

AGREEMENT FOR PRIVATE DEVELOPMENT

By and Between

CITY OF MASON CITY, IOWA

AND

PRESTAGE FOODS OF IOWA, LLC

_____, 2016

AGREEMENT
FOR
PRIVATE DEVELOPMENT

THIS AGREEMENT FOR PRIVATE DEVELOPMENT (hereinafter called "Agreement"), is made on or as of the ____ day of _____, 2016, by and between the CITY OF MASON CITY, IOWA, a municipality (hereinafter called "City"), established pursuant to the Code of Iowa of the State of Iowa and acting under the authorization of Chapters 15A and 403 of the Code of Iowa, 2015, as amended ("Urban Renewal Act") and PRESTAGE FOODS OF IOWA, LLC, an Iowa limited liability company having offices for the transaction of business at 4651 Taylors Bridge Hwy., Clinton, North Carolina 28328, (hereinafter called "Developer").

WITNESSETH:

WHEREAS, in furtherance of the objectives of the Urban Renewal Act, the City has undertaken a program for the development of an economic development area in the City and, in this connection, is engaged in carrying out urban renewal project activities in an area known as the Mason City Southside Gateway Urban Renewal Area (the "Urban Renewal Area"), which is described in the Mason City Southside Gateway Urban Renewal Plan approved for such Urban Renewal Area by Resolution No. _____ on April 21, 2016 (the "Urban Renewal Plan"); and

WHEREAS, a copy of the foregoing Urban Renewal Plan has been recorded among the land records in the office of the Recorder of Cerro Gordo County, Iowa; and

WHEREAS, Developer is, or will be, the owner of certain real property located in the foregoing Urban Renewal Area and as more particularly described in Exhibit A attached hereto and made a part hereof (which property as so described is hereinafter referred to as the "Development Property"); and

WHEREAS, Developer shall construct the Minimum Improvements on the Development Property and operate its business at the Minimum Improvements including creation and retention of employment until at least the Termination Date of this Agreement; and

WHEREAS, Developer has applied for and expects to receive incentives from the State of Iowa under the High Quality Jobs Program. The form of such State Contract (Economic Development Assistance Contract) is available in the office of the City Clerk; and

WHEREAS, the City intends to assist in the Project through incentives, which include property tax rebates as the local match; and

WHEREAS, the City anticipates constructing certain public improvements to assist in the development of the Minimum Improvements (see definition of Phase I Public Improvements and Phase II Public Improvements); and

WHEREAS, the City anticipates issuing one or more municipal bonds or notes to finance construction of the Phase I Public Improvements and Phase II Public Improvements (see definition of Phase I City Bonds and Phase II City Bonds); and

WHEREAS, the City believes that the development of the Development Property pursuant to this Agreement and the fulfillment generally of this Agreement are in the vital and best interests of the City and in accord with the public purposes and provisions of the applicable State and local laws and requirements under which the foregoing project has been undertaken and is being assisted.

NOW, THEREFORE, in consideration of the promises and the mutual obligations of the parties hereto and other valuable consideration the receipt and sufficiency of which are hereby acknowledged, each of them does hereby covenant and agree with the other as follows:

ARTICLE I. DEFINITIONS

Section 1.1. Definitions. In addition to other definitions set forth in this Agreement, all capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

Agreement means this Agreement for Private Development and all exhibits and appendices hereto, as the same may be from time to time modified, amended or supplemented.

Area or Urban Renewal Area means the area known as the Mason City Southside Gateway Urban Renewal Area.

Certificate of Completion means a certification in the form of the certificate attached hereto as Exhibit C and hereby made a part of this Agreement.

City means the City of Mason City, Iowa, or any successor to its functions.

City Assessor or Assessor means the assessor for the City of Mason City, Iowa.

Code means the Code of Iowa, 2015, as amended.

Commence Construction means to commence construction after entry into a valid and binding construction contract (including, at a minimum construction of underground facilities such as utilities and foundation), which shall be on or before October 1, 2016.

Commencement Date means the date of this Agreement.

Conditions Precedent means the conditions that must be satisfied under Article IV of this Agreement.

Construction Plans means the plans, specifications, drawings and related documents reflecting the construction work to be performed by the Developer on the Development Property; the Construction Plans shall be as detailed as the plans, specifications, drawings and related documents which are submitted to the building inspector of the City as required by applicable City codes.

Developer means Prestage Foods of Iowa, LLC, and its permitted successors and assigns.

Development Property means that portion of the Urban Renewal Area described in Exhibit A.

Economic Development Assistance Contract or EDA Contract means Contract No. 16-TC-041 by and among Developer, City and Iowa Economic Development Authority.

Economic Development Grants means the payments to be made by the City to Developer under Article VIII of this Agreement.

Event of Default means any of the events described in Section 10.1 of this Agreement.

First Mortgage means any Mortgage granted to secure any loan made pursuant to either a mortgage commitment obtained by Developer from a commercial lender or other financial institution to fund any portion of the construction costs and initial operating capital requirements of the Minimum Improvements or all such Mortgages as appropriate.

Full-Time Equivalent (FTE) Job means the same as the definitions in the Economic Development Assistance Contract by and among Developer, City and the Iowa Economic Development Authority as follows:

"The employment of one person:

1. For 8 hours per day for a 5-day, 40-hour workweek for 52 weeks per year, including paid holidays, vacations and other paid leave; or
2. The number of hours or days per week, including paid holidays, vacations and other paid leave, currently established by schedule, custom, or otherwise, as constituting a week of full-time work for the kind of service an individual performs for an employing unit, provided that the number of hours per week is at least 32 hours per week for 52 weeks per year including paid holidays, vacations, and other paid leave.

For purposes of this definition, 'employment of one person' means the employment of one natural person and does not include 'job sharing' or any other means of aggregation or combination of hours worked by more than one natural person."

Guarantor means each of the following Prestage Farms of Iowa, LLC, Prestage Farms of South Carolina Limited Liability Company, Prestage Farms of Oklahoma, LLC, Prestage Farms of Mississippi, LLC, Prestage Foods, Inc.

Indemnified Parties means the City and the governing body members, officers, agents, servants and employees thereof as defined in Article IX of this Agreement.

Mason City Southside Gateway Urban Renewal Tax Increment Revenue Fund means the special fund of the City created under the authority of Section 403.19(2) of the Code and the Ordinance, which fund was created in order to pay the principal of and interest on loans, monies advanced to or indebtedness, whether funded, refunded, assumed or otherwise, including bonds or other obligations issued under the authority of Chapters 15A, 384 or 403 of the Code, incurred by the City to finance or refinance in whole or in part projects undertaken pursuant to the Urban Renewal Plan for the Urban Renewal Area.

Minimum Actual Value means the actual value assigned to the Minimum Improvements (including taxable equipment), pursuant to the Minimum Assessment Agreement entered into between Developer, City, and the City Assessor.

Minimum Assessment Agreement means the minimum assessment agreement in the form attached hereto as Exhibit F and hereby made part of this Agreement.

Minimum Improvements means the construction of improvements on the Development Property as more particularly described in Exhibit B and depicted in Exhibit B-1 to this Agreement. The increased value after construction of the Minimum Improvements for the purpose of this Agreement is expected to be a minimum of \$100,000,000, but the City Assessor will make the final determination as to the value.

Mortgage means any mortgage or security agreement in which Developer has granted a mortgage or other security interest in the Development Property, or any portion or parcel thereof, or any improvements constructed thereon.

Net Proceeds means any proceeds paid by an insurer to Developer under a policy or policies of insurance required to be provided and maintained by Developer, as the case may be, pursuant to Article V of this Agreement and remaining after deducting all expenses (including fees and disbursements of counsel) incurred in the collection of such proceeds.

Ordinance means the Ordinance of the City, under which the taxes levied on the taxable property in the Urban Renewal Area shall be divided and a portion paid into the Mason City Southside Gateway Urban Renewal Tax Increment Revenue Fund.

Phase I City Bonds means the general obligation bonds or notes issued by the City to fund construction of the Phase I Public Improvements in an amount not to exceed \$12,400,000.

Phase II City Bonds means the general obligation bonds or notes issued by the City to fund construction of the Phase II Public Improvements in an amount not to exceed \$23,000,000.

Phase II Election Notice means a notice in the form attached hereto as Exhibit J which notice shall be delivered by Developer to City to effect Developer's obligation to create and maintain the Phase II Jobs and to effect City's obligation to finance and construct the Phase II Public Improvements.

Phase I Public Improvements means the construction of water utility system improvements, wastewater utility system improvements and road improvements as more particularly described in Exhibit G to this Agreement.

Phase II Public Improvements means the construction of water utility system improvements and wastewater utility system improvements as more particularly described in Exhibit G to this Agreement.

Prestage Foods of Iowa, LLC TIF Account means a separate account within the Mason City Southside Gateway Urban Renewal Tax Increment Revenue Fund of the City, in which there shall be deposited Tax Increments received by the City with respect to the Minimum Improvements.

Prime Rate means the interest rate quoted by the Wall Street Journal as the prime rate for the banking industry.

Project means the construction and operation of the Minimum Improvements on the Development Property and the creation and maintenance of jobs, as described in this Agreement.

State means the State of Iowa.

Tax Increments means the property tax revenues on the Minimum Improvements divided and made available to the City from the County for deposit in the Prestage Foods of Iowa, LLC TIF Account of the Mason City Southside Gateway Urban Renewal Tax Increment Revenue Fund under the provisions of Section 403.19 of the Code, as amended, and the Ordinance.

Termination Date means the date of termination of this Agreement, as established in Section 12.8 of this Agreement.

Unavoidable Delays means delays resulting from acts or occurrences outside the reasonable control of the party claiming the delay including but not limited to storms, floods, fires, explosions or other casualty losses, unusual weather conditions, strikes, boycotts, lockouts or other labor disputes, delays in transportation or delivery of material or equipment, litigation commenced by third parties that results in injunctive relief, or the acts of any federal, State or local governmental unit (other than the City).

Urban Renewal Plan means the Mason City Southside Gateway Urban Renewal Plan, as amended, approved with respect to the Urban Renewal Area, described in the preambles hereof.

Water Shortfall Payment(s) means the payment(s) defined in Section 6.13 of this Agreement.

ARTICLE I-A. CONDITIONS PRECEDENT

Section 1-A.1. The following is a condition precedent to any rights or obligations of any parties to this Agreement:

a. Execution of the Economic Development Assistance Contract by and among Developer, City and the Iowa Economic Development Authority for High Quality Job Program benefits on or before July 1, 2016.

ARTICLE II. REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the City. The City makes the following representations and warranties:

a. The City is a municipal corporation and municipality organized under the provisions of the Constitution and the laws of the State and has the power to enter into this Agreement and carry out its obligations hereunder.

b. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, and the fulfillment of or compliance with the terms and conditions of this Agreement are not prevented by, limited by, in conflict with, or result in a breach of, the terms, conditions or provisions of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the City is now a party or by which it is bound, nor do they constitute a default under any of the foregoing.

c. All covenants, stipulations, promises, agreements, and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements, and obligations of the City only, and not of any governing body member, officer, agent, servant or employee of the City in the individual capacity thereof.

d. Subject to Developer being and remaining in compliance with this Agreement and the EDA Contract, the City will waive all usual and customary City permit fees related to building, electrical, plumbing, mechanical, zoning and signs.

