



February 8, 2018

**Via Email**

Gregg Mandsager  
City Administrator/City Hall  
Muscatine, IA

Re: Development Agreement (White Distribution & Supply, LLC)  
Our File No. 421464-52

Dear Gregg:

Attached please find copies of proceedings to enable the City Council to act on February 15<sup>th</sup> to set March 1<sup>st</sup> as the date for a public hearing on the proposed Development Agreement with White Distribution & Supply, LLC, including the proposal for tax increment payments.

The notice of public hearing on the Development Agreement must be published once, not less than four (4) and not more than twenty (20) days prior to the City Council meeting at which the hearing will be held. The last date on which the notice can effectively be published is February 25, 2018. Please print an extra copy of the notice for delivery to the newspaper. Please insert the time and place of the hearing in both the resolution and the notice and fax a copy of the published notice to us at (515) 283-1060.

We will prepare and forward to you in time for the March 1<sup>st</sup> meeting the necessary proceedings to approve the Development Agreement.

We would appreciate receiving one fully executed copy of these proceedings as soon as they are available.

Please contact Amy Bjork or me if you have questions.

Best regards,

John P. Danos

Attachments

cc: Nancy Lueck

SET DATE FOR HEARING ON  
DEVELOPMENT AGREEMENT AND  
TAX INCREMENT PAYMENTS

(White Distribution & Supply, LLC)

421464-52

Muscatine, Iowa

February 15, 2018

A meeting of the City Council of the City of Muscatine, Iowa, was held at \_\_\_\_\_  
o'clock \_\_.m., on February 15, 2018, at the \_\_\_\_\_, Muscatine, Iowa, pursuant to  
the rules of the Council.

The Mayor presided and the roll was called, showing members present and absent as  
follows:

Present: \_\_\_\_\_

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

Council Member \_\_\_\_\_ introduced the resolution next hereinafter  
set out and moved its adoption, seconded by Council Member \_\_\_\_\_; and  
after due consideration thereof by the City Council, the Mayor put the question upon the  
adoption of said resolution, and the roll being called, the following named Council Members  
voted:

Ayes: \_\_\_\_\_

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

Whereupon, the Mayor declared said resolution duly adopted, as follows:

RESOLUTION NO. \_\_\_\_\_

Resolution Setting a Date of Meeting at Which it is Proposed to Approve a Development Agreement with White Distribution & Supply, LLC, Including Annual Appropriation Tax Increment Payments

WHEREAS, the City of Muscatine, 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 Consolidated Muscatine 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, 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 proposes to enter into a certain development agreement (the "Development Agreement") with White Distribution & Supply, LLC (the "Company") in connection with the expansion by the Company of its existing manufacturing and warehousing facilities for use in its business operations on certain real property situated in the Urban Renewal Area; and

WHEREAS, the Development Agreement would provide financial incentives to the Company in the form of annual appropriation incremental property tax payments in an amount not to exceed \$445,000 under the authority of Section 403.9(1) of the Code of Iowa; and

WHEREAS, it is necessary to set a date for a public hearing on the Development Agreement, pursuant to Section 403.9 of the Code of Iowa;

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

Section 1. This City Council shall meet on March 1, 2018, at \_\_\_\_\_ o'clock \_\_.m., at the \_\_\_\_\_, in the City, at which time and place proceedings will be instituted and action taken to approve the Development Agreement and to authorize the annual appropriation incremental property tax payments.

Section 2. The City Clerk is hereby directed to give notice of the proposed action, the time when and place where said meeting will be held, by publication at least once not less than four (4) and not more than twenty (20) days before the date of said meeting in a legal newspaper of general circulation in the City. Said notice shall be in substantially the following form:



NOTICE OF MEETING FOR APPROVAL OF DEVELOPMENT AGREEMENT WITH  
WHITE DISTRIBUTION & SUPPLY, LLC AND AUTHORIZATION OF ANNUAL  
APPROPRIATION TAX INCREMENT PAYMENTS

The City Council of the City of Muscatine, Iowa, will meet at the \_\_\_\_\_, on March 1, 2018, at \_\_\_\_\_ o'clock \_\_\_\_\_.m., at which time and place proceedings will be instituted and action taken to approve a Development Agreement between the City and White Distribution & Supply, LLC (the "Company") in connection with the expansion by the Company of its existing manufacturing and warehousing facilities for use in its business operations on certain real property situated in the Consolidated Muscatine Urban Renewal Area, which Development Agreement provides for certain financial incentives in the form of incremental property tax payments to the Company in a total amount not exceeding \$445,000 as authorized by Section 403.9 of the Code of Iowa.

The Development Agreement to make incremental property tax payments to the Company will not be a general obligation of the City, but will be payable solely and only from incremental property tax revenues generated within the Consolidated Muscatine Urban Renewal Area. Some or all of the payments under the Development Agreement may be made subject to annual appropriation by the City Council.

At the meeting, the City Council will receive oral or written objections from any resident or property owner of the City. Thereafter, the City Council may, at the meeting or at an adjournment thereof, take additional action to approve the Development Agreement or may abandon the proposal.

This notice is given by order of the City Council of Muscatine, Iowa, in accordance with Section 403.9 of the Code of Iowa.

Gregg Mandsager  
City Administrator

Section 3. All resolutions or parts of resolutions in conflict herewith are hereby repealed.

Section 4. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved February 15, 2018.

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Mayor

Attest:

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City Clerk

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On motion and vote the meeting adjourned.

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Mayor

Attest:

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City Clerk

STATE OF IOWA  
COUNTY OF MUSCATINE           SS:  
CITY OF MUSCATINE

I, the undersigned, City Clerk of the City of Muscatine, hereby certify that the foregoing is a true and correct copy of the minutes of the Council of the City relating to the adoption of a resolution to fix a date of meeting at which it is proposed to take action to approve a Development Agreement.

I do further certify that the notice of hearing, to which the printed slip attached to the publisher's original affidavit hereto attached is a true and complete copy, was published on the date and in the newspaper specified in such affidavit, which newspaper has a general circulation in the City.

WITNESS MY HAND this \_\_\_\_ day of \_\_\_\_\_, 2018.

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

**(Attach here the publisher's original affidavit with clipping of the notice as published.)**

**(PLEASE NOTE: Do not sign and date this certificate until you have checked a copy of the published notice and have verified that it was published on the date indicated in the publisher's affidavit.)**



## DEVELOPMENT AGREEMENT

This Agreement is entered into between the City of Muscatine, Iowa (the "City") and White Distribution & Supply, LLC (the "Company") as of the \_\_\_\_ day of \_\_\_\_\_, 2018 (the "Commencement Date").

WHEREAS, the City has established the Consolidated Muscatine Urban Renewal Area (the "Urban Renewal Area"), and has adopted a tax increment ordinance for the Urban Renewal Area; and

WHEREAS, the Company owns 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 Company has proposed to undertake the construction of expanded manufacturing and warehousing facilities on the Property (the "Project") for use in its business operations; and

WHEREAS, the Company has requested that the City provide financial assistance in the form of incremental property tax payments to be used by the Company in paying the costs of constructing and maintaining the Project; and

WHEREAS, the base valuation of the Property for purposes of Section 403.19 of the Code of Iowa is \$\_\_\_\_\_ (the "Base Valuation"); 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. Company's Covenants**

1. **Project Construction.** The Company agrees to construct the Project on the Property and to maintain and use the completed Project as part of its business operations throughout the Term, as hereinafter defined. Furthermore, the Company expects to invest approximately \$6,000,000 into capital improvements for the Project, including construction work, equipment, furnishings and other capital improvements. The Company has submitted a detailed site plan (the "Site Plan") for the development of the Project to the City which was approved by the City Council on \_\_\_\_\_, 20\_\_\_. The Site Plan is attached hereto as Exhibit B hereto. The Company agrees to construct the Project in accordance with the Site Plan and to substantially complete such construction by no later than \_\_\_\_\_, 2018.

2. **Property Taxes.** The Company 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, as hereinafter defined, and to submit a receipt or cancelled check in evidence of each such payment.



3. **Company's Certifications.** The Company agrees to submit documentation to the satisfaction of the City by no later than each October 15 during the Term, as hereinafter defined, commencing October 15, 2018, demonstrating that the completed Project is being maintained and used as part of the Company's business operations.

