

AUTHORIZING DEVELOPMENT AGREEMENT

(Eagle Grove Community Child Care Service, Inc.)

Eagle Grove, Iowa

436775-43

December 18, 2023

The City Council of the City of Eagle Grove, Iowa, met at the Council Chambers (210 E. Broadway) in the City, at 6:30 p.m., on December 18, 2023. The meeting was called to order and there were present the Mayor in the chair, and the following named Council Members:

Present: Vandewater, Pamperin, Weland, Lorenzen, Limerick, and Jergens

Absent: \_\_\_\_\_.

The matter of authorizing an Economic Development Grant Agreement between the City and Eagle Grove Recreation was considered by the Council.

Whereupon, Council Member Weland introduced a proposed resolution entitled: "Resolution Authorizing Development Agreement with Eagle Grove Community Child Care Service, Inc." and moved that the said resolution be adopted, seconded by Council Member Pamperin and after due consideration thereof by the Council, the Mayor put the question on the motion for adoption of the said resolution and, the roll being called, the following named Council Members voted:

Ayes: Vandewater, Weland, Pamperin, Lorenzen, Limerick, and Jergens

Nays: \_\_\_\_\_.

Whereupon, the Mayor declared the said resolution duly adopted and signed approval thereto.

\* \* \* \*

On motion and vote the meeting adjourned.

  
\_\_\_\_\_  
Mayor

Attest:

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

RESOLUTION NO. 2023-110

Resolution Authorizing Development Agreement with Eagle Grove Community Child Care Service, Inc.

WHEREAS, a certain economic development grant agreement (the “Agreement”) between the City of Eagle Grove, Iowa (the “City”) and Eagle Grove Community Child Care Service, Inc. (the “Corporation”) has been prepared pursuant to which the Corporation would undertake improvements (the “Project”) to an existing City-owned building located 600 NE 2<sup>nd</sup> Street for the continued operation by the Corporation of a preschool and child care center therein (the “Project”); and

WHEREAS, under the Agreement, the City would provide an economic development grant (the “Grant”) to the Corporation in a total amount not exceeding \$400,000 in order to pay a portion of the costs of the Project; 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, 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 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 finds that:

- (a) The Project will add diversity and generate new opportunities for the Eagle Grove and Iowa economies;
- (b) The Project will generate public gains and benefits, particularly in the creation and retention of jobs and income, which are warranted in comparison to the amount of the proposed Grant.

Section 2. The City Council further finds that a public purpose will reasonably be accomplished by entering into the Agreement and funding the Grant to the Corporation.

Section 3. The Grant in an amount not to exceed \$400,000 is hereby approved, subject to the terms and conditions set out in the Agreement to be entered into by the Corporation and the City. The City Administrator, with advice from bond counsel to the City, is hereby authorized and directed to prepare any additional documentation and to make such changes to the Agreement as are deemed necessary to carry out the purposes of this Resolution. The Mayor and the City Clerk

approved herein, including the Agreement, in substantially the form as has been presented to this City Council.

Section 4. All resolutions or parts thereof in conflict herewith are hereby repealed.

Passed and Approved this December 18, 2023.

  
\_\_\_\_\_  
Mayor

Attest:

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



## ECONOMIC DEVELOPMENT GRANT AGREEMENT

This Agreement is entered into between the City of Eagle Grove, Iowa (the “City”) and Eagle Grove Community Child Care Service, Inc., an Iowa nonprofit corporation (the “Corporation”) as of the 18th day of December, 2023 (the “Commencement Date”).

WHEREAS, the City owns an existing building (the “Existing Building”) that is located at 600 NE 2<sup>nd</sup> Street (the “Property”); and

WHEREAS, the Corporation leases the Existing Building from the City and operates a preschool and childcare center therein; and

WHEREAS, the Corporation has proposed to undertake certain improvements (the “Project”) to the Existing Building and to continue to operate the preschool and child care center therein; and

WHEREAS, the Corporation has requested that the City provide financial assistance in the form of an economic development grant (the “Grant”) to be used by the Corporation in paying the costs of constructing 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. Corporation’s Covenants**

**1. Project Construction.** The Corporation agrees to undertake the Project on the Property. The Corporation agrees that the Project will minimally include the improvements (the “Required Improvements”) as set forth on Exhibit A hereto. The Corporation agrees to construct the Project, including the Required Improvements, in substantial conformance with the City’s zoning, land use, building and safety codes and regulations. The Corporation further agrees to substantially complete such construction by no later than May 30, 2026.

The Corporation agrees to use the completed Project in the operations of a preschool and childcare center throughout the Term (as hereinafter defined) of this Agreement (the “Operations Requirement”).

Further, the Corporation agrees to maintain, preserve, and keep the Property, including but not limited to the Existing Building, 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.

