

DEVELOPMENT AGREEMENT

This Agreement is entered into between the City of Oelwein, Iowa (the “City”) and BR Development, LLC (the “Developer”) as of May 11, 2020

WHEREAS, the City has established the Industrial Park Urban Renewal Area (the “Urban Renewal Area”), and has adopted a tax increment ordinance for the Urban Renewal Area; and

WHEREAS, the Developer owns certain property with a street address of _____, which is located within the Urban Renewal Area and specifically described as:

Lot 2, Block 1, Industrial Park 1st Addition, City of Oelwein, Fayette County, Iowa

Fayette County Real Property Tax Identification Parcel Number: 1828405004

(the “Property”)

and;

WHEREAS, the Developer intends to construct a building to be located on the Property (the “Project”); and

WHEREAS, the Developer has requested tax increment financing assistance in paying the costs of the Project; and

WHEREAS, the Developer has reported that the Developer wants to be allowed to transfer the obligations and benefits of this Agreement to a future user of the Property; 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. The Developer agrees to construct a building that will be used for a commercial purpose throughout the term of this Agreement.

2. The Developer agrees to make timely payment, or make provision for timely payment, of all property taxes as they come due throughout the term of this Agreement and to submit a receipt or cancelled check to the City Clerk in evidence of each such payment.

B. City’s Obligations

In recognition of the Developer’s obligations set out above, the City agrees to make economic development tax increment payments (the “Payments”) to the Developer in each fiscal year 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 \$300,000, and all Payments shall be subject to annual appropriation by the City Council.

The Payments will be made in December and June of each fiscal year beginning in the first fiscal year for which the City receives incremental property tax revenues with respect to an increase in the taxable valuation of the Property over the valuation shown on the tax rolls as of January 1, 2020 (the “Incremental Property Tax Revenues”), and continuing for a total of ten fiscal years or until such earlier date upon which total Payments equal to \$300,000 have been made. For example, if an increase in taxable valuation of the Property is placed on the Fayette County tax rolls as of January 1, 2021, the first Payment will be made on December 1, 2022. Each Payment shall be in an amount equal to 90% of the Incremental Property Tax Revenues received by the City during the six months immediately preceding each Payment Date.

In addition to the Payments equal to \$300,000, the City agrees to provide up to \$50,000 in supplemental payments during the final five years of this Agreement (the “Supplemental Payments”) if the Developer or the Developer’s assignee meets the following conditions: the owner or top management of the business located on the Property must live within the City limits for five years, beginning within the first two years for which regular Payments are made under this Agreement. Failure to start the residency requirement before the 25 month of the agreement shall void the supplement payment option. Evidence of residency may be shown to the City by an active utility account at a residential address in the City. The supplemental payment applies once per parcel no matter the amount of buildings/businesses. The Developer or the Developer’s assignee must provide proof of the residential requirement on an annual basis for a continuous five years.

Incremental Property Tax Revenues are produced by multiplying the consolidated property tax levy (city, county, school, etc.) times the incremental valuation of the Property, then subtracting debt service levies of all taxing jurisdictions, subtracting the school district physical plant and equipment and instructional support levies and subtracting any other levies which may be exempted from such calculation by action of the Iowa General Assembly.

The Payments and the Supplemental Payments shall not constitute general obligations of the City, but shall be made solely and only from Incremental Property Tax Revenues attributable to the Property that are received by the City from the Fayette County Treasurer.

Each Payment or Supplemental Payment shall be subject to annual appropriation by the City Council. Prior to November 15 of each year during the term of this Agreement, the City Council shall consider the question of obligating for appropriation to the funding of the Payments or Supplemental Payments due in the next succeeding fiscal year, an amount of Incremental Property Tax Revenues to be collected in such following fiscal year equal to the City’s estimate of the appropriate percentage of the amount of Incremental Property Tax Revenues that could be collected in such year as set out above (the “Appropriated Amount”). Each such estimate shall be based on then current consolidated property tax levy and most recent incremental valuation of the Property.

To the extent the City Council decides to obligate funds for appropriation to the Payments or Supplemental Payments, the City agrees to certify to the Fayette County Auditor by December

1 of each year during the term of this Agreement, an amount equal to the most recently determined Appropriated Amount.

C. Administrative Provisions

1. This Agreement may not be amended or assigned by either party without the express permission of the other party. However, the City hereby gives its permission that Developer's rights to receive the Payments and Supplemental Payments hereunder may be assigned by the Developer to a lender without further action on the part of the City. In addition, the City agrees to consider a proposal from the Developer to assign the Developer's rights to receive the Payments and Supplemental Payments hereunder, provided the Developer provides notice to the City of the proposed assignment, at least 30 days prior to the effective date of the assignment, along with the name, address and Tax Identification number of the proposed assignee.

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

3. 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 OELWEIN, IOWA

By: _____
Mayor

Attest:

City Clerk

BR DEVELOPMENT, LLC

Printed Name:
Email:
Contact: