or other costs incident hereto.

This Note is the sole note of an issue in the total principal amount of \$500,000, issued to aid in financing certain eligible tax increment costs as defined in Section 7-15-4288 of the TIF Act. This Note is issued pursuant to an authorizing resolution duly adopted by the City Council of the City on May 20, 2013, as amended by a resolution duly adopted by the City Council of the City on December 1, 2014 (collectively, the "Resolution"), and pursuant to and in full conformity with the Constitution and laws of the State of Montana.

7. Estimates of Available Tax Increment. Any estimates of Tax Increment prepared by the City or its respective financial advisors in connection with the Available Tax Increment and the Development Agreement are for the benefit of the City only, and are not intended as representations on which the Developer may rely.

THE CITY MAKES NO REPRESENTATIONS OR WARRANTIES THAT THE AVAILABLE TAX INCREMENT WILL BE SUFFICIENT TO PAY THE PRINCIPAL OF THIS NOTE.

8. Registration and Transfer. This Note is issuable only as a fully registered note without coupons. As provided in the Resolution, and subject to certain limitations set forth therein, this Note is transferable upon the books of the City kept for that purpose at the principal office of the City Finance

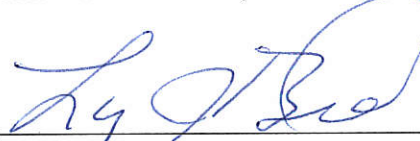
Director, by the Owner hereof in person or by such Owner's attorney duly authorized in writing, upon surrender of this Note together with a written instrument of transfer satisfactory to the City, duly executed by the Owner. Upon such transfer or exchange and the payment by the Owner of any tax, fee, or governmental charge required to be paid by the City with respect to such transfer or exchange, there will be issued in the name of the transferee a new Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates.

This Note shall not be transferred to any person other than an affiliate, or other related entity, of the Owner, unless the City has (i) consented in writing to such transfer and (ii) been provided with an investment letter in a form substantially similar to the investment letter submitted by the Owner or a certificate of the transferor, in a form satisfactory to the City, that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Montana to be done, to exist, to happen, and to be performed in order to make this Note a valid and binding limited obligation of the City according to its terms, have been done, do exist, have happened, and have been performed in due form, time and manner as so required.

IN WITNESS WHEREOF, the City Council of the City of Shelby has caused this Note to be executed with the manual signatures of its Mayor and City Finance Officer, all as of the Date of Original Issue specified above.

CITY OF SHELBY, MONTANA



Larry J. Bonderud, Mayor



Teri Ruff, City Finance Officer

REGISTRATION PROVISIONS

The ownership of the unpaid balance of the within Note is registered in the bond register of the City Finance Officer, in the name of the person last listed below.

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of City Finance Officer as Registrar</u>
December __, 2014	CHS, Inc. 5500 Cenex Drive Inver Grove Heights, MN 55077 Attn: Executive Vice President, Country Operations	