**2. Economic Development Grant Disbursement Requests and Costs Documentation.** The Corporation agrees to submit periodic grant disbursement requests (each, a “Grant Disbursement Request”) to the City in accordance with this Section A.2. Each Grant Disbursement Request submitted under this Section A.2 shall be in the form attached

hereto as Exhibit B. The final Grant Disbursement Request shall be submitted no later than May 30, 2026.

Each Grant Disbursement Request shall be accompanied by documentation (the "Costs Documentation") detailing the costs (the "Grant Eligible Costs") incurred by the Corporation in completing the Required Improvements. The Costs Documentation shall include invoices, and such other documentation as may reasonably be requested by the City confirming that the Grant Eligible Costs detailed in the Costs Documentation were in fact incurred in the undertaking of the Required Improvements and that such Grant Eligible Costs are of an amount reasonably to have been expected with respect to the undertaking of the Required Improvements.

3. **Default Provisions.** 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 Corporation to complete the Project pursuant to the terms and conditions of this Agreement.
- (ii) Failure by the Corporation to comply with Section A.2 of this Agreement.
- (iii) Failure by the Corporation to observe or perform any other material covenant on its part, to be observed or performed hereunder.

Whenever any Event of Default described in this Agreement occurs, the City shall provide written notice to the Corporation describing the cause of the default and the steps that must be taken by the Corporation in order to cure the default. The Corporation 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 Corporation 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 Grant Disbursements provided for under Section B.1 of this Agreement.
- (iii) Recover an amount equal to the full amount of the Grant previously made to the Corporation under Section B.2 below. The City may take any action, including any legal action it deems necessary, to recover such amount from the Corporation.

Whenever any Event of Default described in this Agreement occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Corporation herein contained, and the City prevails in an action to enforce this Agreement, the Corporation agrees that it shall, on demand therefor, pay to the City the reasonable fees of such attorneys and such other expenses as may be reasonably and appropriately incurred by the City in connection therewith.

**B. City's Obligations**

**1. Review of Grant Disbursement Requests and Costs Documentation.** The City Council will review each Grant Disbursement Request upon receipt from the Corporation. If the City Council determines that a Grant Disbursement Request satisfies the requirements of Section A.3 above, then City shall record a summary of the date, amount and nature of such costs (the "Accepted Grant Eligible Costs") on the Summary of Accepted Grant Eligible Costs attached hereto as Exhibit C, and such summary shall be the official record of the Accepted Grant Eligible Costs for purposes of tallying the Maximum Grant Amount (as hereinafter defined) allowed to the Corporation under this Agreement.

In the event that the City Council determines that a Disbursement Request received from the Corporation does not meet the requirements of Section A.2 above, then City shall notify the Corporation within fifteen (15) days of such determination in order to allow an opportunity for the Corporation to cure the noted deficiencies.

**2. Grant Disbursements.** The City hereby agrees to fund the Grant through a series of disbursements (the "Grant Disbursements" and, each, individually a "Grant Disbursement") to the Corporation, in an aggregate maximum amount (the "Maximum Grant Amount") equal to the lesser of (i) the Accepted Grant Eligible Costs, or (ii) \$400,000, in accordance with this Section B.2.

Within thirty (30) days of receipt from the Corporation of an acceptable Grant Disbursement Request, the City agrees to make a Grant Disbursement to the Corporation in an amount equal to the Accepted Grant Eligible Costs reflected in such Grant Disbursement Request. No Grant Disbursement shall be made after June 30, 2026.

**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 Corporation's rights to receive the Payments hereunder may be assigned by the Corporation 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 the date on which the City makes the final Grant Disbursement to the Corporation.

**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 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 EAGLE GROVE, IOWA

By: Sandra McHale  
Mayor

Attest:

Byron Davis  
City Clerk

EAGLE GROVE COMMUNITY CHILD  
CARE SERVICE, INC.

By: \_\_\_\_\_  
[Name, Title]

**EXHIBIT A**  
**REQUIRED IMPROVEMENTS**

**EXHIBIT B**  
**FORM OF GRANT DISBURSEMENT REQUEST**

Date submitted: \_\_\_\_\_

Submitted by: \_\_\_\_\_

Contact information: \_\_\_\_\_

Amount Requested \$ \_\_\_\_\_

Index of Invoices/Statements Attached to substantive request:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I, the undersigned hereby certify that the costs shown on the documents referred to in the index above are (i) legitimate costs reasonably incurred in the undertaking of the Required Improvements; and (ii) distinct from and additional to all other costs previously associated with a prior disbursement request.

EAGLE GROVE COMMUNITY CHILD CARE  
SERVICE, INC.

\_\_\_\_\_  
[Name, Title]

Reviewed and accepted by the City Council of Eagle Grove, Iowa this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

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

Attest:

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