4. **Property Tax Payment Certification.** Furthermore, the Company agrees to certify to the City by no later than October 15 of each year during the Term, as hereinafter defined, commencing October 15, 2019, an amount (the "Company's Estimate") equal to fifty percent (50%) (the "Annual Percentage") of the estimated Incremental Property Tax Revenues 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 Company's estimate, the Company will complete and submit the worksheet attached hereto as Exhibit C. The City reserves the right to review and request revisions to each such Company'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 Muscatine County, above and beyond the Base Valuation; and (4) deducting any property tax credits which shall be available with respect to taxable incremental valuation of the Property.

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

8. **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:

- a) Failure by the Company to commence and complete construction of the Project pursuant to the terms and conditions of this Agreement.
- b) Failure by the Company to fully and timely remit payment of property taxes when due and owing.
- c) Failure by the Company to keep the completed Project in service as part of its business operations on the Property throughout the Term, as hereinafter defined.
- d) Failure by the Developers to comply with Sections A.2, A.3 or A.4 of this Agreement.

Whenever any event of default described in this Agreement occurs, the City shall provide written notice to the Company describing the cause of the default and the steps that must be taken by the Company in order to cure the default. The Company 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 Company fails to cure the default or provide assurances, the City shall then have the right to:

- a) Pursue any action available to it, at law or in equity, in order to enforce the terms of this Agreement.
- b) Withhold the Payments provided for under Section B.1 below.

**6. Legal and Administrative Costs.** The Company hereby agrees to pay for the legal fees and administrative costs incurred by the City in connection with the drafting, negotiation and authorization of this Agreement, including the prerequisite amendment to the urban renewal plan, up to an amount not in excess of \$7,500. The Company agrees to remit payment to the City within 30-days of the submission of reasonable documentation by the City to the Company evidencing such costs.

## **B. City's Obligations**

**1. Payments.** In recognition of the Company's obligations set out above, the City agrees to make twenty (20) semiannual economic development tax increment payments (the "Payments" and each, individually a "Payment") to the Company during the Term, as hereinafter defined, pursuant to Chapters 15A and 403 of the Code of Iowa, provided however that the aggregate, total amount of the Payments shall not exceed \$445,000 (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 Incremental Property Tax Revenues received by the City from the Muscatine County Treasurer attributable to the taxable valuation of the Property.

Each Payment shall not exceed an amount which represents the Annual Percentage of the Incremental Property Tax Revenues available to the City with respect to the Property during the six (6) months immediately preceding each Payment date.

This Agreement assumes that the new valuation from the Project will go on the property tax rolls as of January 1, 2019. Accordingly, Payments will be made on December 1 and June 1 of each fiscal year, beginning December 1, 2020, and continuing through and including June 1, 2030, 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 of this Agreement, commencing in calendar year 2019, 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 Company'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 Company will have no rights whatsoever to compel the City to make such Payments or 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 Company shall make the next succeeding submission of the Company's Estimate as called for in Section A.4 above, provided however that no Payment shall be made after June 1, 2030.

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, 2020 and on June 1, 2021, the aggregate maximum amount of such Payments would be determined by the Appropriated Amount determined for certification by December 1, 2019). Furthermore, the amount of each such Payment shall not exceed the amount 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 Muscatine County Treasurer attributable to the taxable incremental valuation of the Property in the six months immediately preceding the extant Payment due 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.1 above, then the City Clerk will certify by December 1 of each such year to the Muscatine County Auditor an amount equal to the most recently obligated Appropriated Amount.

### C. **Administrative Provisions**

1. **Amendment and Assignment.** This Agreement may not be amended or assigned by either party without the written consent of the other party. However, the City hereby gives its permission that the Company's rights to receive the Payments hereunder may be assigned by the Company 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, 2030 or on such earlier date upon which the aggregate sum of Payments made to the Company 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 Company 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 MUSCATINE, IOWA

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

Attest:

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

WHITE DISTRIBUTION & SUPPLY,  
LLC

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

**EXHIBIT A**  
**DESCRIPTION OF THE PROPERTY**

Certain real property situated in the City of Muscatine, Muscatine County, State of Iowa bearing Muscatine County Property Tax Parcel Identification Number \_\_\_\_\_.



**EXHIBIT C**  
**COMPANY'S ESTIMATE WORKSHEET**

- (1) Date of Preparation: October \_\_\_\_, 20\_\_.
- (2) Assessed 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 (50%) =  
Company's Estimate = \$\_\_\_\_\_ x .50 = \_\_\_\_\_