

HOLD HEARING ON AND APPROVE  
DEVELOPMENT AGREEMENT AND  
TAX INCREMENT PAYMENTS

(Colorado Senior Lofts LLC)

421464-64

Muscatine, Iowa

February 18, 2021

A meeting of the City Council of the City of Muscatine, Iowa, was held at \_\_\_\_\_  
o'clock \_\_.m., on February 18, 2021, pursuant to the rules of the Council.

The City Council met electronically via GoToMeeting, which was accessible at the  
following:

**[Insert electronic access information]**

The City Council conducted this meeting electronically due to federal and state  
government recommendations in response to COVID-19 pandemic conditions. Electronic access  
information was included in the posted agenda of this public meeting.

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

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

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

The City Council investigated and found that notice of the intention of the Council to  
conduct a public hearing on a Development Agreement between the City and Colorado Senior  
Lofts LLC had been published according to law and as directed by the City Council and that this  
is the time and place at which the Council shall receive oral or written objections from any  
resident or Developer of the City. All written objections, statements, and evidence heretofore  
filed were reported to the Council, and all oral objections, statements, and all other exhibits  
presented were considered.

The following named persons presented oral objections, statements, or evidence as  
summarized below; filed written objections or statements, copies of which are attached hereto; or  
presented other exhibits, copies of which are attached hereto:

**(Here list all persons presenting written or oral statements or evidence and  
summarize each presentation.)**

There being no further objections or comments, the Mayor announced that the hearing was closed.

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 \_\_\_\_\_

Resolution Approving Development Agreement with Colorado Senior Lofts LLC, Authorizing Annual Appropriation Tax Increment Payments and Pledging Certain Tax Increment Revenues to the Payment of the 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 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 (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, a certain development agreement (the “Agreement”) between the City and Colorado Senior Lofts LLC (the “Developer”) has been prepared in connection with the construction by the Developer of housing affordable to seniors of low and moderate income in the Urban Renewal Area (the “Project”); and

WHEREAS, under the Agreement, the City would provide annual appropriation tax increment payments to the Developer in a total amount not exceeding \$460,000; 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 February 18, 2021, and has otherwise complied with statutory requirements 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 Muscatine, 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 Muscatine and Iowa economies;

(b) The Project will generate public gains and benefits, particularly in the creation of new jobs and housing opportunities, which are warranted in comparison to the amount of the proposed property tax incentives.

Section 2. The City Council further finds that a public purpose will reasonably be accomplished by entering into the Agreement and providing the incremental property tax payments to the Developer thereunder.

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. 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 "Colorado Senior Lofts LLC Subfund") which is hereby established, 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:

Certain real property situated in the City of Muscatine, Muscatine County, State of Iowa bearing Muscatine County Property Tax Parcel Identification Number 0930301002.

Section 5. The City hereby pledges to the payment of the Agreement the Colorado Senior Lofts LLC 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 Colorado Senior Lofts LLC 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 Muscatine County to evidence the continuing pledging of the Colorado Senior Lofts LLC 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 February 18, 2021.

\_\_\_\_\_  
Mayor

Attest:

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

•••••

On motion and vote the meeting adjourned.

\_\_\_\_\_  
Mayor

Attest:

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

STATE OF IOWA  
COUNTY OF MUSCATINE  
CITY OF MUSCATINE

SS:

I, the undersigned, 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 holding a public hearing and adopting a resolution to approve a Development Agreement.

WITNESS MY HAND this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

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

**DEVELOPMENT AGREEMENT  
(Colorado Senior Lofts)**

This Development Agreement (the “Agreement”) is entered into between the City of Muscatine, Iowa (the “City”) and Colorado Senior Lofts LLC, an Iowa limited liability company (the “Developer”) as of the \_\_\_ day of \_\_\_\_\_, 2021 (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 Developer owns certain real property which is situated in the City and lies within the Urban Renewal Area and is more specifically described on Exhibit A hereto (the “Property”); and

WHEREAS, the Developer has proposed to undertake the development of a senior living complex consisting of fifty-one rental units (the “Housing Project”) on the Property and to price the units at levels that will be affordable to seniors of low and moderate income as defined in Iowa Code Section 403.17(14) (“Low and Moderate Income”); and

WHEREAS, the Developer has requested that the City provide financial assistance in the form of incremental property tax payments to the Developer; and

WHEREAS, the base valuation of the Property for purposes of calculating Incremental Property Tax Revenues (as hereinafter defined) under Section 403.19 of the Code of Iowa and this Agreement 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. Developer’s Covenants**

**1. Housing Project Construction; Maintenance; Insurance.** The Developer agrees to submit a Development Plan (the “Development Plan”) for the development of the Housing Project to the City. The submitted Development Plan shall include: a site plan containing all information required by City Code Section 10-2-7(I)(3) (the “Site Plan”) and the elements set forth in the architectural elevation (the “Architectural Elevation”) attached hereto as Exhibit C. Upon approval by the Site Plan Review Committee in accordance with City Code Section 10-2-7(2), the approved Site Plan shall be attached hereto as Exhibit B. The Development Plan may be amended in accordance with the Muscatine City Code by mutual written consent of the parties. The Developer agrees to construct the Housing Project in accordance with the Development Plan and to substantially complete such construction by no later than December 31, 2022.

The Developer agrees to maintain, preserve, and keep the Property, including but not limited to the Housing 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.

Further, the Developer agrees to obtain and continuously maintain adequate insurance covering the Property, including the Housing Project. The Developer agrees to notify the City promptly in the case of damage exceeding \$250,000 in amount to, or destruction of the Housing Project resulting from fire or other casualty.

**2. Property Taxes.** The Developer agrees to make timely payment of all property taxes as they come due with respect to the Property with the completed Housing Project thereon throughout the Term (as hereinafter defined) and to submit a receipt or cancelled check in evidence of each such payment. The Developer hereby acknowledges that the funding of Payments (as hereinafter defined in Section B.1) is contingent upon the full and timely payments of such property taxes as may from time to time become due and owing with respect to the Property and any taxable parcels that may be subdivided therefrom.

**3. Property Tax Payment Certification.** The Developer agrees to provide written notification (the “Triggering Certification”) to the City of its intent for the initial Payments (as hereinafter defined) to commence in a particular fiscal year. Such Triggering Certification shall be due by no later than October 15 of the calendar year immediately preceding the start of the fiscal year in which the initial Payments are intended to begin. In any event, the Triggering Certification shall be made by no later than October 15, 2023. (It is hereby acknowledged that the City’s fiscal years begin on July 1 and ends on the following June 30.)

Furthermore, the Developer agrees to certify to the City by no later than October 15 of each year, commencing October 15 of the year in which the Triggering Certification is made, an amount (the “Developer’s Estimate”) equal to 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 Developer’s Estimate, the Developer will complete and submit the worksheet attached hereto as Exhibit D.

The City reserves the right to review and request revisions to each such Developer’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 the Property.

Upon request, the City staff shall provide reasonable assistance to the Developer in completing the worksheet required under this Section A.3.



**4. Low and Moderate Income Housing Assistance.** The Developer hereby represents that the units to be completed in connection with the Housing Project will be offered for occupancy at price levels affordable to seniors of Low and Moderate Income. The Developer further agrees that if at any time during the Term (as hereinafter defined) of this Agreement a future judicial, administrative or legislative determination is made, resulting in the City being required to satisfy the “low and moderate income assistance” requirement, as set forth in Section 403.22 of the Code of Iowa, with respect to the Housing Project, then the Developer shall be liable to the City for the provision of an amount equal to the then-required low and moderate income assistance amount (the “LMI Amount”). In satisfaction of this liability, the City shall first withhold an amount equal to the LMI Amount from the Payments (as hereinafter defined) remaining to be made hereunder before seeking cash payment from the Developer.

**5. Legal and Administrative Costs.** The Developer 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 Developer agrees to remit payment to the City within 30-days of the submission of reasonable documentation by the City to the Developer evidencing such costs.

**6. 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 Developer to complete construction of and maintain the Housing Project pursuant to the terms and conditions of this Agreement.
- II. Failure by the Developer to fully and timely remit payment of property taxes when due and owing.
- III. Failure by the Developer to comply with Sections A.3, A.4 and A.5 of this Agreement.
- IV. Failure by the Company 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 Developer describing the cause of the default and the steps that must be taken by the Developer in order to cure the default. The Developer 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 Developer fails to cure the default or provide assurances, 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 under Section B.1 of this Agreement, such right being additional to the right of annual appropriation as set forth in Section B.2 below.

**B. City's Obligations**

**1. Payments.** In recognition of the Developer's obligations set out above, the City agrees to make twenty (20) semiannual economic development tax increment payments (the "Payments" and, individually each, a "Payment") to the Developer 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 to be made under this Agreement during the Term (as hereinafter defined) shall not exceed \$460,000 (the "Maximum Payment Total"). 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 Incremental Property Tax Revenues received by the City from the Muscatine County Treasurer attributable to the taxable valuation of the Property.

The Payments will be made on December 1 and June 1 of each fiscal year following an affirmative appropriation decision as provided for under Section B.2 below, beginning on December 1 of the fiscal year immediately succeeding the year in which the Triggering Certification is made, and continuing through the expiration of the Term (as hereinafter defined).

For example, assuming the Triggering Certification is made by October 15, 2023 and all appropriation determinations are approved affirmatively by the City Council under Section B.2 below, then Payments will be made on December 1 and June 1, beginning in the City's 2024-2025 fiscal year, and continuing for a period of nine additional fiscal years thereafter, provided, however, that no Payments shall be made after the sooner of June 1, 2034 or the date on which aggregate 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 in which the Triggering Certification is filed, 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 Developer'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 Developer 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 Developer shall make the next succeeding submission of the Developer's Estimate as called for in Section A.3 above, provided however that no Payment shall be made after June 1, 2034.

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, 2024 and on June 1, 2025, the aggregate maximum amount of such Payments would be determined by the Appropriated Amount determined for certification by December 1, 2023). 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.2 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.** 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 Developer’s rights to receive the Payments hereunder may be assigned by the Developer to a private lender, as security on a credit facility taken with respect to the Housing 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, 2034 or on such earlier date upon which the aggregate sum of Payments made to the Developer 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 Developer 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

COLORADO SENIOR LOFTS LLC, AN  
IOWA LIMITED LIABILITY COMPANY

BY MVAH COLORADO SENIOR LOFTS  
LLC, AN OHIO LIMITED LIABILITY  
COMPANY, ITS MANAGING MEMBER

BY: MVAH HOLDING LLC, A GEORGIA  
LIMITED LIABILITY COMPANY, ITS  
SOLE MEMBER

By: \_\_\_\_\_  
Brian McGeady, Authorized Signer

**EXHIBIT A**  
**LEGAL 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 0930301002.

**EXHIBIT B**  
**SITE PLAN**

**EXHIBIT C**  
**ARCHITECTURAL ELEVATION**

**EXHIBIT D**  
**DEVELOPER'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 "Developer's Estimate")