Section 2.2. Representations and Warranties of Developer. Developer makes the following representations and warranties:

a. Prestage Foods of Iowa, LLC is an Iowa limited liability company, duly organized and validly existing under the laws of the State, and has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as presently proposed to be conducted, and to enter into and perform its obligations under this Agreement.

b. This Agreement has been duly and validly authorized, executed and delivered by Developer and, assuming due authorization, execution and delivery by the City, is in full force and effect and is a valid and legally binding instrument of Developer enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting creditors' rights generally. Developer's attorney has provided an enforceability opinion as of the date of this Agreement in the form attached hereto as Exhibit I.

c. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, and the fulfillment of or compliance with the terms and conditions of this Agreement are not prevented by, limited by, in conflict with, or result in a violation or breach of, the terms, conditions or provisions of the governing documents of Developer or of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which Developer is now a party or by which it or its property is bound, nor do they constitute a material default under any of the foregoing.

d. There are no actions, suits or proceedings pending or threatened against or affecting Developer in any court or before any arbitrator or before or by any governmental body in which there is a reasonable possibility of an adverse decision which could materially adversely affect the business (present or prospective), financial position or results of operations of Developer or which in any manner raises any questions affecting the validity of the Agreement or Developer's ability to perform its obligations under this Agreement.

e. Developer has not received any notice from any local, State or federal official that the activities of Developer with respect to the Development Property may or will be in violation of any

environmental law or regulation (other than those notices, if any, of which the City has previously been notified in writing). Developer is not currently aware of any State or federal claim filed or planned to be filed by any party relating to any violation of any local, State or federal environmental law, regulation or review procedure applicable to the Development Property, and Developer is not currently aware of any violation of any local, State or federal environmental law, regulation or review procedure which would give any person a valid claim under any State or federal environmental statute with respect thereto.

f. Developer will cooperate reasonably with the City in resolution of any traffic, parking, trash removal or public safety problems which may arise in connection with the construction and operation of the Minimum Improvements.

g. Developer will cause the Minimum Improvements to be constructed in accordance with the terms of this Agreement, the Urban Renewal Plan, and all local, State, and federal laws and regulations.

h. Developer will use its best efforts to obtain or cause to be obtained, in a timely manner, all required permits, licenses, and approvals, and will meet, in a timely manner, all requirements of all applicable local, State, and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed.

i. The construction of the Minimum Improvements will require a Capital Investment (as defined in Exhibit B-1 of the EDA Contract) as set forth in Exhibit B-1 of the EDA Contract.

j. Developer has firm commitments for construction or acquisition and permanent financing for the Project in an amount sufficient, together with equity commitments, to successfully complete the Minimum Improvements in accordance with the Construction Plans contemplated in this Agreement.

k. Developer expects that, barring Unavoidable Delays, the Minimum Improvements will be completed by November 30, 2018.

l. Developer will own the Minimum Improvements and operate its business on the Development Property until at least the Termination Date.

m. Developer will not seek to change the current land assessment category, or the zoning classification, of the Development Property or the Minimum Improvements prior to the Termination Date of this Agreement.

n. Developer would not undertake its obligations under this Agreement without the payment by the City of the Economic Development Grants being made to Developer pursuant to this Agreement.

ARTICLE III. CONSTRUCTION OF MINIMUM IMPROVEMENTS

Section 3.1. Construction of Minimum Improvements. Developer agrees that it will cause the Minimum Improvements to be constructed on the Development Property in conformance with the Construction Plans submitted to the City in accordance with Section 3.2 below. Developer agrees that the scope and scale of the Minimum Improvements to be constructed shall not be significantly less than the scope and scale of the Minimum Improvements as detailed and outlined in the Construction Plans,

and shall require a Capital Investment (as defined in Exhibit B-1 of the EDA Contract) as set forth in Exhibit B-1 of the EDA Contract.

Section 3.2. Construction Plans. Developer shall cause Construction Plans to be provided for the Minimum Improvements, which shall be subject to approval by the City as provided in this Section 3.2. The Construction Plans shall be in conformity with the Urban Renewal Plan, this Agreement, and all applicable federal, State and local laws and regulations. The City shall approve the Construction Plans in writing if: (i) the Construction Plans conform to the terms and conditions of this Agreement; (ii) the Construction Plans conform to the terms and conditions of the Urban Renewal Plan; (iii) the Construction Plans conform to all applicable federal, State and local laws, ordinances, rules and regulations, and City permit requirements; (iv) the Construction Plans are adequate for purposes of this Agreement to provide for the construction of the Minimum Improvements; and (v) no Event of Default under the terms of this Agreement has occurred; provided, however, that any such approval of the Construction Plans pursuant to this Section 3.2 shall constitute approval for the purposes of this Agreement only and shall not be deemed to constitute approval or waiver by the City with respect to any building, fire, zoning or other ordinances or regulations of the City, and shall not be deemed to be sufficient plans to serve as the basis for the issuance of a building permit if the Construction Plans are not as detailed or complete as the plans otherwise required for the issuance of a building permit. The site plans submitted to the building official of the City for the Development Property and the surrounding areas where the Minimum Improvements are to be constructed shall be adequate to serve as the Construction Plans, if such site plans are approved by the building official.

Approval of the Construction Plans by the City shall not relieve any obligation to comply with the terms and provisions of this Agreement, or the provision of applicable federal, State and local laws, ordinances and regulations, nor shall approval of the Construction Plans by the City be deemed to constitute a waiver of any Event of Default.

Approval of Construction Plans hereunder is solely for purposes of this Agreement, and shall not constitute approval for any other City purpose nor subject the City to any liability for the Minimum Improvements as constructed.

Approval by the City of the Construction Plans as provided for in this Section 3.2 shall be pursuant to applicable provisions of the Development Review Process set out in Title 12, Chapter 7, of the City Code of the City as determined by the Development Review Committee and the Planning and Zoning Commission.

Section 3.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, Developer shall cause construction of the Minimum Improvements to be undertaken and completed: (i) by no later than November 30, 2018; or (ii) by such other date as the parties shall mutually agree upon in writing. Time lost as a result of Unavoidable Delays shall be added to extend this date by a number of days equal to the number of days lost as a result of Unavoidable Delays. All work with respect to the Minimum Improvements shall be in conformity with the Construction Plans approved by the building official or any amendments thereto as may be approved by the building official.

Developer agrees that it shall permit designated representatives of the City, upon reasonable notice (which does not have to be written), to enter upon the Development Property during the construction of the Minimum Improvements to inspect such construction and the progress thereof.

Section 3.4. Certificate of Completion. Upon written request of Developer after issuance of an occupancy permit for the Minimum Improvements, the City will furnish Developer with a Certificate of Completion in recordable form, in substantially the form set forth in Exhibit C attached hereto. Such Certificate of Completion shall be a conclusive determination of satisfactory termination of the covenants and conditions of this Agreement with respect to the obligations of Developer to cause construction of the Minimum Improvements.

The Certificate of Completion may be recorded in the proper office for the recordation of deeds and other instruments pertaining to the Development Property at Developer's sole expense. If the City shall refuse or fail to provide a Certificate of Completion in accordance with the provisions of this Section 3.4, the City shall, within twenty (20) days after written request by Developer provide a written statement indicating in adequate detail in what respects Developer has failed to complete the Minimum Improvements in accordance with the provisions of this Agreement, or is otherwise in default under the terms of this Agreement, and what measures or acts will be necessary, in the opinion of the City, for Developer to take or perform in order to obtain such Certificate of Completion.

ARTICLE IV. PUBLIC IMPROVEMENTS

Section 4.1. Conditions Precedent to Construction of the Phase I Public Improvements. It is recognized and agreed that the ability of the City to perform the obligations described in this Agreement, is subject to completion and satisfaction of certain separate City Council actions and required legal proceedings relating to the issuance of the Phase I City Bonds. Specifically, all obligations of the City to issue the Phase I City Bonds whose proceeds shall be used to design and construct the Phase I Public Improvements are subject to each of the following Conditions Precedent:

- a. The completion and satisfaction of certain separate City Council actions and all required legal proceedings relating to the issuance of the Phase I City Bonds (in the judgment of bond counsel for the City);
- b. The City shall have completed the sale of all or a portion of the Phase I City Bonds on such terms and conditions as it shall deem necessary or desirable in its sole discretion;
- c. Reserved;
- d. Reserved;
- e. The City shall have approved all applicable zoning, subdivision, or platting of the Development Property necessary for development and construction of the Minimum Improvements;
- f. The City shall have amended the Urban Renewal Plan, if necessary, to include the Economic Development Grants, Phase I Public Improvements, and Phase II Public Improvements as urban renewal projects;
- g. Execution by Developer of the Minimum Assessment Agreement by and among the City, Developer, and City Assessor substantially in the form of Exhibit F, pursuant to Article XI of this Agreement;

h. The Developer is in material compliance with all of the terms of this Agreement;

i. There has not been a substantial change for the worse in the financial resources and ability of the Developer, or a substantial decrease in the financing commitments secured by the Developer for construction of the Minimum Improvements, which change(s) make it likely, in the reasonable judgment of the City, that the Developer will be unable to fulfill its covenants and obligations under this Agreement;

j. The City shall have completed all applicable public bidding requirements for the Phase I Public Improvements and shall have awarded a contract for the Phase I Public Improvements acceptable to the City in its sole discretion.

Section 4.1A. Conditions Precedent to Construction of the Phase II Public Improvements. It is recognized and agreed that the ability of the City to perform the obligations described in this Agreement, is subject to completion and satisfaction of certain separate City Council actions and required legal proceedings relating to the issuance of the Phase II City Bonds. Specifically, all obligations of the City to issue the Phase II City Bonds whose proceeds shall be used to design and construct the Phase II Public Improvements are subject to each of the following Conditions Precedent:

a. Developer's delivery of the Phase II Election Notice to City.

b. The completion and satisfaction of certain separate City Council actions and all required legal proceedings relating to the issuance of the Phase II City Bonds (in the judgment of bond counsel for the City);

c. The City shall have completed the sale of all or a portion of the Phase II City Bonds on such terms and conditions as it shall deem necessary or desirable in its sole discretion;

d. The City shall have completed all applicable public bidding requirements for the Phase II Public Improvements and shall have awarded a contract for the Phase II Public Improvements acceptable to the City in its sole discretion;

e. The Developer is in material compliance with all of the terms of this Agreement;

f. The Developer shall reasonably demonstrate to City its ability to secure sufficient capital to fulfill its covenants and obligations for the construction of Minimum Improvements required to create and maintain Phase II Jobs. The Developer shall demonstrate such ability by presenting the City with a letter of commitment, which commitment reasonably approximates market rates, for financing from a bank or other financial institution.

Section 4.2. Construction of the Phase I Public Improvements. Contingent on the Developer's compliance with the terms of this Agreement and contingent upon satisfaction of the Conditions Precedent in Section 4.1 of this Agreement, the City intends to issue Phase I City Bonds to fund, and then construct, the Phase I Public Improvements. The City's obligation to issue the Phase I City Bonds to construct the Phase I Public Improvements as described in this Article shall be subject in all respects to Unavoidable Delays, the provisions of this Article, and to the satisfaction of all conditions and procedures required (in the judgment of bond counsel for the City) by Chapters 384 and 403 of the Code

with respect to issuance of the Phase I City Bonds, including the holding of all required public hearings relating to the same.

Section 4.3. Completion of the Phase I Public Improvements. Subject to Unavoidable Delays, the City shall cause construction of the Phase I Public Improvements to be undertaken and completed by no later than May 31, 2018. Time lost as a result of Unavoidable Delays shall be added to extend this date by a number of days equal to the number of days lost as a result of Unavoidable Delays. Construction of the Phase I Public Improvements shall not materially interfere with or delay Developer in the construction of the Minimum Improvements. Construction of the Minimum Improvements on the Development Property shall not materially interfere with or delay City in the construction of the Phase I Public Improvements. City acknowledges and agrees that the construction of the Phase I Public Improvements must be completed concurrent with the Project in order to allow Developer to timely open the Project by no later than November 30, 2018.

Section 4.4. Construction of the Phase II Public Improvements. Contingent on the Developer's compliance with the terms of this Agreement, delivery of the Phase II Election Notice, and contingent upon satisfaction of the Conditions Precedent in Section 4.1A of this Agreement, the City may issue Phase II City Bonds to fund, and then construct, the Phase II Public Improvements. The City's obligation to issue the Phase II City Bonds to construct the Phase II Public Improvements as described in this Article shall be subject in all respects to Unavoidable Delays, the provisions of this Article, and to the satisfaction of all conditions and procedures required (in the judgment of bond counsel for the City) by Chapters 384 and 403 of the Code with respect to issuance of the Phase II City Bonds, including the holding of all required public hearings relating to the same.

Section 4.5. Completion of the Phase II Public Improvements. Subject to Unavoidable Delays, the City shall cause construction of the Phase II Public Improvements to be undertaken and completed no longer than 24 months following receipt of the Phase II Election Notice. Time lost as a result of Unavoidable Delays shall be added to extend this date by a number of days equal to the number of days lost as a result of Unavoidable Delays.

Section 4.6. Authority to Design, Engineer and Construct. The City shall design, engineer and construct the Phase I Public Improvements and Phase II Public Improvements in accordance with current City standards and design guidelines, other applicable design standards, the terms of this Agreement, and in accordance with the provisions of the Code. At the request of the Developer, the City shall provide a copy of the construction plans for the Phase I Public Improvements and Phase II Public Improvements for review and comment, but Developer shall have no approval authority over said construction plans.

