

RESOLUTION 2025-08

Resolution Approving Development Agreement with First Bank, Authorizing Annual Appropriation Tax Increment Payments and Pledging Certain Tax Increment Revenues to the Payment of the Agreement

WHEREAS, the City of Eagle Grove, 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 Eagle Grove Urban Renewal Area (the “Urban Renewal Area”); and

WHEREAS, this City 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 (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 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 proposed to enter into a certain development agreement (the “Agreement”) with First Bank (the “Bank”) in connection with the construction by the Bank of a new building for use as in its business operations in the Urban Renewal Area (the “Project”); and

WHEREAS, under the Agreement, the City will agree to provide annual appropriation tax increment payments (the “Payments”) to the Bank in a total amount not exceeding \$400,000; 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 December 2, 2024, and has otherwise complied with statutory requirements for the approval of the Agreement, and it is now necessary to make provision 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 Eagle Grove, Iowa, as follows:

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

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

(b) The Project will generate public gains and benefits, particularly in the creation of new jobs and income, which are warranted in comparison to the amount of the proposed Payments; and

Section 2. The City Council further finds and reaffirms that a public purpose will reasonably be accomplished by entering into the Agreement and providing the Payments to the Bank as provided for therein.

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. The Mayor and the City Administrator are 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 a subfund (the "First Bank Subfund") which has been established by prior resolution of the Council, 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 as described as follows:

Lots 10-14, Block 12, Eagle Grove Junction (Original Town), Wright County, Iowa

Section 5. The City hereby pledges to the payment of the Agreement the First Bank 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 First Bank 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 Wright County to evidence the continuing pledging of the First Bank 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 December 2, 2024.

Mayor

Attest:

City Clerk

DEVELOPMENT AGREEMENT

This Agreement is entered into between the City of Eagle Grove, Iowa (the “City”) and First Bank (the “Bank”) as of the ___ day of _____, 2025 (the “Commencement Date”).

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

WHEREAS, the Bank has proposed to acquire 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 Bank has proposed to undertake the construction (the “Project”) of a new building for use in its business operations on the Property; and

WHEREAS, the Bank has requested that the City provide financial assistance in the form of incremental property tax payments to be used by the Bank to pay 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. Bank’s Covenants

1. Property Acquisition; Project Construction; Project Maintenance.

Property Acquisition

The Bank agrees to acquire the Property by no later than _____, 20___. The Bank agrees to notify the City when the real estate transaction with respect to such acquisition of the Property has been completed.

Project

The Bank agrees to construct the Project on the Property. The Bank 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 Bank agrees to construct the Project in accordance with the Site Plan and to substantially complete such construction by no later than July 1, 2027. Further, the Bank agrees to construct the Project in compliance with local zoning, land use, building and safety codes and regulations.

The Bank agrees to maintain ownership of the Property and the Project and ensure that the completed Project is used in its business operations throughout the Term (as hereinafter defined) of this Agreement (the “Business Operations Requirement”).

Maintenance of Property

Further, throughout the Term of this Agreement, the Bank 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. The Bank agrees to maintain compliance with local zoning, land use, building and safety codes and regulations throughout the Term of this Agreement.

2. **Property Taxes.** The Bank 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.

3. **Bank's Certifications.** Upon request by the City, the Bank agrees to certify and provide documentation (each, an "Operational Certification") to the City demonstrating that the Bank owns the Project and that the Bank is in compliance with the Business Operations Requirement. Each Operational Certification shall be accompanied by documentation demonstrating, to the satisfaction of the City, that the Bank is in compliance with the Business Operations Requirement.

4. **Property Tax Payment Certification.** The Bank agrees to certify to the City by no later than October 15 of each year during the Term, commencing October 15, 2025, an amount (the "Bank's Estimate") equal to fifty percent (50%) (the "Annual Percentage") of 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. In submitting each such Bank's Estimate, the Bank will complete and submit the worksheet attached hereto as Exhibit C. The City reserves the right to review and request revisions to each such Bank'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 Wright County, above and beyond the Base Valuation (as hereinafter defined); and (4) deducting any property tax credits which shall be available with respect to taxable incremental valuation of the Property.

