

HOLD HEARING ON AND APPROVE  
SECOND AMENDED DEVELOPMENT  
AGREEMENT AND TAX INCREMENT  
PAYMENTS

**FOR YOUR RECORDS**

(Musco Sports Lighting, LLC and Gridco, LLC)

421464-23

Muscatine, Iowa

January 18, 2007

A meeting of the City Council of the City of Muscatine, Iowa, was held at 7:00 o'clock p.m., on January 18, 2007, at the City Hall, 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: Press, Fitzgerald, Howard, Shihadeh, Bynum, Trent, and Day

Absent: None.

The Council investigated and found that notice of the intention of the City Council to conduct a public hearing on an amendment to a Development Agreement between the City and Musco Sports Lighting, LLC and Gridco, LLC, which agreement provides for certain financial incentives in the form of increased incremental property tax payments, had been published according to law and as directed by the Council and that this is the time and place at which the Council shall receive oral or written objections from any resident or property owner 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 Fitzgerald introduced the resolution next hereinafter set out and moved its adoption, seconded by Council Member Shihadeh; and after due consideration thereof by the Council, the Mayor put the question upon the adoption of said resolution, and the roll being called, the following named Council Members voted:

Ayes: Press, Fitzgerald, Howard, Shihadeh, Bynum, Trent, and Day

Nays: None.

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

RESOLUTION 89985-0107

Approving Amendment to Development Agreement with Musco Sports Lighting, LLC and Gridco, LLC, Authorizing Increased Tax Increment Payments and Pledging Certain Tax Increment Revenues to the Payment of the Amended Development Agreement

WHEREAS, the City Council (the "Council") of 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 South End Urban Renewal Area (the "Urban Renewal Area"); and

WHEREAS, this 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 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 by resolution dated April 3, 2003 (the "Authorizing Resolution") has previously approved and executed a Development Agreement (the "Development Agreement") with Musco Sports Lighting, LLC and Gridco, LLC (the "Owner") pursuant to which the Company and the Owner agreed to expand their manufacturing facilities (the "Initial Expansion") and to create and maintain certain employment levels (the "Jobs Requirements") and the City agreed to make tax increment rebate payments relative to the new valuation created by the Initial Expansion; and

WHEREAS, the Company and the Owner have successfully completed the Initial Expansion, have met and exceeded the Jobs Requirements and have undertaken further expansion (the "2007 Expansion") of their manufacturing facilities to allow for growth of their enterprise; and

WHEREAS, the City proposes to amend the Development Agreement to account for the 2007 Expansion and to increase the tax increment payments available under the Development Agreement accordingly; and

WHEREAS, the amendment (the "Amendment") would provide additional financial incentives to the Company and the Owner by increasing the maximum amount of incremental property tax payments available under the Development Agreement to an amount not to exceed \$1,800,000 (the "Amended Payment Amount") under the authority of Section 403.9(1) of the Code of Iowa; and

WHEREAS, pursuant to law and a notice duly published the Council has conducted a public hearing on the Amendment on January 18, 2007 and it is now necessary to take action approve the Amendment and to authorize the execution thereof, pursuant to Section 403.9 of the Code of Iowa;

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 finds that:

(a) The 2007 Expansion will add diversity and generate new opportunities for the Muscatine and Iowa economies;

(b) The 2007 Expansion will generate public gains and benefits, particularly in the creation of new jobs, which are warranted in comparison to the amount of the proposed property tax incentives.

Section 2. The Council further finds that a public purpose will reasonably be accomplished by approving the Amendment and providing the property tax payments to the Company and the Owner.

Section 3. The Amendment is hereby approved and the Mayor and City Clerk are hereby authorized and directed to execute and deliver the Amendment and/or any subsequent version of the Development Agreement adjusted in accordance therewith, on behalf of the City, in substantially the form and content in which the Amendment 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 additional actions as may be necessary to carry out the purposes of this resolution and the provisions of the Amendment.

Section 4. As provided and required by Chapter 403 of the Code of Iowa and by the Authorizing Resolution, the City’s obligations under the Agreement shall continue to be payable solely from the Musco Subfund established in the Authorizing Resolution, into which there shall continue to be paid that portion of the income and proceeds of the Urban Renewal Tax Revenue Fund attributable to property taxes derived from the property described on Exhibit A to the Development Agreement.

Section 5. The City hereby pledges to the payment of the Amended Payment Amount the Musco Subfund and the taxes referred to in Subsection 2 of Section 403.19 of the Code of Iowa to be paid into such Subfund.

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 Musco 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 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 this 18th day of January, 2007.

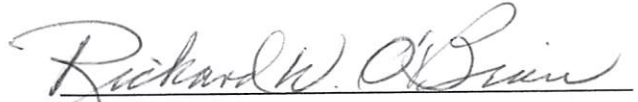


City Clerk

*Richard W. O'Brien*  
\_\_\_\_\_  
Mayor

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On motion and vote the meeting adjourned.

  
\_\_\_\_\_  
Mayor

  
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 an amendment to a Development Agreement.

WITNESS MY HAND and the seal of the City hereto affixed this 18th day of  
January, 2007.