Section 4.7. Phase II Obligations. The City shall be under no obligation to authorize the issuance of the Phase II City Bonds, to sell the Phase II City Bonds, or to construct the Phase II Public Improvements until Developer delivers to the City the Phase II Election Notice in substantially the form attached hereto as Exhibit J. Subject to the Conditions Precedent in Section 4.1A of this Agreement, upon delivery of the Phase II Election Notice, the City shall authorize the issuance of the Phase II City Bonds, sell the Phase II City Bonds, and construct the Phase II Public Improvements.

ARTICLE V. INSURANCE

Section 5.1. Insurance Requirements.

a. Developer will provide and maintain or cause to be maintained at all times during the process of constructing the Minimum Improvements (and, from time to time at the request of the City, furnish the City with proof of payment of premiums on):

i. Builder's risk insurance, written on the so-called "Builder's Risk– Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the Minimum Improvements at the date of completion, and with coverage available in non-reporting form on the so-called "all risk" form of policy.

ii. Comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations, and contractual liability insurance) with limits against bodily injury and property damage of at least \$1,000,000 for each occurrence. The City shall be named as an additional insured for the City's liability or loss arising out of or in any way associated with the project and arising out of any act, error, or omission of Developer, or its directors, officers, shareholders, contractors, and subcontractors or anyone else for whose acts the City may be held responsible (with coverage to the City at least as broad as that which is provided to Developer and not lessened or avoided by endorsement). The policy shall contain a "severability of interests" clause and provide primary insurance over any other insurance maintained by the City.

iii. Workers' compensation insurance with at least statutory coverage.

b. Upon completion of construction of the Minimum Improvements and at all times prior to the Termination Date, Developer shall maintain or cause to be maintained, at its cost and expense (and from time to time at the request of the City shall furnish proof of the payment of premiums on), insurance as follows:

i. Insurance against loss and/or damage to the Minimum Improvements under a policy or policies covering such risks as are ordinarily insured against by similar businesses, including (without limiting the generality of the foregoing) fire, extended coverage, vandalism and malicious mischief, explosion, water damage, demolition cost, debris removal, and collapse in an amount not less than the full insurable replacement value of the Minimum Improvements, but any such policy may have a deductible amount of not more than \$2,500,000. No policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the preceding sentence, by reason of co-insurance provisions or otherwise, without the prior consent thereto in writing by the City. The term "full insurable replacement value" shall mean the actual replacement cost of the Minimum Improvements (excluding foundation and excavation costs and costs of underground flues, pipes, drains, and other uninsurable items) and equipment.

ii. Comprehensive general public liability insurance, including personal injury liability for injuries to persons and/or property, including any injuries resulting from the operation of automobiles or other motorized vehicles on or about the Development Property, in the minimum amount for each occurrence and for each year of \$1,000,000.

iii. Such other insurance, including workers' compensation insurance respecting all employees of Developer, in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that Developer may be self-insured with respect to all or any part of its liability for workers' compensation.

c. All insurance required by this Article V to be provided prior to the Termination Date shall be taken out and maintained in responsible insurance companies selected by Developer, which are authorized under the laws of the State to assume the risks covered thereby. Developer will deposit annually with the City copies of policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Unless otherwise provided in this Article V, to the extent permitted by the applicable insurance company, each policy shall contain a provision that the insurer shall not cancel or modify it without giving written notice to Developer and the City at least thirty (30) days before the cancellation or modification becomes effective. Not less than fifteen (15) days prior to the expiration of any policy, Developer shall furnish the City evidence satisfactory to the City that the policy has been renewed or replaced by another policy conforming to the provisions of this Article V, or that there is no necessity therefor under the terms hereof. In lieu of separate policies, Developer may maintain a single policy, or blanket or umbrella policies, or a combination thereof, which provide the total coverage required herein, in which event Developer shall deposit with the City a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

d. Developer agrees to notify the City immediately in the case of damage exceeding \$250,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. Net Proceeds of any such insurance shall be paid directly to Developer, and Developer will forthwith repair, reconstruct, and restore the Minimum Improvements to substantially the same or an improved condition or value as they existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction and restoration, Developer will apply the Net Proceeds of any insurance relating to such damage received by Developer to the payment or reimbursement of the costs thereof.

e. Developer shall complete the repair, reconstruction, and restoration of the Minimum Improvements, whether or not the Net Proceeds of insurance received by Developer for such purposes are sufficient.

ARTICLE VI. FURTHER COVENANTS OF DEVELOPER

Section 6.1. Maintenance of Properties. Developer will maintain, preserve, and keep its properties within the City (whether owned in fee or a leasehold interest), including but not limited to the Minimum Improvements, in good repair and working order, ordinary wear and tear excepted, and from time to time will make all necessary repairs, replacements, renewals, and additions.

Section 6.2. Maintenance of Records. Developer will keep at all times proper books of record and account in which full, true, and correct entries will be made of all dealings and transactions of or in relation to the business and affairs of Developer relating to this Project in accordance with generally accepted accounting principles, consistently applied throughout the period involved, and Developer will provide reasonable protection against loss or damage to such books of record and account.

Section 6.3. Compliance with Laws. Developer will comply with all State, federal and local laws, rules and regulations relating to the Minimum Improvements.

Section 6.4. Non-Discrimination. In the construction and operation of the Minimum Improvements, Developer shall not discriminate against any applicant or employee because of age, color, creed, national origin, race, religion, marital status, sex, physical disability, or familial status. Developer shall ensure that applicants and employees are considered and are treated without regard to their age, color, creed, national origin, race, religion, marital status, sex, physical disability, or familial status.

Section 6.5. Available Information. Upon request, Developer shall promptly provide the City with copies of information requested by City that are related to this Agreement so that City can determine compliance with this Agreement.

Section 6.6. Employment. Developer shall employ 922 Full-Time Equivalent (FTE) Jobs in the hog processing facility on the Development Property by no later than November 1, 2019. Developer shall retain all 922 Full-Time Equivalent (FTE) Jobs from November 1, 2019 through the Termination Date of this Agreement in order to be eligible for Economic Development Grants. If Developer delivers to City a Phase II Election Notice, Developer shall add at least 850 additional Full-Time Equivalent (FTE) Jobs (the "Phase II Jobs") in the hog processing facility on the Development Property by no later than the date which is 30 months after the date of the Phase II Election Notice (the "Phase II Compliance Date"). Following the Phase II Compliance Date, Developer shall retain a Monthly Average of at least 1,772 Full-Time Equivalent (FTE) Jobs at the hog processing facility on the Development Property until the Termination Date of this Agreement in order to be eligible for Economic Development Grants. All entry-level Full-Time Equivalent (FTE) Jobs shall have a starting hourly wage of no less than \$13.00 per hour. Developers Annual Certification shall be prepared in a manner consistent with the requirements of the Iowa Economic Development Authority and the EDA Contract and shall show that:

a. a Monthly Average of at least 922 Full-Time Equivalent (FTE) Jobs has been maintained from November 1, 2019 through the earlier to occur of the Phase II Compliance Date or the Termination Date; and

b. If the Phase II Election Notice has been delivered to the City, a Monthly Average of at least 1,772 Full-Time Equivalent (FTE) Jobs has been maintained from the Phase II Compliance Date through the Termination Date of this Agreement.

"Monthly Average" means the average number of Full-Time Equivalent (FTE) Jobs employed as of July 1 of each year and as of the first day of each of the preceding eleven (11) months, as shown in Developer's Annual Certification in Section 6.7.

Section 6.6A. Prorata Adjustment to Economic Development Grants. If the Developer is not in compliance with the employment obligations set forth in Section 6.6 of this Agreement, the City shall reduce the amount of the Economic Development Grant payable during the following calendar year by the same proportion as the amount of the shortfall in created jobs, provided, however, that Developer shall not receive any Economic Development Grant in the following calendar year if the Monthly Average of Full-Time Equivalent Jobs employed by Developer is not equal to at least fifty percent (50%) of the Full-Time Equivalent Jobs required under Section 6.6 of this Agreement. For example, if

the employment level reported on Developer's Annual Certification equals a Monthly Average of seventy-five percent (75%) of the jobs required, the Economic Development Grant payable during the following calendar year shall be reduced by twenty-five percent (25%), but if the employment level reported on Developer's Annual Certification equals a Monthly Average of forty-nine percent (49%) of the jobs required, the City shall not pay, and the Developer shall not receive, the Economic Development Grant during the following calendar year. Failure by Developer to maintain at least fifty percent (50%) of the Full-Time Equivalent Jobs required under Section 6.6 and Section 6.6A of this Agreement in any year shall not be considered an Event of Default of this Agreement, but shall be considered a failure to comply with a Condition Precedent under Section 8.5 of this Agreement.

Section 6.7. Annual Certification. To assist the City in monitoring this Agreement and performance of Developer hereunder, a duly authorized officer of Developer shall annually provide to the City: (i) proof that all ad valorem taxes on the Development Property and Minimum Improvements have been paid for the prior fiscal year and any taxes due and payable for the current fiscal year as of the date of certification; (ii) the date of the first full assessment of the Minimum Improvements; (iii) certification of the number of Full-Time Equivalent (FTE) Jobs employed by Developer as of July 1 and as of the first day of each of the preceding eleven (11) months (the parties acknowledge that the July 31, 2019 Annual Certification will reflect the actual employment level for information purposes only and that the employment levels in the July 31, 2020 Annual Certification will be the basis for the prorata adjustment in Section 6.6A, if necessary, for the June 1, 2021 Economic Development Grant); and (iv) certification that such officer has re-examined the terms and provisions of this Agreement and the EDA Contract and that at the date of such certificate, and during the preceding twelve (12) months, Developer is not, or was not, in material default in the fulfillment of any of the terms and conditions of this Agreement or the EDA Contract and that no Event of Default (or event which, with the lapse of time or the giving of notice, or both, would become an Event of Default) is occurring or has occurred as of the date of such certificate or during such period, or if the signer is aware of any such default, event or Event of Default, said officer shall disclose in such statement the nature thereof, its period of existence and what action, if any, has been taken or is proposed to be taken with respect thereto. Such statement, proof and certificate shall be provided not later than July 31 of each year, commencing July 31, 2019 and ending on July 31, 2030, both dates inclusive. Developer shall provide supporting information for its Annual Certifications upon request of the City. See Exhibit E for form required for Developer's Annual Certification.

Section 6.8. Term of Operation. Developer shall maintain its operations at the Minimum Improvements on the Development Property, including the employee obligations in Section 6.6, until the Termination Date of this Agreement.

Section 6.9. Developer Completion Guarantee. By signing this Agreement, Developer hereby guarantees to the City performance by Developer of all the terms and provisions of this Agreement pertaining to Developer's obligations with respect to the construction of the Minimum Improvements. Without limiting the generality of the foregoing, Developer guarantees that: (a) construction of the Minimum Improvements shall commence and be completed within the time limits set forth herein, subject to Unavoidable Delays; (b) the Minimum Improvements shall be constructed and completed in accordance with the Construction Plans; (c) the Minimum Improvements shall be constructed and completed free and clear of any mechanic's liens, materialman's liens and equitable liens; and (d) all costs of constructing the Minimum Improvements shall be paid when due.

Section 6.10. Guaranty. Prior to the Commencement Date, Developer shall cause each Guarantor to execute and deliver to the City a Guaranty in favor of the City, in the form attached hereto

as Exhibit H. Prior to the Commencement Date, Developer shall cause Guarantor's attorney to provide an enforceability opinion in the form attached hereto as Exhibit H-1.

Section 6.11. Phase II Obligations. Notwithstanding any provision of this Agreement to the contrary, Developer shall be under no obligation to create or maintain the Phase II Jobs until Developer delivers to the City the Phase II Election Notice. Upon delivery of the Phase II Election Notice, Developer shall be obligated to create and maintain the Phase II Jobs pursuant to the terms of this Agreement.

Section 6.12. Developer's Obligation to Purchase Water. Each calendar year Developer shall pay the City a minimum of Nine Hundred Fifty Thousand Dollars (\$950,000) for the purchase of potable water from the City water utility system beginning November 1, 2019 and continuing through the Termination Date of this Agreement; provided, however, that if Developer exercises the Phase II Election Notice then each calendar year Developer shall pay the City a minimum of One Million Nine Hundred Fifty Thousand Dollars (\$1,950,000) for the purchase of potable water from the City water utility system beginning on the Phase II Compliance Date and continuing through the Termination Date of this Agreement.

