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FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director

Date: May 16, 2017

Re: Resolution Approving Muscatine Riverview Reinvestment District Development Agreement

Introduction and Background:

The City Council adopted the ordinance establishing the Muscatine Riverview Reinvestment District at the May 21, 2015 City Council meeting. At the July 2, 2015 meeting Council approved the Reinvestment District Contract between the Iowa Economic Development Authority (IEDA) and the City. These actions allow for Riverview Hotel Development to receive Reinvestment District proceeds up to \$10,000,000 and apply them to defraying the costs of developing their hotel and conference center in the Reinvestment District.

The Reinvestment District proceeds will be paid to the City by the State of Iowa and the City will remit funds received to Riverview Hotel Development within 30 days of receiving the State funds. The attached Muscatine Riverview Reinvestment District Development Agreement formalizes the agreement between Riverview Hotel Development and the City for the Reinvestment district funding.

Recommendation:

Please include the attached resolution approving the Muscatine Riverview Reinvestment District Development Agreement on the agenda for the May 18, 2017 City Council meeting. Please contact City Administrator Gregg Mandsager or me if you have any questions.

APPROVE MUSCATINE RIVERVIEW
REINVESTMENT DISTRICT
DEVELOPMENT AGREEMENT

(Riverview Hotel Development)

421464-42

Muscatine, Iowa

May 18, 2017

A meeting of the City Council of the City of Muscatine, Iowa, was held at _____ o'clock p.m., on May 18, 2017, at the City Hall, Muscatine, Iowa, pursuant to the rules of the Council.

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

Present: _____

Absent: _____.

The Council took up for consideration a resolution to approve the Muscatine Riverview Reinvestment District Development Agreement.

Council Member _____ introduced the resolution next hereinafter set out and moved its adoption, seconded by Council Member _____; and after due consideration thereof by the Council, the Mayor Pro Tem 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 Pro Tem declared said resolution duly adopted, as follows:

RESOLUTION _____

Resolution Approving Muscatine Riverview Reinvestment District Development Agreement

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 15J of the Code of Iowa and an ordinance adopted by the City Council, has established the Muscatine Riverview Reinvestment District (the "Reinvestment District"); and

WHEREAS, the Riverview Hotel Development (the "Company") owns certain real property (the "Property") situated in the Reinvestment District and the Company has proposed to undertake the development of a conference center/hotel facility and related parking improvements (the "Project") on the Property; and

WHEREAS, it has been proposed that the City and the Company enter into a certain Muscatine Riverview Reinvestment District Development Agreement (the "Agreement") pursuant to which the Company would agree to cause the completion of the Project and the City would provide financial assistance to the Company in the form of payments from the proceeds (the "Reinvestment District Proceeds") received from the State of Iowa in connection with the establishment of the Reinvestment District to be used by the Company in defraying the costs of planning, professional services, land acquisition, constructing, operating and maintaining 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, 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 Muscatine, Iowa, as follows:

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

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

(b) The Project will generate public gains and benefits, particularly in the creation of new jobs and the fostering of commercial enterprises, which are warranted in comparison to the amount of the proposed financial assistance.

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 financial assistance to the Developer.

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. The City hereby pledges to the payment of its obligations under the Agreement the Reinvestment District Proceeds to be received from the State of Iowa in connection with the establishment of the Reinvestment District.

Section 5. All resolutions or parts thereof in conflict herewith are hereby repealed.

Passed and approved on May 18, 2017.

Mayor Pro Tem

Attest:

City Clerk

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On motion and vote the meeting adjourned.

Mayor Pro Tem

Attest:

City Clerk

STATE OF IOWA
COUNTY OF MUSCATINE SS:
CITY OF MUSCATINE

I, the undersigned, Clerk of the aforementioned City, hereby certify that the foregoing is a true and correct copy of the minutes of the Council of the City relating to holding a public hearing and adopting a resolution to approve the Muscatine Riverview Reinvestment District Development Agreement.

WITNESS MY HAND hereto affixed this _____ day of _____, 2017.

City Clerk

May 15, 2017

Via Email

Gregg Mandsager
City Manager/City Hall
Muscatine, IA

Re: Muscatine Riverview Reinvestment District Development Agreement
Our File No. 421464-42

Dear Gregg:

Attached please find proceedings covering the adoption of a resolution approving the Muscatine Riverview Reinvestment District Development Agreement.

We would appreciate receiving one fully executed copy of these proceedings and of the executed Amended Development Agreement 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

MUSCATINE RIVERVIEW REINVESTMENT DISTRICT
DEVELOPMENT AGREEMENT

This Development Agreement ("Agreement") is entered into between the City of Muscatine, Iowa (the "City") and Riverview Hotel Development, (the "Company") as of the _____ day of _____, 2017 (the "Commencement Date").

