

RESOLUTION 80-29

Inducement Resolution for Economic Development  
Revenue Bonds for Empire Energy Corporation

WHEREAS, the City of Bloomington, Indiana (the "Issuer") is authorized by IC 18-6-4.5 (the "Act") to issue revenue bonds for the financing of economic development facilities, the funds from said financing to be used for the acquisition, construction and equipping of said facilities, and said facilities to be either sold or leased to a company or directly owned by a company; and

WHEREAS, Empire Energy Corporation, a company to be organized under the laws of the State of Indiana, (the "Applicant"), has advised the Bloomington Economic Development Commission (the "Commission") and the Issuer that it proposes that the Issuer either acquire, construct and equip an economic development facility and sell or lease the same to the Applicant or loan proceeds of an economic development financing to the Applicant for the same, said economic development facility to be a 25,000 square foot facility for the production of anhydrous ethanol alcohol for fuel and related by-products, including the real estate on which it is located and the machinery and equipment to be installed therein, to be located near Empire Mill Road, on an approximate 25 acre tract of land ("Project"); and

WHEREAS, the diversification of industry and increase in job opportunities (40 new jobs) to be achieved by the construction and equipping of the Project will be of public benefit to the health, safety and general welfare of the Issuer and its citizens; and

WHEREAS, having received the advice of the Bloomington Economic Development Commission, it would appear that the financing of the Project would be of public benefit to the health, safety and general welfare of the Issuer and its citizens; and

WHEREAS, the acquisition and construction of the facility will not have an adverse competitive effect on any similar facility already constructed or operating in or near Bloomington, Indiana;

NOW, THEREFORE, BE IT HEREBY ORDAINED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA, THAT:

SECTION I. The Common Council of the City of Bloomington finds, determines, ratifies and confirms that the promotion of diversification of economic development and job opportunities in and near Bloomington, Indiana, is desirable to preserve the health, safety and general welfare of the citizens of the Issuer; and that it is in the public interest that the Commission and the Issuer take such action as they lawfully may to encourage economic development, diversification of industry and promotion of job opportunities in and near the Issuer.

SECTION II. The Common Council of the City of Bloomington approves, determines, ratifies and confirms that the issuance and sale of economic development revenue bonds in an amount of approximately \$9,700,000 of the Issuer under the Act for the acquisition, construction and equipping of the Project and the sale or leasing of the Project to the Applicant or the loan of the proceeds of the revenue bonds to the Applicant, will serve the public purposes referred to above, in accordance with the Act.


SECTION III. In order to induce the Applicant to proceed with the acquisition, construction and equipping of the Project, the Common Council of the City of Bloomington hereby approves, determines, ratifies and confirms that (i) it will take or cause to be taken such actions pursuant to the Act as may be required to implement the aforesaid financing, or as it may deem appropriate in pursuance thereof; provided that all of the foregoing shall be mutually acceptable to the Issuer and the Applicant; and (ii) it will adopt such ordinances and resolutions and authorize the execution and delivery of such instruments and the taking of such action as may be necessary and advisable for the authorization, issuance and sale of said economic development revenue bonds; and (iii) it will use its best efforts at the

request of Applicant to authorize the issuance of additional bonds for refunding and refinancing the outstanding principal amount of the bonds, for completion of the Project and for additions to the Project, including the costs of issuance (providing that the financing of such addition or additions to the project is found to have a public purpose (as defined in IC 18-6-4.5-1) at the time of authorization of such additional bonds), and that the aforementioned purposes comply with the provisions of IC 18-6-4.5.

SECTION IV. All costs of the Project incurred after the adoption of this inducement resolution, including reimbursement or repayment to the Applicant of monies expended by the Applicant for planning, engineering, interest paid during construction, underwriting expenses, attorney and bond counsel fees, acquisition, construction and equipping of the Project will be permitted to be included as part of the bond issue to finance the Project, and the Issuer will sell or lease the same to the Applicant or loan the proceeds from the sale of the bonds to the Applicant for the same purposes. Also, certain indirect expenses, including but not limited to planning, architectural work and engineering incurred prior to this inducement resolution will be permitted to be included as part of the bond issue to finance the Project.

SECTION V. This resolution will be in full force and effect from and after its adoption by the Common Council and approval by the Mayor.

PASSED and ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this 20<sup>th</sup> day of NOVEMBER, 1980.

