

DEVELOPMENT AGREEMENT

This Agreement is entered into between the City of Dyersville, Iowa (the “City”) and Dyersville Hotel Investors, LLC (the “Developer”) as of the ____ day of _____, 2025 (the “Commencement Date”).

WHEREAS, the City has established the Consolidated Dyersville Economic Development District (the “Urban Renewal Area”), and has adopted a tax increment ordinance for the Urban Renewal Area; and

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

WHEREAS, the Developer has proposed to undertake the construction of a new hotel (the “Project”) on the Property; and

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

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

NOW THEREFORE, the parties hereto agree as follows:

A. Developer’s Covenants

1. Project Construction; Business Operations; Maintenance of Project. The Developer agrees to construct the Project on the Property. The Developer expects to invest approximately \$12,000,000 into capital improvements for the Project, including construction work, equipment, furnishings and other capital improvements. The Developer agrees to submit a detailed site plan (the “Site Plan”) for the development of the Project to the City. Upon approval by the City Council, the Site Plan shall be attached hereto as Exhibit B. The Developer agrees to substantially complete construction of the Project by no later than December 31, 2026. Further, the Developer agrees to maintain compliance with local zoning, land use, building and safety codes and regulations.

The Developer agrees to maintain ownership of the Property, including the Project, and to use the completed Project in the business operations of a hotel throughout the Term (as hereinafter defined) of this Agreement (the “Business Operations Requirement”).

The Developer further agrees to maintain, preserve, and keep the Property, including but not limited to the Project, useful and 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. Further, the Developer agrees to maintain compliance with local zoning, land use, building and safety codes and regulations.

2. Ownership of Property; Use of Project; Developer's Annual Report. The Developer agrees to submit an annual report (the "Annual Report") to the satisfaction of the City by no later than each October 15th during the Term, commencing in 2027, demonstrating that (i) the Business Operations Requirement is being met; and (ii) the Developer owns the Property, including the Project. The Developer agrees to provide such supporting documentation as may be requested by the City as an accompaniment to the Annual Report. The Annual Report shall be accompanied by a cover sheet attached hereto as Exhibit C.

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

4. Property Tax Payment Certification. The Developer agrees to certify to the City by no later than October 15 of each year, commencing in 2027, an amount (the "Developer's Estimate") equal to the estimated Incremental Property Tax Revenues (as hereinafter defined) anticipated to be paid in the fiscal year immediately following such certification with respect to the taxable valuation of the Property factored by eighty percent (80%) (the "Annual Percentage"). In submitting each such Developer's Estimate, the Developer will complete and submit the worksheet attached hereto as Exhibit D. The City reserves the right to review and request revisions to each such Developer's Estimate to ensure the accuracy of the figures submitted.

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

The assessed taxable valuation of the Property for purposes of calculating Incremental Property Tax Revenues under this Agreement and Section 403.19 of the Code of Iowa shall be the assessed taxable valuation of the Property as of January 1, 2025 (the "Base Valuation").

Upon request, the City staff shall provide reasonable assistance to the Developer in completing the worksheet required under this Section A.4.

5. Default Provisions.

a. **Events of Default.** 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 (unless otherwise provided), any one or more of the following events:

- (i) Failure by the Developer to complete construction of the Project pursuant to the terms and conditions of this Agreement.
- (ii) Failure by the Developer to comply with the Business Operations Requirement.
- (iii) Failure by the Developer to fully and timely remit payment of property taxes when due and owing.
- (iv) Failure by the Developer to comply with Sections A.2 and A.4 of this Agreement.
- (v) Failure by the Developer to observe or perform any other material covenant on its part, to be observed or performed hereunder.

b. Notice and Remedies. Whenever any Event of Default described in this Agreement occurs, the City shall provide written notice to the Developer describing the cause of the default and the steps that must be taken by the Developer in order to cure the default. The Developer shall have thirty (30) days after receipt of the notice to cure the default or to provide assurances satisfactory to City that the default will be cured as soon as reasonably possible. If the Developer fail to cure the default or provide assurances, the City shall then have the right to:

- (i) Pursue any action available to it, at law or in equity, in order to enforce the terms of this Agreement.
- (ii) Withhold the Payments provided for under Section B.1 below.
- (iii) Terminate this Agreement.

6. Legal and Administrative Costs. The Developer hereby acknowledges that the City will cover the initial payment of legal fees and administrative costs (the “Actual Admin Costs”) incurred by the City in connection with the drafting, negotiation and authorization of this Agreement, including the necessary amendment to the Urban Renewal Area. Furthermore, the Developer agrees that the City shall withhold an amount (the “Admin Withholding Amount”) equal to the lesser of (1) \$12,000 or (2) the Actual Admin Costs from the Incremental Property Tax Revenues received by the City to make the Payments before making any Payments to the Developer, as hereinafter set forth, in order to recover some or all of the Actual Admin Costs.

B. City’s Obligations

1. Payments. In recognition of the Developer’s obligations set out above, the City agrees to make ten (10) annual economic development tax increment payments (the “Payments” and individually, each a “Payment”) to the Developer during the Term of this Agreement, pursuant to Chapters 15A and 403 of the Code of Iowa, provided however that the aggregate, total amount of the Payments shall not exceed \$2,200,000 (the “Maximum Payment Total”), and all Payments under this Agreement shall be subject to annual appropriation by the City Council, as provided hereunder.