If Developer fails to pay the City the minimum amounts set forth in this Section 6.12 for the purchase of potable water from the City water utility system in any given calendar year, Developer will make a payment to the City equal to the difference between (a) the applicable minimum amount set forth in this Section 6.12 and (b) the Total Water Revenue (the "Water Shortfall Payment"). For purposes of this section, the "Total Water Revenue" shall equal the total water utility service fees that the City receives from Developer during the applicable calendar year plus all water utility service fees the City receives from other water customers located in the Mason City Southside Gateway Urban Renewal Area (as amended from time to time) and the owner of Parcel Nos. 072040001600, 072020001100, 072020001300, and 072040001800 during the applicable calendar year. Such Water Shortfall Payment shall be made to the City within 30 days of receipt of an invoice from the City. If Developer fails to make the Water Shortfall Payment, Developer understands and agrees that an amount equivalent to the Water Shortfall Payment may be deducted from the Developer's next Economic Development Grant.

Section 6.13. Developer's Ongoing Commitment to the Community.

a. Developer will make ten (10) annual charitable contributions to the Mason City Community School District in the amount of \$140,000 each. Developer will make the contribution in January of each year, with the first such contribution in January 2018 and the final contribution in January 2027. These contributions could be used by the School District to offset additional costs associated with increased enrollment associated with the development under this Agreement, including the hiring of staff or the purchase of additional books, technology, and other supplies.

b. Developer will not enter into a new contract with a producer for the production of live hogs in the Restricted Area, nor will Developer construct a new hog production facility of its own in the Restricted Area. For purposes of this Section, "Restricted Area" means (i) the area within the current city limits of the City of Mason City or the City of Clear Lake, (ii) the area within two and one half (2.5) miles of the current city limits of the City of Mason City or the City of Clear Lake, and (iii) the area within two and one half (2.5) miles of the shoreline of Clear Lake.

ARTICLE VII. ASSIGNMENT AND TRANSFER

Section 7.1. Status of Developer; Transfer of Substantially All Assets; Assignment. As security for the obligations of Developer under this Agreement, Developer represents and agrees that, prior to the Termination Date, Developer will maintain existence as a company and will not wind up or otherwise dispose of all or substantially all of its assets or transfer, convey, or assign its interest in the Development Property, Minimum Improvements or this Agreement to any other party unless: (i) the transferee partnership, corporation, limited liability company or individual assumes in writing all of the obligations of Developer under this Agreement; and (ii) the City consents thereto in writing in advance thereof, which consent shall not be unreasonably withheld, delayed or conditioned.

In the event that Developer wishes to assign this Agreement, including its rights and duties hereunder, Developer and transferee individual or entity shall request that the City and Developer consent to an amendment of this Agreement to accommodate the transfer and to provide for the assumption of all Developer obligations under this Agreement. Such transfer shall not be effective unless and until the City and Developer consent in writing to an amendment of this Agreement authorizing the transfer.

Section 7.2. Prohibition Against Use as Non-Taxable or Centrally Assessed Property. During the term of this Agreement, Developer, or its successors, or assigns agree that the Development Property cannot be transferred or sold to a non-profit entity or used for a purpose that would exempt the Development Property or Minimum Improvements from property tax liability. Nor can the Development Property or Minimum Improvements be used as centrally assessed property (including but not limited to, Iowa Code § 428.24 to 428.29 (Public Utility Plants and Related Personal Property); Chapter 433 (Telegraph and Telephone Company Property); Chapter 434 (Railway Property); Chapter 437 (Electric Transmission Lines); Chapter 437A (Property Used in the Production, Generation, Transmission or Delivery of Electricity or Natural Gas); and Chapter 438 (Pipeline Property)).

ARTICLE VIII. ECONOMIC DEVELOPMENT GRANTS

Section 8.1. Economic Development Grants. For and in consideration of the obligations being assumed by Developer hereunder, and in furtherance of the goals and objectives of the Urban Renewal Plan for the Urban Renewal Area and the Urban Renewal Act, the City agrees, subject to Developer being and remaining in compliance with the terms of this Agreement and the EDA Contract, to make up to ten (10) years of consecutive annual payments of Economic Development Grants to Developer up to a total amount not to exceed Fifteen Million Five Hundred Thousand Dollars (\$15,500,000) under the following formula:

Assuming the completion of the Minimum Improvements by November 30, 2018 and full assessment of the Minimum Improvements on January 1, 2019, and debt certification by the City to the Auditor prior to December 1, 2019, the Economic Development Grants shall commence on June 1, 2021 and end on June 1, 2030 pursuant to Section 403.19 of the Urban Renewal Act in the following amounts:

<u>Date</u>	<u>Amount of Economic Development Grants</u>
June 1, 2021	50% of Tax Increments for Fiscal Year 2020-2021
June 1, 2022	50% of Tax Increments for Fiscal Year 2021-2022

June 1, 2023	50% of Tax Increments for Fiscal Year 2022-2023
June 1, 2024	50% of Tax Increments for Fiscal Year 2023-2024
June 1, 2025	50% of Tax Increments for Fiscal Year 2024-2025
June 1, 2026	50% of Tax Increments for Fiscal Year 2025-2026
June 1, 2027	50% of Tax Increments for Fiscal Year 2026-2027
June 1, 2028	50% of Tax Increments for Fiscal Year 2027-2028
June 1, 2029	50% of Tax Increments for Fiscal Year 2028-2029
June 1, 2030	50% of Tax Increments for Fiscal Year 2029-2030

Each annual payment shall be equal in amount to the above percentages of the Tax Increments collected by the City with respect to the Minimum Improvements on the Development Property under the terms of the Ordinance and deposited into the Prestage Foods of Iowa, LLC TIF Account (without regard to any averaging that may otherwise be utilized under Section 403.19 and excluding any interest that may accrue thereon prior to payment to Developer) during the preceding twelve-month period in respect of the Development Property and the Minimum Improvements, but subject to limitation and adjustment as provided in this Article (such payments being referred to collectively as the "Economic Development Grants").

Section 8.2. Payment Schedule. After the Minimum Improvements are first fully assessed and if in compliance with this Agreement, if Developer's Annual Certification is timely filed and contains the information required under Section 6.7 and the Council approves of the same, the City shall certify to the County prior to December 1 of that year its request for the available Tax Increments resulting from the assessments imposed by the County as of January 1 of that year, to be collected by the County and paid to the City as taxes are paid during the following fiscal year and which shall thereafter be disbursed to Developer on the following June 1. (Example: assuming completion by November 30, 2018 and first full assessment on January 1, 2019, if Developer certifies by July 31, 2019 and the City certifies to the County by December 1, 2019, the first Economic Development Grants would be paid to Developer on June 1, 2021 (for 50% of the Tax Increment for fiscal year 2020-2021)). The schedule of the payments for Economic Development Grants set forth in Section 8.1 is based on the first full assessment of the Minimum Improvements being January 1, 2019. If the completion of the Minimum Improvements is delayed so that the Minimum Improvements are not fully assessed as of January 1, 2019, then the first Economic Development Grant will not begin as scheduled, but will be delayed one year. However, in no event shall the schedule of Economic Development Grants be delayed more than one year, meaning that the latest potential date for Developer's first Economic Development Grant, if eligible, is June 1, 2022.

Section 8.3. Maximum Amount of Grants. The aggregate amount of the Economic Development Grants that may be paid to Developer under this Agreement shall be equal to the sum of the total amount of the applicable percentage of Tax Increments collected in respect of the assessments imposed on the Minimum Improvements over the specified time period, but in no event shall exceed Fifteen Million Five Hundred Thousand Dollars (\$15,500,000) over ten (10) years.

Section 8.4. Limitations. The Economic Development Grants are only for the Minimum Improvements described in this Agreement (building/improvement increase value only) and not any future expansions which, to be eligible for Economic Development Grants, would be the subject of an amendment or new agreement, at the sole discretion of the City Council.

Section 8.5. Conditions Precedent. Notwithstanding the provisions of Section 8.1 above, the obligation of the City to make an Economic Development Grant in any year shall be subject to and conditioned upon the following:

- a. compliance with the terms of this Agreement, including, but not limited to, the employment obligations in Section 6.6 of this Agreement (subject to any prorata reduction of Economic Development Grants pursuant to Section 6.6A of this Agreement), and payment of property taxes;
- b. timely filing by Developer of the Annual Certifications required under Section 6.7 of this Agreement and the Council's approval thereof;
- c. an assessed value of the Minimum Improvements (building/improvement increase value only) of at least \$100,000,000;
- d. Developer being and remaining in compliance with the EDA Contract.

In the event that an Event of Default occurs or any certification filed by Developer under Section 6.7 (or other information) discloses the existence or prior occurrence of an Event of Default that was not cured and cannot reasonably be cured, the City shall have no obligation thereafter to make any payments to Developer in respect of the Economic Development Grants and the provisions of this Article shall terminate and be of no further force or effect.

Each Annual Certification filed by Developer under Section 6.7 of this Agreement shall be considered separately in determining whether the City shall make any of the Economic Development Grant payments available to Developer under this Article. Under no circumstances shall the failure by Developer to qualify Developer for an Economic Development Grant in any year serve to extend the term of this Agreement beyond the Termination Date or the years during which Economic Development Grants may be awarded to Developer or the total amount thereof, it being the intent of parties hereto to provide Developer with an opportunity to receive Economic Development Grants only if Developer fully complies with the provisions of this Agreement and Developer becomes entitled thereto, up to the maximum aggregate amount set forth in Sections 8.1 and 8.3.

Section 8.6. Source of Grant Funds Limited.

- a. The Economic Development Grants shall be payable from and secured solely and only by amounts deposited and held in the Prestage Foods of Iowa, LLC TIF Account of the Mason City Southside Gateway Urban Renewal Tax Increment Revenue Fund of the City. The City hereby covenants and agrees to maintain the Ordinance in force during the term hereof and to apply the appropriate percentage of Tax Increments collected in respect of the Minimum Improvements and allocated to the Prestage Foods of Iowa, LLC TIF Account to pay the Economic Development Grants, as and to the extent set forth in this Article. The Economic Development Grants shall not be payable in any manner by other tax increment revenues or by general taxation or from any other City funds. Any commercial and industrial property tax replacement monies that may be received under chapter 441.21A shall not be included in the calculation to determine the amount of Economic Development Grants for which Developer is eligible, and any monies received back under chapter 426C relating to the Business Property Tax Credit shall not be included in the calculation to determine the amount of Economic Development Grants for which Developer is eligible.

b. Each Economic Development Grant is subject to annual appropriation by the City Council each fiscal year. The City has no obligation to make any payments to Developer as contemplated under this Agreement until the City Council annually appropriates the funds necessary to make such payments. The right of non-appropriation reserved to the City in this Section is intended by the parties, and shall be construed at all times, so as to ensure that the City's obligation to make future Economic Development Grants shall not constitute a legal indebtedness of the City within the meaning of any applicable constitutional or statutory debt limitation prior to the adoption of a budget which appropriates funds for the payment of that installment or amount. In the event that any of the provisions of this Agreement are determined by a court of competent jurisdiction or by the City's bond counsel to create, or result in the creation of, such a legal indebtedness of the City, the enforcement of the said provision shall be suspended, and this Agreement shall at all times be construed and applied in such a manner as will preserve the foregoing intent of the parties, and no Event of Default by the City shall be deemed to have occurred as a result thereof. If any provision of this Agreement or the application thereof to any circumstance is so suspended, the suspension shall not affect other provisions of this Agreement which can be given effect without the suspended provision. To this end the provisions of this Agreement are severable.

c. Notwithstanding the provisions of Section 8.1 hereof, the City shall have no obligation to make an Economic Development Grant to Developer if at any time during the term hereof the City fails to appropriate funds for payment, or receives an opinion from its legal counsel to the effect that the use of Tax Increments resulting from the Minimum Improvements to fund an Economic Development Grant to Developer, as contemplated under said Section 8.1, is not authorized or otherwise an appropriate urban renewal activity permitted to be undertaken by the City under the Urban Renewal Act or other applicable provisions of the Code, as then constituted or under controlling decision of any Iowa Court having jurisdiction over the subject matter hereof. Upon receipt of any such legal opinion or non-appropriation, the City shall promptly forward notice of the same to Developer. If the non-appropriation or circumstances or legal constraints giving rise to the decision continue for a period during which two (2) annual Economic Development Grants would otherwise have been paid to Developer under the terms of Section 8.1, the City or Developer may terminate this Agreement, without penalty or other liability to the other party, by written notice to the other party.