  
Tomilea Allison, President  
Bloomington Common Council

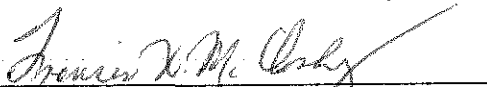
ATTEST:

  
Nora M. Connors, City Clerk

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this 21<sup>st</sup> day of NOVEMBER, 1980.

  
Nora M. Connors, City Clerk

SIGNED and APPROVED by me upon this 25<sup>th</sup> day of NOVEMBER, 1980.

  
Francis X. McCloskey, Mayor  
City of Bloomington

#### SYNOPSIS

IC 18-6-4.5 authorizes cities to issue revenue bonds for the financing of economic development facilities. Empire Energy Company wants to construct a facility to produce anhydrous ethanol alcohol for fuel and related by-products near Empire Mill Road and this bond in the amount of \$9,700,000 would allow them to acquire the land and build the facility.

# Investors seek to build ethanol plant near city

By MIKE WRIGHT  
H-T Staff Writer

A proposed corporation with several local investors plans to build a \$9.7 million ethanol plant south of Bloomington. The anhydrous ethanol produced would be distributed locally as a gasohol ingredient.

ATTORNEY TED NAJAM said today that the local investors would join with a St. Louis firm called Biomass Economic Development Corp. to construct the ethanol plant about five miles south of the city near Empire Mill Road.

The group, called Empire Energy Corp., will go before the Bloomington Economic Development Commission (EDC) Wednesday to ask for an inducement resolution for a \$9.7 million municipal bond issue to finance the project.

Najam said the group hopes to start construction by spring, depending on the involved process

of securing the bonds. The plant would employ about 40 workers, he said.

The energy to operate the ethanol plant, Najam said, would come from sawmill refuse such as sawdust and wood chips. He said the plant would pose no environmental problems.

The primary raw material would be corn, which would be bought locally. The plant would include receiving and storage facilities for the grain.

THE PRIMARY product would be anhydrous ethanol with biproducts including high-protein feed for livestock and dairy herds.

Najam said the ethanol would be marketed locally, through a wholesale distributor, for the production of gasohol.

Other details, he said, would become available during the bond issue process. That process includes appearances before the EDC and City

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BACKUP RES  
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## Investors seek to build ethanol plant

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Council for inducement resolutions, which allow the company to include in the bond issue all costs incurred after passage of the resolutions.

The group would then find buyers for the bonds and return with a formal bond issue request. The bonds, if approved, would be of no obligation to the city.

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EMPIRE ENERGY CORPORATION

PROPOSED ECONOMIC DEVELOPMENT FACILITIES

ENTITY:

Empire Energy Corporation will be a company organized under the laws of the State of Indiana with its principal place of business to be located five miles south of Bloomington in Monroe County.

The purpose of Empire Energy Corporation will be to produce anhydrous ethanol alcohol for fuel and to market the various agricultural by-products.

The engineering and technology will be provided by Biomass Economic Development Corporation of St. Louis, Missouri.

Price Waterhouse of Washington, D.C. will be responsible for the coordination of the Industrial Development Bond Issue and provide the feasibility study.

Ice Miller Donadio and Ryan of Indianapolis, Indiana has been retained as Bond Counsel.

Empire Energy Corporation will produce 10,000,000 gallons per year of anhydrous ethanol alcohol for fuel. The alcohol will be purchased by a local fuel and oil distributor for the purpose of providing as much gasohol as needed for local consumption, the rest being distributed through terminals in Indianapolis.

Empire Energy Corporation will also market by-products from the alcohol manufacturing process which include Dry Distillers' Grain (DDG) and Brewers Yeast. Approximately 36,000 tons of DDG will be generated per year for sale to large feed mills as high-protein feed

for livestock and dairy herds. The Brewers Yeast, 1,658 tons per year, is also an extremely concentrated form of feed. Approximately 63,000,000 lbs. of Carbon Dioxide will be produced and sold to an independent contractor who will supply his own pressurizing and transportation system.

LOCATION AND PHYSICAL DESCRIPTION OF PLANT:

Empire Energy Corporation will be located on 100 acres of land zoned industrial with close but indirect access to the four lane State Highway 37 and the L & N Railroad. Adequate water and electric utilities are available.

