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## AGENDA ITEM SUMMARY

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**Subject: Hold Public Hearing for Development Agreement with Charles City Area Development Corporation (CCADC). Resolution No. 85-21 approves a new three year agreement.**

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### **Background Summary:**

The three-year funding agreement between the City of Charles City and Charles City Area Development Corporation (CCADC) is due to end after FY22.

The updated development agreement with Charles City Area Development Corporation (CCADC) includes funding towards their annual operation.

CCADC is requesting funding of \$46,000 per year for three years. Their current agreement is for \$42,000 per year for three years

The new agreement would be for FY23, 24 & 25 and includes the following

- Annual funding to CCADC - \$46,000 – 3-year Total \$138,000
- Funded via three different TIF districts annually
  - SW Bypass - \$17,500
  - Riverside - \$14,250
  - South Grand - \$14,250
- Aggregate total of the agreement - **\$138,000**

CITY OF CHARLES CITY

## RESOLUTION 85-21

Resolution Approving Development Agreement with Charles City Area Development Corporation, Authorizing Annual Appropriation 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 Urban Renewal Plans for the Southwest Bypass Urban Renewal Area, the Riverside Urban Renewal Area, and the South Grand Urban Renewal Area (collectively the “Urban Renewal Areas”); and

WHEREAS, this City Council has adopted ordinances providing for the division of taxes levied on taxable property in the Urban Renewal Areas pursuant to Section 403.19 of the Code of Iowa and establishing the funds (the “Urban Renewal Tax Revenue Funds”) referred to in Subsection 2 of Section 403.19 of the Code of Iowa for each of the Urban Renewal Areas, which Funds 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 Areas; and

WHEREAS, a certain development agreement (the “Agreement”) between the City and Charles City Area Development Corporation (the “ADC”) has been prepared in connection with certain economic development initiatives, programs and services being undertaken by the ADC in the Urban Renewal Areas (the “Project”); and

WHEREAS, under the Agreement, the City would provide annual appropriation tax increment payments to ADC in a total amount not exceeding \$138,000; 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 Agreement on July 6, 2021, and has otherwise complied with statutory requirements for the approval of the 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 City Council hereby finds 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 that a public purpose will reasonably be accomplished by entering into the Agreement and providing the incremental property tax payments to ADC thereunder.

Section 3. The Agreement is hereby approved and the Mayor and City Clerk are hereby authorized and directed to execute and deliver the Agreement on behalf of the City, in substantially the form and content in which the Agreement has been presented to this City Council, and 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 Agreement.

Section 4. All payments by the City under the Agreement shall be subject to annual appropriation by the City Council, in the manner set out in the Agreement. As provided and required by Chapter 403 of the Code of Iowa, the City's obligations under the Agreement shall be payable solely from the income and proceeds of the Urban Renewal Tax Revenue Funds attributable to property taxes derived from the property in the Urban Renewal Areas.

Section 5. The City hereby pledges to the payment of the Agreement the Urban Renewal Tax Revenue Funds and the taxes referred to in Subsection 2 of Section 403.19 of the Code of Iowa to be paid into such Funds, provided, however, that no payment will be made under the Agreement unless and until monies from the Urban Renewal Tax Revenue Funds 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 Urban Renewal Tax Revenue Funds and the portion of taxes to be paid into such Funds and, pursuant to the direction of Section 403.19 of the Code of Iowa, the Auditor shall allocate the taxes in accordance therewith and in accordance with the tax allocation ordinance referred to in the preamble hereof.

## DEVELOPMENT AGREEMENT

This Agreement is entered into between the City of Charles City, Iowa (the “City”) and the Charles City Area Development Corporation (the “Corporation”) as of the 6<sup>th</sup> day of July, 2021.

