
AGENDA ITEM SUMMARY

Subject: Resolution No. 73-21 Approving amended development agreement for the 2017 Cambrex expansion project.

Background Summary:

Resolution approves the amended TIF Rebate Agreement with Cambrex from their 2017 expansion.

Due to the significant increase in actual valuation vs. estimated we are increasing the TIF rebate maximum rebate amount.

\$575,000 from 170,000 as recommended by the SW Bypass Committee.

- Total Amendment to SW Bypass UR District of \$662,000

RESOLUTION 73-21

Resolution Approving Amended Development Agreement with Cambrex Charles City, Inc., Authorizing Tax Increment Payments and Pledging Certain Tax Increment Revenues to the Payment of the Agreement

WHEREAS, the City of Charles City, Iowa (the “City”), pursuant to and in strict compliance with all laws applicable to the City, and in particular the provisions of Chapter 403 of the Code of Iowa, has adopted an Urban Renewal Plan for the Southwest Bypass Urban Renewal Area (the “Urban Renewal Area”); and

WHEREAS, this Council has adopted an ordinance providing for the division of taxes levied on taxable property in the Urban Renewal Area pursuant to Section 403.19 of the Code of Iowa and establishing the fund referred to in Subsection 2 of Section 403.19 of the Code of Iowa, which fund and the portion of taxes referred to in that subsection may be irrevocably pledged by the City for the payment of the principal of and interest on indebtedness incurred under the authority of Section 403.9 of the Code of Iowa to finance or refinance in whole or in part projects in the Urban Renewal Area; and

WHEREAS, the City has previously entered into a certain development agreement (the “Original Agreement”) with Cambrex Charles City, Inc. (the “Company”) in connection with the expansion of its manufacturing facilities situated in the Urban Renewal Area for use in the Company’s pharmaceuticals manufacturing business operations (the “Project”); and

WHEREAS, the City and the Company now propose to amend the Original Agreement in order to (1) increase the amount of incremental property tax payments to be provided to the Company from an amount not to exceed \$170,000 to an amount not to exceed \$575,000; (2) adjust the time period during which such payments will be made; and (3) make other related changes; and

WHEREAS, an amended development agreement (the “Amended Agreement”) has been prepared to set forth the new understanding between the City and the Company; and

WHEREAS, this City Council, pursuant to Section 403.9 of the Code of Iowa, has published notice, has held a public hearing on the Amended Agreement on June 21, 2021, and has otherwise complied with statutory requirements for the approval of said Agreement; and

WHEREAS, Chapter 15A of the Code of Iowa (“Chapter 15A”) declares that economic development is a public purpose for which a City may provide grants, loans, tax incentives, guarantees and other financial assistance to or for the benefit of private persons; and

WHEREAS, Chapter 15A requires that before public funds are used for grants, loans, tax incentives or other financial assistance, a City Council must determine that a public purpose will reasonably be accomplished by the spending or use of those funds; and

WHEREAS, Chapter 15A requires that in determining whether funds should be spent, a City Council must consider any or all of a series of factors;

NOW, THEREFORE, It Is Resolved by the City Council of the City of Charles City, Iowa, as follows:

Section 1. Pursuant to the factors listed in Chapter 15A, the Council hereby reaffirms that:

(a) The Project will add diversity and generate new opportunities for the Charles City and Iowa economies;

(b) The Project will generate public gains and benefits, particularly in the creation of new jobs, which are warranted in comparison to the amount of the proposed property tax incentives.

Section 2. The City Council further finds and reaffirms that a public purpose will reasonably be accomplished by entering into the Amended Agreement and providing the incremental property tax payments to the Company.

Section 3. The Amended Agreement is hereby approved, and the Mayor and City Clerk are hereby authorized and directed to execute and deliver the Amended Agreement on behalf of the City in substantially the form and content in which the Amended Agreement has been presented to this City Council. Such officers are also authorized to make such changes, modifications, additions or deletions as they, with the advice of bond counsel, may believe to be necessary, and to take such actions as may be necessary to carry out the provisions of the Amended Agreement.

Section 4. As provided and required by Chapter 403 of the Code of Iowa, the City's obligations under the Amended Agreement shall be payable solely from a subfund (the "Cambrex Corporation Subfund") which has previously been established, into which shall be paid that portion of the income and proceeds of the Urban Renewal Tax Revenue Fund attributable to property taxes derived from the property described as follows:

Certain real property situated in the City of Charles City, Floyd County, State of Iowa bearing Floyd County Property Tax Parcel Identification Number Parcel Number 111140000500.

Section 5. The City hereby pledges to the payment of the Agreement the Cambrex Corporation Subfund and the taxes referred to in Subsection 2 of Section 403.19 of the Code of Iowa to be paid into such Subfund, provided, however, that no payment will be made under the Agreement unless and until monies from the Cambrex Corporation Subfund are appropriated for such purpose by the City Council.

Section 6. After its adoption, a copy of this resolution shall be filed in the office of the County Auditor of Floyd County to evidence the continuing pledging of the Cambrex Corporation Subfund and the portion of taxes to be paid into such Subfund and, pursuant to the direction of Section 403.19 of the Code of Iowa, the County Auditor shall allocate the taxes in accordance therewith and in accordance with the tax allocation ordinance referred to in the preamble hereof.

Section 7. All resolutions or parts thereof in conflict herewith are hereby repealed.

Passed and approved on June 21, 2021.

Mayor

Attest:

City Clerk