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

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

5. **Drive-Thru Dedication.** The Bank currently owns the building situated at 321 W Broadway in the City. The Bank hereby agrees to dedicate the building to the City at no cost by July 01, 2027.

6. **Infrastructure.**

a. The City will make every attempt to work with MidAmerican Energy to replace the Overhead Power Lines with Underground Power Lines adjacent to the Project by no later than July 1, 2027. If the cost exceed \$50,000 then the Bank and the City will rediscuss this portion of the infrastructure.

b. The City will also work with the Bank for accessible sewer and water infrastructure near the Project no later than December 31, 2026.

7. **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 Bank to acquire the Property pursuant to the terms and conditions of this Agreement.
- ii. Failure by the Bank to complete construction of the Project pursuant to the terms and conditions of this Agreement.
- iii. Failure by the Bank to fully and timely remit payment of property taxes when due and owing.
- iv. Failure by the Bank to comply with Sections A.3, A.4 and A.5 of this Agreement.
- v. Failure by the Bank 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 Bank describing the cause of the default and the steps that must be taken by the Bank in order to cure the default. The Bank shall have thirty (30) days after receipt of such 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 Bank fails 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.

B. City's Obligations

1. **Payments.** In recognition of the Bank's obligations set out above, the City agrees to make twenty-two (22) semiannual economic development tax increment payments (the "Payments" and each, individually a "Payment") to the Bank during the Term pursuant to Chapters 15A and 403 of the Code of Iowa, provided however that the aggregate, total amount of the Payments shall not exceed \$400,000 (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 Wright County Treasurer attributable to the taxable valuation of the Property.

This Agreement assumes that a portion of the new taxable valuation resulting from the Project will go on the property tax rolls as of January 1, 2026. Accordingly, Payments will be made on December 1 and June 1 of each fiscal year, beginning December 1, 2027, 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.** The Payments shall be subject to annual appropriation by the City Council. Prior to December 1 of each year during the Term, as hereinafter defined, of this Agreement, commencing in calendar year 2026, 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 Bank'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 Payments scheduled to become due in the following fiscal year, and the Bank will have no rights whatsoever to compel the City to make such Payments, to seek damages relative thereto, or to compel the funding of such Payments in future fiscal years. A determination by the City Council to not obligate funds for any particular fiscal year's Payments shall not render this Agreement null and void, and the Bank shall make the next succeeding submission of the Bank'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.** The aggregate Payments to be made in a fiscal year shall not exceed an amount equal to the corresponding Appropriated Amount (for example, for the Payments due on December 1, 2027 and on June 1, 2028, the aggregate maximum amount of such Payments would be determined by the Appropriated Amount determined for certification by December 1, 2026). Furthermore, the amount of each such 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) actually received by the City from the Wright County Treasurer attributable to the taxable incremental valuation of the Property in the six (6) months immediately preceding such Payment Date.

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 Wright 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 Bank's rights to receive the Payments hereunder may be assigned by the Bank 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 Bank 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 Bank 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 EAGLE GROVE, IOWA

By: _____
Mayor

Attest:

City Clerk

FIRST BANK

By: _____
[Name, Title]

EXHIBIT A
DESCRIPTION OF THE PROPERTY

Lots 10-14, Block 12, Eagle Grove Junction (Original Town), Wright County, Iowa

EXHIBIT B
SITE PLAN

EXHIBIT C
BANK'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:
\$_____.
- (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) Subtract anticipated property tax credits from the TIF Estimate (6 minus 7) =
\$_____ (the "Available TIF Estimate")
- (8) Factor the Available TIF Estimate (7) by the Annual Percentage =
Bank's Estimate = \$_____ x .50 = _____