Section 8.7. Use of Other Tax Increments. The City shall be free to use any and all Tax Increments above and beyond the percentages to be given to Developer in this Agreement, or any available Tax Increments resulting from the suspension or termination of the Economic Development Grants, for any purpose for which the Tax Increments may lawfully be used pursuant to the provisions of the Urban Renewal Act (including an allocation of all or any portion thereof to the reduction of any eligible City costs), and the City shall have no obligations to Developer with respect to the use thereof.

Section 8.8. Real Property Taxes. Developer, or its successors shall pay or cause to be paid, when due, all real property taxes and assessments payable with respect to all and any parts of the Development Property acquired and owned or leased by them and pursuant to the provisions of this Agreement. Until Developer's obligations have been assumed by any other person or legal title to the property is vested in another person, all pursuant to the provisions of this Agreement, Developer shall be solely responsible for all assessments and taxes.

Developer and its successors agree that prior to the Termination Date:

a. They will not seek administrative review or judicial review of the applicability or constitutionality of any tax statute relating to the taxation of real property contained on the Development Property determined by any tax official to be applicable to the Development Property, Minimum Improvements, or raise the inapplicability or constitutionality of any such tax statute as a defense in any proceedings, including delinquent tax proceedings;

b. They will not seek any tax exemption deferral or abatement either presently or prospectively authorized under any State, federal or local law with respect to taxation of real property contained on the Development Property between the date of execution of this Agreement and the Termination Date; and

c. The assessment category for the Development Property is commercial/industrial and Developer shall not take any action to request or effect a change in such category.

ARTICLE IX. INDEMNIFICATION

Section 9.1. Release and Indemnification Covenants.

a. Except for the obligations of City as set forth in this Agreement, Developer releases the City and the governing body members, officers, agents, servants and employees thereof (hereinafter, for purposes of this Article IX, the "Indemnified Parties") from, covenants and agrees that the Indemnified Parties shall not be liable for, and agrees to indemnify, defend, and hold harmless the Indemnified Parties against, any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Minimum Improvements or Development Property.

b. Except for any willful misrepresentation or any willful or wanton misconduct or any unlawful act of the Indemnified Parties, Developer agrees to protect and defend the Indemnified Parties, now or forever, and further agrees to hold the Indemnified Parties harmless, from any claim, demand, suit, action or other proceedings whatsoever by any person or entity whatsoever arising or purportedly arising from: (i) any violation of any agreement or condition of this Agreement (except with respect to any suit, action, demand or other proceeding brought by Developer against the City to enforce its rights under this Agreement); (ii) the acquisition and condition of the Development Property and the construction, installation, ownership, and operation of the Minimum Improvements; or (iii) any hazardous substance or environmental contamination located in or on the Development Property.

c. The Indemnified Parties shall not be liable for any damage or injury to the persons or property of Developer or their officers, agents, servants or employees or any other person who may be about the Minimum Improvements or Development Property due to any act of negligence of any person, other than any act of negligence on the part of any such Indemnified Party or its officers, agents, servants or employees.

d. All covenants, stipulations, promises, agreements, and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements, and obligations of the City, and not of any governing body member, officer, agent, servant or employee of the City in the individual capacity thereof.

e. The provisions of this Article IX shall survive the termination of this Agreement.

ARTICLE X. EVENTS OF DEFAULT AND REMEDIES

Section 10.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean, whenever it is used in this Agreement, any one or more of the following events during the term of this Agreement:

- a. Failure by Developer to cause the construction of the Minimum Improvements to be completed and the operations to continue pursuant to the terms and conditions of this Agreement;
- b. Transfer of Developer's interest in the Development Property, Minimum Improvements or any interest in this Agreement or the assets of Developer in violation of the provisions of this Agreement;
- c. Failure by Developer to timely pay ad valorem taxes on the Development Property and Minimum Improvements;
- d. Failure by Developer to substantially observe or perform any material covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement or the EDA Contract);
- e. The holder of any Mortgage on the Development Property, or any improvements thereon, or any portion thereof, commences foreclosure proceedings as a result of any default under the applicable Mortgage documents;
- f. Developer:
 - i. files any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended, or under any similar federal or state law; or
 - ii. makes an assignment for the benefit of its creditors; or
 - iii. admits in writing its inability to pay its debts generally as they become due; or
 - iv. is adjudicated as bankrupt or insolvent; or if a petition or answer proposing the adjudication of Developer as bankrupt or either entity's reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within ninety (90) days after the filing thereof; or a receiver, trustee or liquidator of Developer or the Minimum Improvements, or part thereof, shall be appointed in any proceedings brought against Developer, and shall not be discharged within ninety (90) days after such appointment, or if Developer shall consent to or acquiesce in such appointment; or
- g. Any representation or warranty made by Developer in this Agreement, the EDA Contract or in any written statement or certificate furnished by Developer pursuant to this Agreement or the EDA Contract, shall prove to have been incorrect, incomplete or misleading in any material respect on or as of the date of the issuance or making thereof.

Section 10.2. Remedies on Default. Whenever any Event of Default referred to in Section 10.1 of this Agreement occurs and is continuing, the City, as specified below, may take any one or more of the following actions after the giving of thirty (30) days' written notice by the City to Developer and the holder of the First Mortgage (but only to the extent the City has been informed in writing of the existence of a First Mortgage and been provided with the address of the holder thereof) of the Event of Default, but only if the Event of Default has not been cured within said thirty (30) days, or if the Event of Default cannot reasonably be cured within thirty (30) days and Developer does not provide assurances reasonably satisfactory to the City that the Event of Default will be cured as soon as reasonably possible:

- a. The City may suspend its performance under this Agreement until it receives assurances from Developer, deemed adequate by the City, that Developer will cure the default and continue its performance under this Agreement;
- b. The City may terminate this Agreement;
- c. The City may withhold the Certificate of Completion;
- d. The City may enforce the Guaranty pursuant to Section 6.10 hereof;
- e. The City may enforce the Water Shortfall Payments or deduct an amount equivalent to the Water Shortfall Payment from Developer's Economic Development Grant pursuant to Section 6.12 hereof;
- f. The City may recover an amount equal to the fees waived pursuant to Section 2.1.d of this Agreement;
- g. The City shall be entitled to withhold all payments due to Developer after Developer is in default;
- h. The City shall have no obligation to make payments of Economic Development Grants to Developer subsequent to an Event of Default and shall be entitled to recover from the Developer, and the Developer shall repay to the City, an amount equal to the full amount of the Economic Development Grants previously made to Developer under Article VIII hereof, with interest thereon at the Prime Rate. The City may take any action, including any legal action it deems necessary, to recover such amount from Developer. The City may demand such payment at any time following its determination that Developer is in default under this Agreement;
- i. The City may take any action, including legal, equitable or administrative action, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of Developer, as the case may be, under this Agreement.

Section 10.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver

thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 10.4. No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 10.5. Agreement to Pay Attorneys' Fees and Expenses.

a. Developer and the City shall each pay for its own attorney's fees associated with this Agreement; and

b. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of Developer herein contained, Developer agrees that it shall, on demand therefor, pay to the City the reasonable fees of such attorneys and such other expenses as may be reasonably and appropriately incurred by the City in connection therewith.

ARTICLE XI. MINIMUM ASSESSMENT AGREEMENT

Section 11.1. Minimum Assessment Agreement.

a. As further consideration for this Agreement, Developer, City and the City Assessor shall execute an Assessment Agreement pursuant to the provisions of Iowa Code Section 403.6(19) specifying the Assessor's Minimum Actual Value for the Minimum Improvements on the Development Property for calculation of real property taxes in the form attached as Exhibit F ("Assessment Agreement" or "Minimum Assessment Agreement"). Specifically, Developer, City, the City Assessor, the holder of any mortgage and all prior lienholders shall agree to a Minimum Actual Value for the Minimum Improvements to be constructed on the Development Property of not less than \$100,000,000 upon completion of the Minimum Improvements until the Assessment Agreement Termination Date (as defined below). Such minimum actual value at the time applicable is herein referred to as the "Assessor's Minimum Actual Value" (taxable improvement value).

b. Nothing in the Assessment Agreement shall limit the discretion of the Assessor to assign an actual value to the property in excess of such Assessor's Minimum Actual Value nor prohibit Developer from seeking through the exercise of legal or administrative remedies a reduction in such actual value for property tax purposes; provided, however, that Developer shall not seek a reduction of such actual value below the Assessor's Minimum Actual Value in any year so long as the Assessment Agreement shall remain in effect. The Assessment Agreement shall remain in effect until June 30, 2030 (the "Assessment Agreement Termination Date"). The Assessment Agreement shall be certified by the Assessor for the City as provided in Iowa Code Section 403.6(19) (2015) and shall be filed for record in the office of the Cerro Gordo County Recorder, and such filing shall constitute notice to any subsequent encumbrancer or purchaser of the Development Property or part thereof, whether voluntary or involuntary. Such Assessment Agreement shall be binding and enforceable in its entirety against any such subsequent purchaser or encumbrancer, as well as all prior lienholders and the holder of First Mortgage, each of which shall sign a consent to the Minimum Assessment Agreement.

ARTICLE XII. MISCELLANEOUS

Section 12.1. Conflict of Interest. Developer represents and warrants that, to its best knowledge and belief after due inquiry, no officer or employee of the City, or its designees or agents, nor any consultant or member of the governing body of the City, and no other public official of the City who exercises or has exercised any functions or responsibilities with respect to the Project during his or her tenure, or who is in a position to participate in a decision-making process or gain insider information with regard to the Project, has had or shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work or services to be performed in connection with the Project, or in any activity, or benefit therefrom, which is part of the Project at any time during or after such person's tenure.

Section 12.2. Notices and Demands. A notice, demand or other communication under this Agreement by any party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

- a. In the case of Developer, is addressed or delivered personally to Prestage Foods of Iowa, LLC, at 4651 Taylor's Bridge Hwy., Clinton, NC 28328-8064, Attn: Jere Null, Chief Operating Officer;
- b. In the case of the City, is addressed to or delivered personally to the City at 10 1st St NW, Mason City, IA 50401, Attn: Brent Trout, City Clerk/Administrator;

or to such other designated individual or officer or to such other address as any party shall have furnished to the other in writing in accordance herewith.

Section 12.3. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 12.4. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 12.5. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Iowa.

Section 12.6. Entire Agreement. This Agreement and the exhibits hereto reflect the entire agreement among the parties regarding the subject matter hereof, and supersedes and replaces all prior agreements, negotiations or discussions, whether oral or written. This Agreement may not be amended except by a subsequent writing signed by all parties hereto.

Section 12.7. Successors and Assigns. This Agreement is intended to and shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

Section 12.8. Termination Date. This Agreement shall terminate and be of no further force or effect on and after December 31, 2030, unless terminated earlier under the provisions of this Agreement.

Section 12.9. Memorandum of Agreement. The parties agree to execute and record a Memorandum of Agreement for Private Development, in substantially the form attached as Exhibit D, to serve as notice to the public of the existence and provisions of this Agreement, and the rights and interests held by the City by virtue hereof. The City shall pay for all costs of recording.

Section 12.10. No Third-Party Beneficiaries. No rights or privileges of either party hereto shall inure to the benefit of any landowner, contractor, subcontractor, material supplier, or any other person or entity, and no such contractor, landowner, subcontractor, material supplier, or any other person or entity shall be deemed to be a third-party beneficiary of any of the provisions contained in this Agreement.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and behalf by its Mayor and its seal to be hereunto duly affixed and attested by its City Clerk/Administrator, and Developer has caused this Agreement to be duly executed in its name and behalf by its authorized representatives, all on or as of the day first above written.

[Remainder of page intentionally left blank; signature pages follow]

(SEAL)

CITY OF MASON CITY, IOWA

By: _____
Eric Bookmeyer, Mayor

ATTEST:

By: _____
Brent Trout, City Clerk/Administrator

STATE OF IOWA)
) SS
COUNTY OF CERRO GORDO)

On this _____ day of _____, 2016, before me a Notary Public in and for said State, personally appeared Eric Bookmeyer and Brent Trout, to me personally known, who being duly sworn, did say that they are the Mayor and City Clerk/Administrator, respectively, of the City of Mason City, Iowa, a Municipality created and existing under the laws of the State of Iowa, and that the seal affixed to the foregoing instrument is the seal of said Municipality, and that said instrument was signed and sealed on behalf of said Municipality by authority and resolution of its City Council, and said Mayor and City Clerk/Administrator acknowledged said instrument to be the free act and deed of said Municipality by it voluntarily executed.

Notary Public in and for said State

[Signature page to Agreement for Private Development – City of Mason City]

SCHEDULE OF EXHIBITS

EXHIBIT A.....	Legal Description of Development Property
EXHIBIT B.....	Description of Minimum Improvements
EXHIBIT B-1.....	Site Plan, Diagrams or Aerial Photos of Development Property and Minimum Improvements
EXHIBIT C.....	Certificate of Completion
EXHIBIT D.....	Memorandum of Agreement
EXHIBIT E.....	Developer Annual Certification
EXHIBIT F.....	Minimum Assessment Agreement
EXHIBIT G.....	Description of Phase I Public Improvements and Phase II Public Improvements
EXHIBIT H.....	Guaranty of Completion
EXHIBIT H-1.....	Form of Enforceability Opinion (Guarantors)
EXHIBIT I.....	Form of Enforceability Opinion (Developer)
EXHIBIT J.....	Phase II Election Notice

EXHIBIT A
LEGAL DESCRIPTION OF DEVELOPMENT PROPERTY

The Development Property is described as follows:

Parcel "B" located in that part of the North Half (N 1/2) of Section Twenty-nine (29), Township Ninety-six (96) North, Range Twenty (20) West of the 5th P.M., as described and depicted on the Plat of Survey dated February 9, 1998 and filed February 18, 1998 as Document No. 9801253 and re-filed November 25, 2003 as Document No. 2003-15276 and re-filed March 31, 2016 as Document No. 2016-1701 in the Office of the Cerro Gordo County Recorder, except Parcel "C" as described and depicted on the Plat of Survey dated December 1, 2003 and filed December 2, 2003 as Document No. 2003-15449 in the Office of the Cerro Gordo County Recorder and except Parcel "D" as described and depicted on the Plat of Survey dated August 22, 2007 and filed November 14, 2007 as Document No. 2007-9630 in the Office of the Cerro Gordo County Recorder.

EXHIBIT B
DESCRIPTION OF MINIMUM IMPROVEMENTS

Minimum Improvements means the construction of a new approximately 600,000 square foot building on the Development Property. The building will be used for a hog processing facility, which will allow for the creation and retention of Full Time Equivalent (FTE) Jobs within the community. All construction shall be in accordance with federal, State, and City zoning and building requirements. The construction of the Minimum Improvements will be completed by November 30, 2018. Construction costs shall require a Capital Investment (as defined in Exhibit B-1 of the EDA Contract) as set forth in Exhibit B-1 of the EDA Contract.

The increased value after construction of the Minimum Improvements for the purpose of this Agreement will be no less than \$100,000,000, but the Mason City City Assessor will make the final determination as to the value.

This building will be built on Parcel Numbers 072910000700, 072910000900, 072910001200, 072910001300, 072920000100, 072920000200, 072920000300, 072920000400. No buildings are currently on said parcels.

EXHIBIT C
CERTIFICATE OF COMPLETION

WHEREAS, the City of Mason City, Iowa (the "City") and Prestage Foods of Iowa, LLC (the "Developer") did on or about the _____ day of _____, 2016, make, execute and deliver, each to the other, an Agreement for Private Development (the "Agreement"), wherein and whereby Developer agreed, in accordance with the terms of the Agreement, to develop and maintain certain real property located within the City and as more particularly described as follows:

Parcel "B" located in that part of the North Half (N 1/2) of Section Twenty-nine (29), Township Ninety-six (96) North, Range Twenty (20) West of the 5th P.M., as described and depicted on the Plat of Survey dated February 9, 1998 and filed February 18, 1998 as Document No. 9801253 and re-filed November 25, 2003 as Document No. 2003-15276 and re-filed March 31, 2016 as Document No. 2016-1701 in the Office of the Cerro Gordo County Recorder, except Parcel "C" as described and depicted on the Plat of Survey dated December 1, 2003 and filed December 2, 2003 as Document No. 2003-15449 in the Office of the Cerro Gordo County Recorder and except Parcel "D" as described and depicted on the Plat of Survey dated August 22, 2007 and filed November 14, 2007 as Document No. 2007-9630 in the Office of the Cerro Gordo County Recorder.

(the "Development Property"); and

WHEREAS, the Agreement incorporated and contained certain covenants and restrictions with respect to the development of the Development Property, and obligated Developer to construct certain Minimum Improvements (as defined therein) in accordance with the Agreement; and

WHEREAS, Developer has to the present date performed said covenants and conditions insofar as they relate to the construction of said Minimum Improvements in a manner deemed by the City to be in conformance with the Agreement to permit the execution and recording of this certification.

NOW, THEREFORE, this is to certify that all covenants and conditions of the Agreement with respect to the obligations of Developer and its successors and assigns, to construct the Minimum Improvements on the Development Property have been completed and performed by Developer and are hereby released absolutely and forever terminated insofar as they apply to the land described herein. The County Recorder of Cerro Gordo County is hereby authorized to accept for recording and to record the filing of this instrument, to be a conclusive determination of the satisfactory termination of the covenants and conditions of said Agreement with respect to the construction of the Minimum Improvements on the Development Property.

All other provisions of the Agreement shall otherwise remain in full force and effect until termination as provided therein.

[Remainder of page intentionally left blank; signature page follows]

(SEAL)

CITY OF MASON CITY, IOWA

By: _____
Eric Bookmeyer, Mayor

ATTEST:

By: _____
Brent Trout, City Clerk/Administrator

STATE OF IOWA)
) SS
COUNTY OF CERRO GORDO)

On this _____ day of _____, 2016, before me a Notary Public in and for said State, personally appeared Eric Bookmeyer and Brent Trout, to me personally known, who being duly sworn, did say that they are the Mayor and City Clerk/Administrator, respectively, of the City of Mason City, Iowa, a Municipality created and existing under the laws of the State of Iowa, and that the seal affixed to the foregoing instrument is the seal of said Municipality, and that said instrument was signed and sealed on behalf of said Municipality by authority and resolution of its City Council, and said Mayor and City Clerk/Administrator acknowledged said instrument to be the free act and deed of said Municipality by it voluntarily executed.

Notary Public in and for the State of Iowa

[Signature page to Certificate of Completion – City of Mason City]

EXHIBIT D
MEMORANDUM OF AGREEMENT FOR PRIVATE DEVELOPMENT

WHEREAS, the City of Mason City, Iowa (the "City") and Prestage Foods of Iowa, LLC ("Developer") did on or about the ____ day of _____, 2016, make, execute and deliver, each to the other, an Agreement for Private Development (the "Agreement"), wherein and whereby Developer agreed, in accordance with the terms of the Agreement and the Mason City Southside Gateway Urban Renewal Plan (the "Plan"), to develop and operate certain real property located within the City and within the Mason City Southside Gateway Urban Renewal Area.

The Development Property is described as follows:

Parcel "B" located in that part of the North Half (N 1/2) of Section Twenty-nine (29), Township Ninety-six (96) North, Range Twenty (20) West of the 5th P.M., as described and depicted on the Plat of Survey dated February 9, 1998 and filed February 18, 1998 as Document No. 9801253 and re-filed November 25, 2003 as Document No. 2003-15276 and re-filed March 31, 2016 as Document No. 2016-1701 in the Office of the Cerro Gordo County Recorder, except Parcel "C" as described and depicted on the Plat of Survey dated December 1, 2003 and filed December 2, 2003 as Document No. 2003-15449 in the Office of the Cerro Gordo County Recorder and except Parcel "D" as described and depicted on the Plat of Survey dated August 22, 2007 and filed November 14, 2007 as Document No. 2007-9630 in the Office of the Cerro Gordo County Recorder.

(the "Development Property"); and

WHEREAS, the term of the Agreement commenced on the ____ day of _____, 2016 and terminates on December 31, 2030, unless otherwise terminated as set forth in the Agreement; and

WHEREAS, the City and Developer desire to record a Memorandum of the Agreement referring to the Development Property and their respective interests therein.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. That the recording of this Memorandum of Agreement for Private Development shall serve as notice to the public that the Agreement contains provisions restricting development and use of the Development Property and the improvements located and operated on such Development Property.
2. That all of the provisions of the Agreement and any subsequent amendments thereto, if any, even though not set forth herein, are by the filing of this Memorandum of Agreement for Private Development made a part hereof by reference, and that anyone making any claim against any of said Development Property in any manner whatsoever shall be fully advised as to all of the terms and conditions of the Agreement, and any amendments thereto, as if the same were fully set forth herein.
3. That a copy of the Agreement and any subsequent amendments thereto, if any, shall be maintained on file for public inspection during ordinary business hours in the office of the City Clerk, Mason City, Iowa.

IN WITNESS WHEREOF, the City and Developer have executed this Memorandum of Agreement for Private Development on the _____ day of _____, 2016.

[Remainder of page intentionally left blank; signature pages follow]

(SEAL)

CITY OF MASON CITY, IOWA

By: _____
Eric Bookmeyer, Mayor

ATTEST:

By: _____
Brent Trout, City Clerk/Administrator

STATE OF IOWA)
) SS
COUNTY OF CERRO GORDO)

On this _____ day of _____, 2016, before me a Notary Public in and for said State, personally appeared Eric Bookmeyer and Brent Trout, to me personally known, who being duly sworn, did say that they are the Mayor and City Clerk/Administrator, respectively, of the City of Mason City, Iowa, a Municipality created and existing under the laws of the State of Iowa, and that the seal affixed to the foregoing instrument is the seal of said Municipality, and that said instrument was signed and sealed on behalf of said Municipality by authority and resolution of its City Council, and said Mayor and City Clerk/Administrator acknowledged said instrument to be the free act and deed of said Municipality by it voluntarily executed.

Notary Public in and for the State of Iowa

[Signature page to Memorandum of Agreement – City of Mason City]

EXHIBIT E
DEVELOPER ANNUAL CERTIFICATION

(due by July 31st as required under terms of Agreement for Private Development)

The Developer certifies the following:

During the time period covered by this Certification, the Developer is and was in compliance with Section 6.7 of the Agreement as follows:

(i) all ad valorem taxes on the Development Property and Minimum Improvements then owned by the Developer in the Urban Renewal Area have been timely paid for the prior fiscal year (and for the current year, if due) and attached to this Annual Certification are proof of payment of said taxes;

(ii) The Minimum Improvements (building only) were first fully assessed on January 1, 20____, at a full assessment value of \$_____;

(iii) The total number of Full-Time Equivalent (FTE) Jobs employed by Developer at the Minimum Improvements as of July 1, 20____ and as of the first day of each of the preceding eleven (11) months, the count of which has been prepared in a manner consistent with the requirements of the Iowa Economic Development Authority and the EDA Contract, were as follows:

July 1, 20____: _____
June 1, 20____: _____
May 1, 20____: _____
April 1, 20____: _____
March 1, 20____: _____
February 1, 20____: _____

January 1, 20____: _____
December 1, 20____: _____
November 1, ____: _____
October 1, 20____: _____
September 1, 20____: _____
August 1, 20____: _____

(iv) the undersigned officer of Developer has re-examined the terms and provisions of the Agreement and the EDA Contract and certifies that at the date of such certificate, and during the preceding twelve (12) months, the Developer is not, or was not, in material default in the fulfillment of any of the terms and conditions of the Agreement or the EDA Contract and that no Event of Default (or event which, with the lapse of time or the giving of notice, or both, would become an Event of Default) is occurring or has occurred as of the date of such certificate or during such period, or if the signer is aware of any such default, event or Event of Default, said officer shall disclose in such statement the nature thereof, its period of existence and what action, if any, has been taken or is proposed to be taken with respect thereto.

I certify under penalty of perjury and pursuant to the laws of the State of Iowa that the preceding is true and correct to the best of my knowledge and belief.

Signed this _____ day of _____, 20____.

PRESTAGE FOODS OF IOWA, LLC

By: _____

Name: _____

Title: _____

Attachments: (a) Proof of payment of taxes

EXHIBIT F
MINIMUM ASSESSMENT AGREEMENT

THIS MINIMUM ASSESSMENT AGREEMENT ("Minimum Assessment Agreement" or "Assessment Agreement") is dated as of _____, 2016, by and between the City of Mason City, Iowa (the "City"), a municipal corporation established pursuant to the Code of Iowa and acting under the authorization of Chapter 403 of the Code of Iowa, 2015, as amended (the "Urban Renewal Act"), and Chapter 15A, and Prestage Foods of Iowa, LLC, an Iowa limited liability company having an office for the transaction of business at 4651 Taylors Bridge Hwy., Clinton, North Carolina ("Developer").