The main plant facility will be housed in a 250' x 100' building of prefabricated steel construction and will include offices and laboratory as well as processing equipment. There will be very little ethanol storage as the purchaser of the ethanol plans to build a new terminal close enough to the plant for pipeline transportation.

An adjacent plot will contain the corn receiving and storage facilities. The grain receiving will consist of a hydraulic dump ramp with electronic scales and a dump transfer pit capable of handling 600 bushels in five minutes. The corn will be conveyed from the dump pit to conventional grain storage bins capable of storing 500,000 bushels. The corn will be transferred from the storage bins to the process building for conversion into alcohol and recovery of by-products. The Dry Distillers Grain will be conveyed to a building located at the railroad siding. The DDG will be stored in hoppers until it can be blown into the grain cars for shipment to market.

At this railroad siding, there will be a 30' x 60' pole barn to protect the dry grain and equipment. The main plant facility will be totally fenced, well lighted and a security detail will be provided 24 hours a day.

The boiler system will be separately housed for safety purposes. It will be located away from any structure. The building will contain wood waste storage, dryers and three 10,000 pound boilers. The structure will be 60' x 40'. Outside the structure will be additional storage for wood waste, very similar to the grain storage bins.

JOBS, PAYROLL & TAX BASE:

Empire Energy Corporation will create forty (40) new jobs with a payroll of \$500,000.00 per year. The labor, skilled, semi-skilled and unskilled will be drawn from the local labor pool. Management will be provided by Empire Energy Corporation.

Total cash flow of the operation will be approximately \$25,000,000.00 per year.

The plant capitalization costs will be \$9,700,000.00, with construction being done by local contractors under the supervision of Empire Energy Corporation.

The impact on the property tax base will be substantial but can only be estimated at this time.

INCREASED NEED FOR SERVICES:

Electrical services will have to be provided for Empire Energy Corporation resulting in \$2,000.00 to \$3,000.00 per month in electric utility expenditures.

Telephone service will be needed.

No additional water service is anticipated. Water is available in plentiful supply from many limestone quarries on the property. If additional water is needed, the location precludes any problems.

ADVERSE COMPETITION:

No similar facilities are in existence closer than 100 miles. To saturate the marketplace with Gasohol would take a 100 fold increase in present alcohol plant capacity, which is currently 80 million gallons per year.

ENVIRONMENTAL IMPACT:

The technology that will be used is a closed loop system, the only discharge being clean steam vented into the atmosphere. There will be no industrial fluid discharges.

The boiler system will be a "fluidized bed" design with built-in scrubbers and particulate collectors. The fluidized bed boiler is the cleanest available and will surpass all EPA clean air standards.

Empire Energy Corporation will purchase wood waste sawdust from Empire Wood Company. This relationship will also aid Empire Wood Company in removing a potential pollutant from its sawmill site.

FINANCING:

The City of Bloomington has expressed an interest in sponsoring a bond issue. This project would fall into the category of debt financing, with a projected \$9,700,000.00 needed for capitalization. We are presently seeking an inducement resolution from the City of Bloomington.

As stated above, Bio-Mass Economic Development corporation will provide engineering and technology and Price-Waterhouse will be responsible for the Feasibility Study.

COMMUNITY BENEFITS

- 1) Aids in promoting energy independence.
- 2) It is a clean, non-polluting industry.
- 3) By utilizing polluting waste wood as fuel, a local pollution problem is cured.
- 4) Improvement in the local tax base.
- 5) Forty new jobs and \$500,000.00 per year in wages will be put into the local community.
- 6) Local construction where possible.
- 7) Local circulation of capital into the business community by Empire Energy Corporation.
- 8) Boost to hard pressed local farmers by providing a major outlet for grain.
- 9) Reinvestment by farmers in local area (with corn at \$3.00 per bushel, Empire Energy Corporation will inject \$13,000,000.00 per year into local farming community).
- 10) Studies have shown that every \$1.00 spent at home (as opposed to OPEC) for alcohol energy projects generates \$7.00 through the American economy (U.S. National Alcohol Fuels Commission).



# Bond financing for ethanol plant to be considered

BY MIKE WRIGHT  
H-T Staff Writer

Bond financing for a proposed ethanol production plant south of Bloomington will be discussed at a meeting of the Bloomington Economic Development Commission (EDC) at 4:15 p.m. Wednesday in the Municipal Building.

EMPIRE ENERGY CORP. will go before the EDC to request an inducement resolution for a \$9.7 million municipal bond issue. The City Council will also hear the bond request Wednesday evening.