WHEREAS, the City, pursuant to and in strict compliance with all laws applicable thereto, and in particular the provisions of Chapter 403 of the Code of Iowa, has adopted Urban Renewal Plans for the South West Bypass Urban Renewal Area, the South Grand Urban Renewal Area and the Riverside Urban Renewal Area (collectively the “Urban Renewal Areas”); and

WHEREAS, this City Council has adopted ordinances providing for the division of taxes levied on taxable property in the Urban Renewal Areas 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 (the “Urban Renewal Tax Revenue Fund”), 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 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 Areas; and

WHEREAS, the City and the Corporation have undertaken to collaborate on certain projects and initiatives (the “Projects”) within the Urban Renewal Areas for the promotion of economic development therein; and

WHEREAS, the Corporation has requested that the City provide financial assistance in the form of annual appropriation incremental property tax payments in an amount not in excess of \$138,000 in order to support its undertaking of the Projects; 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. Corporation’s Covenants.**

1. The Corporation agrees to undertake and carryout the Projects and to promote economic development and increased business activity on the properties contained within the Urban Renewal Areas. The Corporations activities will include, but will not be limited to, the following:

a. Facilitating community contacts with the Iowa Economic Development Authority in order to make available State of Iowa assistance programs in the Urban Renewal Areas.

b. Initiate and coordinate contact with businesses, Corporations and other development prospects and to use such contact to promote private business investment and job creation within the Urban Renewal Areas.

c. Initiate and coordinate the filing of relevant applications for State, federal and other assistance programs when reasonably available with respect to potential economic development projects in the Urban Renewal Areas.

2. The Corporation hereby agrees to submit an annual report (the “Annual Report”) to the City by no later than October 15 of each year detailing the programs, initiatives and activities undertaken by the Corporation for the promotion of economic development in the Urban Renewal Areas in the twelve months immediately preceding the submission of the report. The Annual Report will also include a detailed accounting of the investment, expenditure or other use of the financial assistance dollars provided by the City to the Corporation, including the timing, purpose and amount of such expenditures.

**B. City’s Obligations.**

In recognition of the Corporation’s obligations set out above, the City agrees to make economic development tax increment payments (the “Payments” and, individually, each a “Payment”) to the Corporation, in each fiscal year as set forth below, pursuant to Chapters 15A and 403 of the Code of Iowa, provided however that the aggregate, total amount of the Payments shall not exceed \$138,000.

The Payments will be due on July 30 in each of the years 2022, 2023 and 2024 provided however that (a) each Payment shall be in an amount not to exceed \$46,000; (b) the aggregate total of Payments made hereunder shall not exceed \$138,000; and (c) all Payments shall be made subject to annual appropriation by the City Council as hereinafter set forth.

The Payments shall not constitute general obligations of the City, but shall be made solely and only from incremental property tax revenues received by the City from the Floyd County Treasurer which have been generated within the Urban Renewal Areas and accumulated in the Urban Renewal Tax Revenue Funds.

The Payments shall be subject to annual appropriation by the City Council. Prior to December 1, 2021 the City Council of the City shall consider the question of obligating for appropriation to the funding of the Payment due on July 30, 2022 an amount (the “Appropriation Amount”) of Incremental Property Tax Revenues sufficient to fund such Payment. The City will repeat this process prior to December 1, 2022 for the Payment due July 30, 2023 and prior to December 1, 2023 for the Payment due on July 30, 2024.

If the City Council determines to not obligate sufficient funds for the making of the Payment, then the City will be under no obligation to fund the Payment next scheduled to become due, and the Corporation will have no rights whatsoever to compel the City to make such Payment or to seek damages relative thereto or to compel the funding of such Payments in future fiscal years.

In any given fiscal year, if the City Council determines to obligate the then-considered Appropriation Amount, then the City Clerk will certify by December 1 of each such year to the Floyd County Auditor an amount equal to the most recently obligated Appropriation Amount.

**C. Administrative Provisions.**

1. This Agreement may not be amended or assigned by any party without the express permission of the other parties.

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 Corporation 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 CHARLES CITY, IOWA

By: \_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

CHARLES CITY AREA DEVELOPMENT  
CORPORATION

By: \_\_\_\_\_