WHEREAS, the City has established the Muscatine Riverview Reinvestment District (the "Reinvestment District") the legal description of which is set forth on Exhibit A hereto; and

WHEREAS, the Company owns certain real property (the "Property") situated in the Reinvestment District and the Company has proposed to undertake the development of a conference center/hotel facility and related parking improvements (the "Project") on the Property; and

WHEREAS, the Company has requested that the City provide financial assistance in the form of payments from the proceeds (the "Reinvestment District Proceeds") received from the State of Iowa in connection with the establishment of the Reinvestment District to be used by the Company in defraying the costs of planning, professional services, land acquisition, constructing, operating 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. Company's Covenants

1. Project. The Company agrees to cause the completion of the Project on the Property and to ensure that the completed Project is used in the operations of a hotel and conference center throughout the Term, as hereinafter defined, of this Agreement. The Company will complete the Project in accordance with the detailed district plan (the "District Plan") attached hereto as Exhibit B, which District Plan submitted to the Iowa Economic Development Authority with the City's Reinvestment District Final Application. It is anticipated that the Company will invest not less than \$41,000,000 into the development of the Project. The Project will be completed and placed into service by no later than December 31, 2017.

The Project shall be comprised of (i) a 11,500 square foot conference center with an attached hotel comprised of not less than 112 guest rooms; (ii) a 1.5 story controlled access parking structure with an estimated 106 spaces; and (iii) a controlled access parking lot with an estimated 59 spaces.

In the construction of the Project and affiliated development of the Property, the Company shall meet all municipal regulations, including, but not limited to, building code, fire code, zoning, platting and hard surfacing requirements.

2. **Compliance with TIF Development Agreement.** The Company hereby agrees to comply with the terms of a certain amended development agreement (the “TIF Development Agreement”) attached hereto as Exhibit C between the Company and the City dated _____, 2017, the terms of which are deemed to be incorporated herein by reference and made a part hereof.

3. **Demonstration of Project Costs.** The Company agrees to demonstrate, to the satisfaction of the City, the total actual costs (the “Project Costs”) incurred in carrying out the Project.

4. **Reinvestment District Proceeds.** The Company hereby agrees to receive the Reinvestment District Proceeds and apply them to defraying the costs of the Project.

5. **Remedy.** The Company hereby acknowledges that failure to comply with the requirements of this Section A, will result in the City having the right to withhold Payments under Section B of this Agreement at its sole discretion.

B. City's Obligations

1. **Compliance with Reinvestment District Contract.** The City hereby agrees to enter into and comply with the terms of a certain Reinvestment District Contract, attached hereto as Exhibit D, with the Iowa Economic Development Authority.

2. **Compliance with TIF Development Agreement.** The City hereby agrees to comply with the terms the TIF Development Agreement.

3. **Payments of Reinvestment District Proceeds.** In recognition of the Company’s obligations set out above, the City agrees to remit payment of the Reinvestment District Proceeds received pursuant to the Reinvestment District Contract to the Company during the Term of this Agreement (as hereinafter defined), pursuant to Chapters 15A and 15J of the Code of Iowa, provided however that the aggregate, total amount of the payments (the “Payments”) shall not exceed the lesser of (i) the Project Costs, or (ii) \$10,000,000.

4. **Timing of Payments and Payment Amounts.** Each Payment shall be in an amount equal to the amount of Reinvestment District Proceeds received by the City in connection with the Project. The City will remit the Payments to the Company within thirty days of receipt by the City from the Iowa Department of Revenue of Reinvestment District Proceeds into the City’s reinvestment project fund established pursuant to Iowa Code Section 15J.7. Pursuant to the Reinvestment District Contract, the date upon which the calculation of Reinvestment District Proceeds for the Reinvestment District will begin on July 1, 2017, and the termination of the calculation of such Reinvestment District Proceeds is July 1, 2037. Accordingly, the City will make Payments to the Company during such timeframe.

C. Administrative Provisions

1. **Assignment.** This Agreement may not be amended or assigned by either party without the prior 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 any "affiliate" or a private lender, as security on a credit facility taken in connection with the acquisition of the Property and/or the construction of 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 last Payment is made by the City to the Company under Section B.2 above.

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 Pro Tem

Attest:

City Clerk

RIVERVIEW HOTEL DEVELOPMENT

By: _____

By: _____

EXHIBIT A:

LEGAL DESCRIPTION OF THE REINVESTMENT DISTRICT

EXHIBIT B:

DISTRICT PLAN

EXHIBIT C:

TIF DEVELOPMENT AGREEMENT

EXHIBIT D:

REINVESTMENT DISTRICT CONTRACT