WITNESSETH:

WHEREAS, the City and Developer have entered into an Agreement for Private Development dated as of _____, 2016 ("Agreement") regarding certain real property located in the City which is legally described as follows:

Parcel "B" located in that part of the North Half (N 1/2) of Section Twenty-nine (29), Township Ninety-six (96) North, Range Twenty (20) West of the 5th P.M., as described and depicted on the Plat of Survey dated February 9, 1998 and filed February 18, 1998 as Document No. 9801253 and re-filed November 25, 2003 as Document No. 2003-15276 and re-filed March 31, 2016 as Document No. 2016-1701 in the Office of the Cerro Gordo County Recorder, except Parcel "C" as described and depicted on the Plat of Survey dated December 1, 2003 and filed December 2, 2003 as Document No. 2003-15449 in the Office of the Cerro Gordo County Recorder and except Parcel "D" as described and depicted on the Plat of Survey dated August 22, 2007 and filed November 14, 2007 as Document No. 2007-9630 in the Office of the Cerro Gordo County Recorder.

(the "Development Property"); and

WHEREAS, it is contemplated that Developer will undertake the construction of the Minimum Improvements (as defined in the Agreement) on the Development Property, as provided in the Agreement; and

WHEREAS, pursuant to Section 403.6(19) of the Code of Iowa, as amended, the City and Developer desire to establish a minimum actual value for the Minimum Improvements to be constructed on the Development Property by Developer pursuant to the Agreement; and

WHEREAS, the City and the Assessor for the City have reviewed the preliminary plans and specifications for the Minimum Improvements that are contemplated to be constructed.

NOW, THEREFORE, the parties to this Minimum Assessment Agreement, in consideration of the promises, covenants and agreements made by each other, do hereby agree as follows:

1. Upon substantial completion of construction of the above-referenced Minimum Improvements, but no later than January 1, 2019, the minimum actual value which shall be fixed for assessment purposes for the Minimum Improvements to be constructed on the Development Property shall be not less than One Hundred Million Dollars (\$100,000,000) (hereafter referred to as the "Minimum Actual Value").

The Minimum Actual Value shall continue to be effective until termination of this Minimum Assessment Agreement on June 30, 2030 (the "Assessment Agreement Termination Date"). This means that the Minimum Improvements will be required to have a Minimum Actual Value pursuant to this Minimum Assessment Agreement of at least \$100,000,000 until at least January 1, 2028, which shall govern the taxes collected for the entire fiscal year 2029-2030. The Minimum Actual Value shall be maintained during such period regardless of: (a) any failure to complete the Minimum Improvements; (b) destruction of all or any portion of the Minimum Improvements; (c) diminution in value of the Development Property or the Minimum Improvements; or (d) any other circumstance, whether known or unknown and whether now existing or hereafter occurring.

2. Developer shall pay or cause to be paid when due all real property taxes and assessments payable with respect to all and any parts of the Development Property and the Minimum Improvements pursuant to the provisions of this Minimum Assessment Agreement and the Agreement. Such tax payments shall be made without regard to any loss, complete or partial, to the Development Property or the Minimum Improvements, any interruption in, or discontinuance of, the use, occupancy, ownership or operation of the Development Property or the Minimum Improvements by Developer, or any other matter or thing which for any reason interferes with, prevents or renders burdensome the use or occupancy of the Development Property or the Minimum Improvements.

3. Developer agrees that its obligations to make the tax payments required hereby and to perform and observe its other agreements contained in this Minimum Assessment Agreement shall be absolute and unconditional obligations of Developer (not limited to the statutory remedies for unpaid taxes) and that Developer shall not be entitled to any abatement or diminution thereof, or set off therefrom, nor to any early termination of this Minimum Assessment Agreement for any reason whatsoever.

4. Developer agrees that, prior to the Termination Date, it will not:

a. seek administrative review or judicial review of the applicability or constitutionality of any Iowa tax statute relating to the taxation of property contained as a part of the Development Property or the Minimum Improvements determined by any tax official to be applicable to the Development Property or the Minimum Improvements, or raise the inapplicability or constitutionality of any such tax statute as a defense in any proceedings, including delinquent tax proceedings; or

b. seek any tax deferral or abatement, either presently or prospectively authorized under Iowa Code Chapter 403 or 404, or any other local or State law, of the taxation of real property, including improvements and fixtures thereon, contained in the Development Property or the Minimum Improvements between the date of execution of this Minimum Assessment Agreement and the Termination Date; or

c. request the Assessor to reduce the Minimum Actual Value; or

d. appeal to the board of review of the County, State, District Court or to the Director of Revenue of the State to reduce the Minimum Actual Value; or

e. cause a reduction in the actual value or the Minimum Actual Value through any other proceedings.

5. This Minimum Assessment Agreement shall be promptly recorded by the City with the Recorder of Cerro Gordo County, Iowa. Such filing shall constitute notice to any subsequent encumbrancer of the Development Property (or any part thereof), whether voluntary or involuntary, and this Minimum Assessment Agreement shall be binding and enforceable in its entirety against any such subsequent encumbrancer, including the holder of any mortgage. The City shall pay all costs of recording.

6. Neither the preambles nor provisions of this Minimum Assessment Agreement are intended to, or shall be construed as, modifying the terms of the Agreement.

7. This Minimum Assessment Agreement shall not be assignable without the consent of the City and shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and permitted assigns.

8. Nothing herein shall be deemed to waive the rights of Developer under Iowa Code Section 403.6(19) to contest that portion of any actual value assignment made by the Assessor in excess of the Minimum Actual Value established herein. In no event, however, shall Developer seek to reduce the actual value to an amount below the Minimum Actual Value established herein during the term of this Minimum Assessment Agreement. This Minimum Assessment Agreement may be amended or modified and any of its terms, covenants, representations, warranties or conditions waived, only by a written instrument executed by the parties hereto, or in the case of a waiver, by the party waiving compliance.

9. If any term, condition or provision of this Minimum Assessment Agreement is for any reason held to be illegal, invalid or inoperable, such illegality, invalidity or inoperability shall not affect the remainder hereof, which shall at the time be construed and enforced as if such illegal or invalid or inoperable portion were not contained herein.

10. The Minimum Actual Value herein established shall be of no further force and effect and this Minimum Assessment Agreement shall terminate on the Termination Date set forth in Section 1 above.

11. Developer shall provide a title opinion or title search to the City listing all lienholders of record as of the date of this Assessment Agreement and all such lienholders shall have signed consents to this Assessment Agreement, which consents are attached hereto and made a part hereof.

[Remainder of this page intentionally left blank; signature pages follow]

(SEAL)

CITY OF MASON CITY, IOWA

By: _____
Eric Bookmeyer, Mayor

ATTEST:

By: _____
Brent Trout, City Clerk/Administrator

STATE OF IOWA)
) ss
COUNTY OF CERRO GORDO)

On this _____ day of _____, 2016, before me a Notary Public in and for said State, personally appeared Eric Bookmeyer and Brent Trout, to me personally known, who being duly sworn, did say that they are the Mayor and City Clerk/Administrator, respectively, of the City of Mason City, Iowa, a Municipality created and existing under the laws of the State of Iowa, and that the seal affixed to the foregoing instrument is the seal of said Municipality, and that said instrument was signed and sealed on behalf of said Municipality by authority and resolution of its City Council, and said Mayor and City Clerk/Administrator acknowledged said instrument to be the free act and deed of said Municipality by it voluntarily executed.

Notary Public in and for the State of Iowa

[Signature page to Minimum Assessment Agreement – City of Mason City]

LIENHOLDER'S CONSENT, IF ANY

In consideration of one dollar and other valuable consideration, the receipt of which is hereby acknowledged, and notwithstanding anything in any loan or security agreement to the contrary, the undersigned ratifies, approves, consents to and confirms the Minimum Assessment Agreement entered into between the parties, and agrees to be bound by its terms. This provision shall be binding on the parties and their respective successors and assigns.

[NAME OF LIENHOLDER]

By: _____
Signature of Lienholder's
Authorized Representative

Date: _____

By: _____
Signature of Lienholder's
Authorized Representative

Date: _____

STATE OF _____)
) SS
COUNTY OF _____)

On this _____ day of _____, 2016, before me the undersigned, a Notary Public in and for said County, in said State, personally appeared _____ and _____, to me personally known, who, being by me duly sworn, did say that they are the _____ and _____, respectively, of _____ and that said instrument was signed on behalf of said company, and that the said _____, and _____ acknowledged the execution of said instrument to be the voluntary act and deed of said domestic company, by them voluntarily executed.

Notary Public in and for said State

[Add additional pages for each Lienholder]

CERTIFICATION OF ASSESSOR

The undersigned, having reviewed the plans and specifications for the Minimum Improvements to be constructed, and being of the opinion that the minimum market value contained in the foregoing Minimum Assessment Agreement appears reasonable, hereby certifies as follows: The undersigned City Assessor, being legally responsible for the assessment of the Minimum Improvements described in the foregoing Minimum Assessment Agreement, certifies that upon completion of the Minimum Improvements, but in no event later than January 1, 2019, the actual value assigned to the Minimum Improvements shall not be less than One Hundred Million Dollars (\$100,000,000) (including taxable equipment value) all until the Assessment Agreement Termination Date of this Minimum Assessment Agreement.

Assessor for the City of Mason City, Iowa.

Date

STATE OF IOWA)
) ss
COUNTY OF CERRO GORDO)

Subscribed and sworn to before me by _____, Assessor for the City of
Mason City, Iowa.

Notary Public in and for said State

Consistent with Iowa Code §403.6(19)(b), filed with this assessor certification is a copy of subsection 19 as follows:

19. a. A municipality, upon entering into a development or redevelopment agreement pursuant to section 403.8, subsection 1, or as otherwise permitted in this chapter, may enter into a written assessment agreement with the developer of taxable property in the urban renewal area which establishes a minimum actual value of the land and completed improvements to be made on the land until a specified termination date which shall not be later than the date after which the tax increment will no longer be remitted to the municipality pursuant to section 403.19, subsection 2. The assessment agreement shall be presented to the appropriate assessor. The assessor shall review the plans and specifications for the improvements to be made and if the minimum actual value contained in the assessment agreement appears to be reasonable, the assessor shall execute the following certification upon the agreement:

The undersigned assessor, being legally responsible for the assessment of the above described property upon completion of the improvements to be made on it, certifies that the actual value assigned to that land and improvements upon completion shall not be less than \$

b. This assessment agreement with the certification of the assessor and a copy of this subsection shall be filed in the office of the county recorder of the county where the property is located. Upon completion of the improvements, the assessor shall value the property as required by law, except that the actual value shall not be less than the minimum actual value contained in the assessment agreement. This subsection does not prohibit the assessor from assigning a higher actual value to the property or prohibit the owner from seeking administrative or legal remedies to reduce the actual value assigned except that the actual value shall not be reduced below the minimum actual value contained in the assessment agreement. An assessor, county auditor, board of review, director of revenue, or court of this state shall not reduce or order the reduction of the actual value below the minimum actual value in the agreement during the term of the agreement regardless of the actual value which may result from the incomplete construction of improvements, destruction or diminution by any cause, insured or uninsured, except in the case of acquisition or reacquisition of the property by a public entity. Recording of an assessment agreement complying with this subsection constitutes notice of the assessment agreement to a subsequent purchaser or encumbrancer of the land or any part of it, whether voluntary or involuntary, and is binding upon a subsequent purchaser or encumbrancer.

EXHIBIT G
DESCRIPTION OF PHASE I PUBLIC IMPROVEMENTS
AND PHASE II PUBLIC IMPROVEMENTS
(Representative only; subject to modification by City)

PHASE I PUBLIC IMPROVEMENTS

1. Water Utility System Improvements. Subject to the Conditions Precedent in Article IV of this Agreement, the City will make public improvements to the water utility system in order to provide up to 1.5 million gallons of potable water per day to the processing plant.
2. Wastewater Utility System Improvements. Subject to the Conditions Precedent in Article IV of this Agreement, the City will make improvements to the wastewater utility system in order to treat up to 1.5 million gallons of wastewater per day from the processing plant.
3. Road Improvements. Subject to the Conditions Precedent in Article IV of this Agreement, the City will construct an approximately 2,800 linear foot, standard width extension of Pierce Avenue ending in a cul-de-sac together with related improvements to the existing roadways at South Pierce Avenue, South Federal Avenue and 43rd Street SW.

