

ECONOMIC DEVELOPMENT SUPPORT AGREEMENT

This Agreement is entered into between the City of Marshalltown, Iowa (the “City”) and the Marshalltown Central Business District, Inc. (the “Corporation”) as of the ___ day of November, 2023.

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 an Urban Renewal Plan for the Marshalltown Urban Renewal Area No. 4 (the “Urban Renewal Area”); and

WHEREAS, this City Council has adopted ordinances 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 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 Area for the promotion of economic development therein, including the administration of the City’s Main Street Iowa program; 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 \$320,000 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. Economic Development Initiatives. 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 Area. The Corporation’s activities will also include the administration of the City’s Main Street Iowa program in accordance with the agreement (the “IEDA Agreement”) entered into among the City, the Corporation and the Iowa Economic Development Authority. The IEDA Agreement is attached hereto as Exhibit A.

2. Annual Report. The Corporation hereby agrees to submit an annual report (the “Annual Report”) to the City by no later than October 15, commencing October 15, 2024, of each year detailing the programs, initiatives and activities undertaken by the Corporation in administering the City’s Main Street Iowa program and for the promotion of economic development in the Urban Renewal Area in the twelve (12) months immediately preceding the submission of the Annual 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.

3. Remedy. The Corporation hereby acknowledges that failure to comply with the requirements of this Section A, will result in the City having the right to withhold the Payments under Section B of this Agreement at its sole discretion, until such time as the Corporation has demonstrated, to the satisfaction of the City, that it has cured such non-compliance.

B. City's Obligations.

1. Payments. In recognition of the Corporation's obligations set out above, the City agrees to make quarterly 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 \$320,000.

The Payments will be made on September 1, December 1, March 1 and June 1 in each of the fiscal years 2025 through 2029, provided however that (a) the aggregate total of Payments made hereunder shall not exceed \$320,000; and (b) 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 Incremental Property Tax Revenues (as hereinafter defined) received by the City from the Marshall County Treasurer which have been generated within the Urban Renewal Area and accumulated in the Urban Renewal Tax Revenue Fund.

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 situated in the Urban Renewal Area; (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 situated in the Urban Renewal Area, as shown on the property tax rolls of Marshall County above and beyond the base valuation of such property; and (4) deducting any property tax credits which shall be available with respect to the property situated in the Urban Renewal Area.

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 2023, the City Council of the City shall consider the question of obligating for appropriation to the funding of the Payments scheduled to be made 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 an amount to be supplied to the City Council annually by City staff. In each calendar year during the Term, the Appropriated Amount to be considered by the City Council shall not exceed the following:

Calendar Year	Appropriated Amount shall not exceed:	Payment Year
2023	[\$50,000]	2025 Fiscal Year
2024	[\$60,000]	2026 Fiscal Year
2025	[\$70,000]	2027 Fiscal Year
2026	[\$70,000]	2028 Fiscal Year
2027	[\$70,000]	2029 Fiscal Year

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 Corporation 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 City Council shall make the next succeeding consideration of an Appropriated Amount, provided however that no Payment shall be made after June 1, 2029.

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 in the 2025 Fiscal Year, the amount would be determined by the Appropriated Amount approved for certification by December 1, 2023).

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 Marshall County Auditor an amount equal to the most recently obligated Appropriated Amount.

C. Administrative Provisions.

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

2. Term. The term (the “Term”) of this Agreement shall commence on the Commencement Date and shall continue until the date on which the final Payment is remitted by the City to the Corporation as set forth in Section B above.

3. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

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 MARSHALLTOWN, IOWA

By: _____
Mayor

Attest:

City Clerk

MARSHALLTOWN CENTRAL
BUSINESS DISTRICT, INC.

By: _____