The Payments shall not constitute general obligations of the City but shall be made solely and only from the Annual Percentage of Incremental Property Tax Revenues received by the City from the Delaware County Treasurer attributable to the taxable valuation of the Property with the completed Project thereon.

Prior to funding any Payments under this Agreement, the City will first withhold from the Incremental Property Tax Revenues an amount equal to the Admin Withholding Amount. Once an amount equal to the Admin Withholding Amount has been withheld by the City, the Payments shall be made as set forth herein.

This Agreement assumes that the taxable value of the Project will go on the property tax rolls as of January 1, 2027. Accordingly, Payments will be made on June 1 of each fiscal year, beginning June 1, 2029, and continuing through and including June 1, 2038, or until such earlier date upon which total Payments equal to the Maximum Payment Total have been made.

2. Annual Appropriation. Each Payment shall be subject to annual appropriation by the City Council. Prior to December 1 of each year during the Term of this Agreement, beginning in calendar year 2027, the City Council of the City shall consider the question of obligating for appropriation to the funding of the Payments due in the following fiscal year, an amount (the “Appropriated Amount”) of Incremental Property Tax Revenues to be collected in the following fiscal year equal to or less than the most recently submitted Developer’s Estimate.

In any given fiscal year, if the City Council determines to not obligate the then-considered Appropriated Amount, then the City will be under no obligation to fund the Payment scheduled to become due in the following fiscal year, and the Developer will have no rights whatsoever to compel the City to make such Payment, to seek damages relative thereto or to compel the funding of such Payment in future fiscal years. A determination by the City Council to not obligate funds for any particular fiscal year’s Payment shall not render this Agreement null and void, and the Developer shall make the next succeeding submission of the Developer’s Estimate as called for in Section A.4 above, provided however that no Payment shall be made after June 1, 2038.

3. Payment Amounts. Each Payment shall be in an amount equal to the corresponding Appropriated Amount (for example, for the Payment due on June 1, 2029, the amount of such Payment would be determined by the Appropriated Amount determined for certification by December 1, 2027), provided, however, that each Payment shall not exceed the Annual Percentage of Incremental Property Tax Revenues (excluding allocations of “back-fill” or “make-up” payments from the State of Iowa for property tax credits or roll-back) received by the City from the Delaware County Treasurer attributable to the taxable valuation of the Property.

4. Certification of Payment Obligation. In any given fiscal year, if the City Council determines to obligate the then-considered Appropriated Amount, as set forth in Section B.2 above, then the City Clerk will certify by December 1 of each such year to the Delaware County Auditor an amount equal to the most recently obligated Appropriated Amount.

C. Administrative Provisions

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

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

3. Term. The term (the "Term") of this Agreement shall commence on the Commencement Date and end on June 1, 2038, or on such earlier date upon which the aggregate sum of Payments made to the Developer equals the Maximum Payment Total.

4. Choice of Law. This Agreement shall be deemed to be a contract made under the laws of the State of Iowa and for all purposes shall be governed by and construed in accordance with laws of the State of Iowa.

The City and the Developer have caused this Agreement to be signed, in their names and on their behalf by their duly authorized officers, all as of the day and date written above.

CITY OF DYERSVILLE, IOWA

By: _____
Mayor

Attest:

City Clerk

DYERSVILLE HOTEL INVESTORS, LLC

By: _____
Its: _____

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

Certain real property situated in the City of Dyersville, Delaware County, State of Iowa bearing Delaware County Property Tax Parcel Identification Number 540000100271 and more particularly described as follows:

Lot 2 of Westridge Estates 12th Addition, City of Dyersville, Delaware County, State of Iowa

EXHIBIT B
SITE PLAN

EXHIBIT C
ANNUAL REPORT

(due by October 15th as required under terms of Development Agreement)

WHEREAS, the City of Dyersville, Iowa (the “City”) authorized the payment of certain economic development tax increment payments (the “Payments”) to Dyersville Hotel Investors, LLC (the “Developer”) pursuant to a Development Agreement (the “Agreement”) entered into between the City and the Developer; and

WHEREAS, the Agreement contains certain conditions required to be completed by the Developer in order for the Developer to be eligible to receive such Payments and as such the Developer hereby certifies the following as satisfaction of such conditions:

- (i) All property taxes on the Property in the Urban Renewal Area have been 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 Developer is not in material violation of the Agreement or any local, state or federal law or regulation and is not aware of any pending or threatened claim against the Developer with respect to such laws.
- (iii) The Developer owns the Property and is using the Project in the business operations of a hotel.

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____.

DYERSVILLE HOTEL INVESTORS, LLC

By: _____
Its: _____

EXHIBIT D
DEVELOPER'S ESTIMATE WORKSHEET

- (1) Date of Preparation: October ____, 20__.
- (2) Assessed Taxable Valuation of Property as of January 1, 20__:
\$_____.
- (3) Base Taxable Valuation of Property (January 1, 2025):
\$_____.
- (4) Incremental Taxable Valuation of Property (2 minus 3):
\$_____ (the "TIF Value").
- (5) Current City fiscal year consolidated property tax levy rate for purposes of calculating Incremental Property Tax Revenues (the "Adjusted Levy Rate"):
\$_____ per thousand of value.
- (6) The TIF Value (4) factored by the Adjusted Levy Rate (5).
\$_____ x \$_____/1000 = \$_____ (the "TIF Estimate")
- (7) TIF Estimate (\$_____ x .80 (80%) = Developer's Estimate (\$_____)