PHASE II PUBLIC IMPROVEMENTS

1. Water Utility System Improvements. Subject to the Conditions Precedent in Article IV of this Agreement, the City will make public improvements to the water utility system in order to provide up to 2.8 million gallons of potable water per day to the processing plant.
2. Wastewater Utility System Improvements. Subject to the Conditions Precedent in Article IV of this Agreement, the City will make improvements to the wastewater utility system in order to treat up to 2.8 million gallons of wastewater per day from the processing plant.

EXHIBIT H
GUARANTY

This Guaranty ("Guaranty"), is made and entered into as of the ____ day of _____, 2016, by Prestage Farms of Iowa, LLC, an Iowa limited liability company, having an address of 1421 S. Bell Avenue, Suite 107, Ames, Iowa 50010, Prestage Farms of South Carolina Limited Liability Company, a South Carolinalimited liability company having an address of 180 Peck Woods Road, Camden, South Carolina 29302, Prestage Farms of Oklahoma, LLC, an Oklahoma limited liability company having an address of 1833 South Morgan Road, Oklahoma City, Oklahoma 73128, Prestage Farms of Mississippi, LLC, a Mississippi limited liability company having an address of 1550 W. Churchill Road, West Point, Mississippi 39773, Prestage Foods, Inc., a North Carolina corporation having an address of 4651 Taylors Bridge Highway, Clinton, North Carolina 28328-8064, (each a "Guarantor" and collectively, the ("Guarantors")), in favor of the City of Mason City, Iowa, a municipal corporation in Cerro Gordo County, Iowa, ("City"), having an address of 10 1st St NW, Mason City, IA 50401. Unless otherwise defined herein, all capitalized terms contained herein have the same meaning as assigned to them in the Agreement (as hereinafter defined).

WITNESSETH:

WHEREAS, the City has received a proposal from Prestage Foods of Iowa, LLC ("Developer") in the form of an Agreement for Private Development (the "Agreement") by and between the City and Developer to be entered into as of _____, 2016, pursuant to which, among other things, Developer would agree to construct certain Minimum Improvements on the Development Property located within the Mason City Southside Gateway Urban Renewal Area including, but not limited to, the construction of a new approximately 600,000 square foot building on the Development Property, together with all related site improvements, as outlined in the proposed Agreement; and

WHEREAS, in order to induce City to enter into the Agreement with the Developer, each Guarantor has agreed to deliver this Guaranty.

NOW, THEREFORE, as part of the consideration and for other good and valuable consideration, the receipt whereof is hereby acknowledged, each Guarantor hereby covenants and agrees as follows:

1. The Guarantors, jointly and severally, hereby unconditionally guarantee to City, its respective successors, endorsees and assigns, all obligations of Developer under the Agreement (the "Obligations")

2. Reserved.

3. Reserved.

4. All rights and remedies of City hereunder or under any of the documents executed in connection with the Agreement shall be cumulative and may be exercised singly or concurrently. All

terms defined in other documents executed in connection with the Agreement and used herein shall have the meanings assigned to them therein except where the context hereof otherwise requires.

5. Reserved.

6. CITY AND EACH GUARANTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS GUARANTY AND ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF EITHER PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE CITY ENTERING INTO THIS GUARANTY.

7. Each Guarantor hereby waives notice of acceptance of this Guaranty by City and of presentment, demand, protest, notice of protest and of dishonor, notices of default and all other notices relative to this Guaranty of every kind and description now or hereafter provided by any agreement between each Guarantor and City or any statute or rule of law.

8. Any notice, demand or request by City to any Guarantor or from any Guarantor to City shall be in writing and shall be deemed to have been duly given or made if mailed by certified or registered mail addressed to the address set forth in the introductory paragraph on page 1 hereof (or at the correct address of any assignee of City), except that mailed written notices shall not be deemed given or served until three (3) business days after the date of mailing thereof. If notice is made by overnight delivery, it is deemed given or served two (2) business days after the date of delivery to the overnight carrier.

9. This Guaranty shall be binding upon each of the undersigned Guarantors, and its permitted successors and assigns and shall inure to the benefit of City and its successors and assigns.

10. This document represents the entire agreement between the City and each Guarantor and no modification hereof shall be effective unless in writing and signed by City and each Guarantor.

11. The parties intend that this Guaranty and the relationship of the parties shall be governed by the laws of the State of Iowa applicable to contracts wholly to be performed therein. The parties agree that any action, suit or proceeding based upon any matter, claim or controversy arising hereunder or relating hereto shall be brought solely in the state courts located in Cerro Gordo County, Iowa. The parties irrevocably waive objection to the venue of the above-mentioned courts, including any claim that such action, suit or proceeding has been brought in an inconvenient forum. The parties further expressly waive any right to a jury trial.

12. Each Guarantor is duly organized and validly existing under the laws of its state of organization or incorporation, with all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as presently proposed to be conducted, and to enter into and perform its obligations under this Guaranty.

13. This Guaranty has been duly and validly authorized, executed and delivered by each Guarantor and is in full force and effect and is a valid and legally binding instrument of each Guarantor

enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting creditors' rights generally. The Guarantors' attorney has provided an enforceability opinion as of the date of this Guaranty substantially in the form of Exhibit H-1.

14. The execution and delivery of this Guaranty, the consummation of the transactions contemplated hereby, and the fulfillment of or compliance with the terms and conditions of this Guaranty are not prevented by, limited by, in conflict with, or result in a violation or breach of, the terms, conditions or provisions of the governing documents of any Guarantor or of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which any Guarantor is now a party or by which it or its property is bound, nor do they constitute a default under any of the foregoing.

15. There are no actions, suits or proceedings pending or threatened against or affecting any Guarantor in any court or before any arbitrator or before or by any governmental body in which there is a reasonable possibility of an adverse decision which could materially adversely affect the business (present or prospective), financial position or results of operations of any Guarantor or which in any manner raises any questions affecting the validity of the Guaranty or any Guarantor's ability to perform its Obligations under this Guaranty.

16. City shall not be entitled to enforce any rights pursuant to this Guaranty if City is in default of any of its obligations pursuant to the previously referenced Agreement entered into between City and Developer.

IN WITNESS WHEREOF, each Guarantor has duly executed and delivered this Guaranty the day and year first above written.

[Remainder of this page intentionally left blank; Separate signature pages for each Guarantor follow]

By: _____
_____, Its Authorized Representative

- 53 -

PRESTAGE FARMS OF SOUTH CAROLINA
LIMITED LIABILITY COMPANY, a South
Carolina limited liability company

By: _____
_____, Its Authorized Representative

STATE OF _____)
COUNTY OF _____) SS

On this _____ day of _____, 2016, before me the undersigned, a Notary Public in and for said State, personally appeared _____, to me personally known, who, being by me duly sworn, did say that he is the _____ of Prestage Farms of South Carolina Limited Liability Company, and that said instrument was signed on behalf of said limited liability company; and that the said _____ as such officer, acknowledged the execution of said instrument to be the voluntary act and deed of said limited liability company by him voluntarily executed.

Notary Public in and for said State

[Signature page to Guaranty – Prestage Farms of South Carolina Limited Liability Company]

By: _____
_____, Its Authorized Representative

Notary Public in and for said State

Execution Version

By: _____
_____, Its Authorized Representative

On this _____ day of _____, 2016, before me the undersigned, a Notary Public in and for said State, personally appeared _____, to me personally known, who, being by me duly sworn, did say that he is the _____ of Prestage Farms of Mississippi, LLC, and that said instrument was signed on behalf of said limited liability company; and that the said _____ as such officer, acknowledged the execution of said instrument to be the voluntary act and deed of said limited liability company by him voluntarily executed.

[Signature page to Guaranty – Prestage Farms of Mississippi, LLC]

PRESTAGE FOODS, INC., a North Carolina corporation

By: _____,
_____, Its Authorized Representative

STATE OF _____)
COUNTY OF _____) SS

On this _____ day of _____, 2016, before me the undersigned, a Notary Public in and for said State, personally appeared _____, to me personally known, who, being by me duly sworn, did say that he is the _____ of Prestage Foods, Inc., and that said instrument was signed on behalf of said corporation; and that the said _____ as such officer, acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by him voluntarily executed.

Notary Public in and for said State

[Signature page to Guaranty – Prestage Foods, Inc.]

EXHIBIT H-1
FORM OF ENFORCEABILITY OPINION (GUARANTORS) [ON FIRM LETTERHEAD]

City of Mason City
Mason City, Iowa

Re: Guaranty from Prestage Farms of Iowa, LLC, Prestage Farms of South Carolina Limited Liability Company, Prestage Farms of Oklahoma, LLC, Prestage Farms of Mississippi, LLC and Prestage Foods, Inc. (each a "Guarantor" and collectively, the "Guarantors") to the City of Mason City

As counsel for the Guarantors in connection with the execution and delivery of a certain Guaranty (the "Guaranty") we hereby render the following opinion:

We have examined the original certified copy, or copies otherwise identified to our satisfaction as being true copies, of the following:

- a. The governing documents of Guarantor 1;
- b. Resolution of Guarantor 1 at which action was taken with respect to the transactions covered by this opinion;
- c. The Guaranty;

and such other documents and records as we have deemed relevant and necessary as a basis for the opinion set forth herein.

Based on the pertinent law, the foregoing examination and such other inquiries as we have deemed appropriate, we are of the opinion that:

1. Each Guarantor is a duly organized and validly existing under the laws of its state of organization or incorporation. Each Guarantor has full power and authority to execute, deliver and perform the Guaranty; and the Guaranty has been duly and validly authorized, executed and delivered by each Guarantor, the Guaranty is a legally-binding instrument enforceable against each Guarantor in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting creditors' rights generally.
2. To our knowledge, the consummation of the transaction contemplated by each Guarantor and the carrying out of the terms thereof, will not result in violation of any provision of, or in default under the governing documents of any Guarantor, or any indenture, mortgage, deed of trust, indebtedness, agreement, judgment, decree, order, statute, rule, regulation or restriction to which any Guarantor is a party or by which it or its property is bound or subject.

Very truly yours,

EXHIBIT I
FORM OF ENFORCEABILITY OPINION (DEVELOPER) [ON FIRM LETTERHEAD]

City of Mason City
Mason City, Iowa

Re: Agreement for Private Development by and between the City of Mason City, Iowa, ("City") and Prestage Foods of Iowa, LLC ("Developer")

As counsel for Developer in connection with the execution and delivery of a certain Agreement for Private Development (the "Agreement") by and between the Developer and the City dated as of _____, 2016 and referenced above, we hereby render the following opinion:

We have examined the original certified copy, or copies otherwise identified to our satisfaction as being true copies, of the following:

- a. The governing documents of the Developer;
- b. Resolution of the Developer at which action was taken with respect to the transactions covered by this opinion;
- c. The Agreement and all exhibits thereto;

and such other documents and records as we have deemed relevant and necessary as a basis for the opinion set forth herein.

Based on the pertinent law, the foregoing examination and such other inquiries as we have deemed appropriate, we are of the opinion that:

1. The Developer is a duly organized and validly existing limited liability company under the laws of the State of Iowa. The Developer has full power and authority to execute, deliver and perform the Agreement and all attachments thereto; and the Agreement and all attachments thereto have been duly and validly authorized, executed and delivered by the Developer and, assuming due authorization, execution and delivery by the City, the Agreement is a legally-binding instrument enforceable against the Developer, in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting creditors' rights generally.

2. To our knowledge, the consummation of the transaction contemplated by the Agreement and the carrying out of the terms thereof, will not result in violation of any provision of, or in default under the governing documents of the Developer, or any indenture, mortgage, deed of trust, indebtedness, agreement, judgment, decree, order, statute, rule, regulation or restriction to which the Developer is a party or by which it or its property is bound or subject.

Very truly yours,

EXHIBIT J
PHASE II ELECTION NOTICE

Pursuant to Section 4.7 of that certain Agreement for Private Development dated May ___, 2016 (the "Agreement"), by and between the City of Mason City, Iowa ("City"), and Prestage Foods of Iowa, LLC ("Developer"), the undersigned Developer hereby delivers this Phase II Election Notice to the City. Developer acknowledges that by its signature below and delivery of this Phase II Election Notice, Developer is hereby obligated to create and maintain the Phase II Jobs as defined in the Agreement. In addition, subject to the Conditions Precedent in Section 4.1A of the Agreement, the City shall authorize the issuance of the Phase II City Bonds, sell the Phase II City Bonds and construct the Phase II Public Improvements.

Signed this _____ day of _____, 20__.

PRESTAGE FOODS OF IOWA, LLC

By: _____

Name: _____

Title: _____

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