The new corporation proposes to build a plant to produce anhydrous ethanol alcohol to market for gasohol. The plant would be near the Empire Wood Co. and use wood waste from that firm as fuel for operating the ethanol production system.

But Rolfe Coons, project development manager for Empire Wood, emphasized that Empire Wood would have no legal relationship to Empire Energy. He added that both companies are tax-paying corporations.

Some of the local investors in the venture are also senior partners in the Empire Wood Company, which is associated with the Pandanaram Village commune. They will join with Biomass Economic Development Corp. of St. Louis to form the corporation.

BIOMASS, which is involved in about 15 other such plants in the U.S., will be responsible for engineering, technology, supervision of construction, management training and technical backup, according to Coons.

"We feel we have found the top-notch people in this field," Coons said of Biomass. "We looked at other engineering firms and have yet to hear of any outfit working on this kind of thing that has a better reputation or better credentials."

Biomass has researched and written books on ethanol fuel, Coons said. In addition, the company was instrumental in the national alcohol fuel study for Indiana, he said.

A report to the EDC says the impact of the ethanol plant, planned for a location five miles south of Bloomington near Empire Mill Road, on the property tax base will be "substantial" but can only be estimated at this time.

THE REPORT also says the ethanol plant will add 40 jobs to the community, with an annual payroll of \$500,000. Skilled, semi-skilled and unskilled workers will be drawn from the local labor force, the report states.

Environmentally, the plant would not be a detriment, the report says. The only discharge, according to the report, would be clean water vented into the atmosphere. There will be no industrial fluid discharge, it says.

Further, the report states, Empire Energy would produce 10 million gallons of anhydrous ethanol alcohol a year. The alcohol would be sold to a local fuel and oil distributor for providing gasohol. Any production not sold locally would be distributed through terminals in Indianapolis, the report says.

THE ENERGY GROUP also would market byproducts from the alcohol manufacturing process, including Dry Distillers' Grain (DDG) and Brewers Yeast, which are cattle feeds. In addition, the report states, about 63 million pounds of carbon dioxide will be produced and sold to an independent contractor who will supply his own pressurizing and transportation system.

## Resolutions advance

# Ethanol plant site pinpointed

RES. 80-29

By MIKE WRIGHT  
H-T Staff Writer

The exact location of a proposed ethanol production plant was pinpointed Wednesday when the Bloomington Economic Development Commission approved, 5-0, an inducement resolution for an economic bond issue to finance the project.

A CITY COUNCIL committee later recommended passage of the resolution, which will go before the full council next Thursday. The bond issue would be for \$9.7 million.

Ted Najam, attorney for the forming corporation to be called Empire Energy Corp., told the economic development commission (EDC) that the project would take 25 acres at the site south of town, on Dillman Road across from the city's new sewage treatment plant. The site is zoned for industrial use, he said, but the ethanol plant would need a special exception permit from the county Plan Commission.

At the EDC meeting, members of the city's Environmental Commission questioned whether the new plant would be as clean as statements have indicated. David Parkhurst of the Environmental Commission said there would be some emission since the plant would burn wood to fire the boilers. He asked that the EDC not put its stamp of approval on the project before the feasibility study is complete.

BUT ROLFE COONS, a spokesman for the developing corporation, said to delay the inducement resolution would cost Empire Energy a lot of money. The bond process, he said, is just one of many steps that need to be taken.

Coons also attempted to quell the environmentalists' fears about air pollution, saying the project is not committed to any special kind of boiler system and whatever system is used will meet clean air standards.

He added that the feasibility study should be done in a month, saying he needs to supply letters of intent to

the consultant firm, Price Waterhouse, concerning the purchase of ethanol from the company and the purchase of corn for raw material by the company.

The plant would produce anhydrous ethanol and it would be sold to a local distributor who would market the ethanol to area service stations for gasohol. Any ethanol not sold locally would be marketed in Indianapolis.

IN ADDITION, the plant would produce high-protein feed as a byproduct. Coons said the feed would be marketed through Chicago and Memphis for export.

Coons, who also works for the Empire Wood mill, said the idea for the ethanol plant arose from a need to get rid of wood waste from the mill and a need to diversify. Several partners in the wood company also will be partners in the ethanol plant, he said, but the two will be separate corporations.

Both are for-profit operations and are on the tax base.