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

STATE OF IOWA

SS:

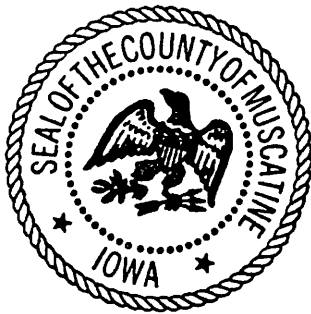
COUNTY OF MUSCATINE

I, the undersigned, County Auditor of the aforementioned County, in the State of Iowa, do hereby certify that on the 2<sup>nd</sup> day of February, 2007, the City Clerk of the City of Muscatine filed in my office a certified copy of a resolution of such City shown to have been adopted by the Council and approved by the Mayor thereof on January 18, 2007, entitled: "Approving Amendment to Development Agreement with Musco Sports Lighting, LLC and Gridco, LLC, Authorizing Increased Tax Increment Payments and Pledging Certain Tax Increment Revenues to the Payment of the Amended Development Agreement", and that I have duly placed the copy of the resolution on file in my records.

WITNESS MY HAND and the seal of the County hereto affixed this 2<sup>nd</sup> day of February, 2007.

Laura Perley  
County Auditor, Deputy

(Seal)



## **Tax Rebate Agreement – 2006 Amendment**

**A Tax Rebate Agreement (the “Agreement”) was agreed upon as of April 3, 2003 between the City of Muscatine, Iowa, an Iowa municipal corporation (the “City”), and Gridco, LLC, an Iowa limited liability company (the “Owner”), and Musco Sports Lighting, LLC, an Iowa limited liability company (the “company”) regarding the construction and development of a manufacturing facility for the Company.**

**The agreement referenced an expansion by the company of a 47,000 sq. ft. building at its Stewart Road campus and the creation of 43 additional jobs over the first 3 years of the agreement. The estimated total assessment of the project, when completed, was \$1,800,000.**

**The company did complete the building expansion and create the 43 positions during the 2003-2005 time periods, as outlined in the agreement. Musco has additionally created 44 positions for a total of 87 new positions.**

**The company is desirous of further expanding the Stewart Road facility and creating the opportunity for further job growth. The estimated total assessment of the next phase of expansion is \$5,650,000 and will create more than 100 new positions. With the additional planned economic growth, the company is desirous of amending the current tax rebate agreement to reflect a multi-phased, final tax increment increase to \$7,450,000. With the exception of changing the total tax incremental value and its corresponding rebate payment calculation, all other terms of the agreement, including the existing time frame, will remain the same. During the remaining term of the agreement, the company will continue to report annual data to the City regarding an estimate of the amount of incremental taxes they expect to pay, documentation that the facility is being used as an industrial facility, and annual job creation.**

## **Tax Rebate Agreement – 2006 New Agreement - Musser**

**The company is also desirous to further expand their Muscatine operations and plans to purchase additional property on Musser Street. The proposed property currently resides in a City of Muscatine designated TIF district. In conversations with City of Muscatine staff, an opportunity exists for the both the company to expand on this property and increase the incremental tax value and for the City to develop a more environmentally friendly way to handle storm water. The company is proposing that a new TIF development agreement between the parties be entered into covering a 10 year time period and be at a 50% rebate level. The company is suggesting the parties use the same framework as the existing 2003 agreement, changing the appropriate location, time periods, and rebate percentage. The company is estimating an increase in the tax value of \$1,800,000 with preliminary construction work to begin in 2008 and full building construction to be finalized by 2009.**


**AMENDMENT TO  
EXHIBIT B TO TAX REBATE AGREEMENT**

**INDUSTRIAL PROPERTY (MUSCO)**

Total Improved Value 01/01/09	\$	<u>10,335,090 Estimate</u>
01/01/02 Valuation (Base Value)	-	<u>2,885,090</u>
Total Incremental Value	\$	<u>7,450,000 Estimate</u>
Industrial Roll-back	x	N/A
Taxable Incremental Value	\$	<u>7,450,000</u>
2002-03 City Tax Rate	x	.03658665
Total Incremental Taxes	\$	<u>272,571</u>
Deduction for Debt Service (Tax Rate - .00485785) / Tax Rate	x	.867223427
Net Incremental Taxes	\$	<u>236,380</u>
Allocation	x	.67
<b>ANNUAL REBATE</b>	\$	<u>158,374</u>

<u>REBATE PAYMENT ESTIMATES</u>	<u>FALL</u>	<u>SPRING</u>
2005-2006 (67% of Net) + (1,800,000)	\$19,133	\$19,133
2006-2007 (67% of Net)	19,133	19,133
2007-2008 (67% of Net) + (\$650,000)	26,041	26,041
2008-2009 (67% of Net) + (\$4,250,000)	71,215	71,215
2009-2010 (67% of Net)	71,215	71,215
2010-2011 (67% of Net) + (\$750,000)	79,187	79,187
2011-2012 (67% of Net)	79,187	79,187
2012-2013 (67% of Net)	79,187	79,187
2013-2014 (67% of Net)	79,187	79,187
2014-2015 (67% of Net)	79,187	79,187
2015-2016 (67% of Net)	79,187	79,187
2016-2017 (67% of Net)	79,187	79,187
2017-2018 (67% of Net)	79,187	79,187
2018-2019 (67% of Net)	79,187	79,187
2019-2020 (67% of Net)	79,187	79,187

03811\33\Tax Rebate Agreement 030331

  
Musco Sports Lighting

3-29-07  
Date

  
Richard O'Brien, Mayor Date

## EXHIBIT A

A part of the Southeast Quarter of the Southwest Quarter of Section 10, Township 76 North, Range 2 West of the 5th P.M., and of the Southwest Quarter of the Southeast Quarter of said Section 10, described as follows: Beginning at the Northwest Corner of the Southeast Quarter of the Southwest Quarter of said Section 10; thence North  $89^{\circ}35'34''$  East 1325.70 feet to the Northeast Corner of the Southeast Quarter of the Southwest Quarter of said Section 10; thence North  $89^{\circ}48'15''$  East 213.39 feet; thence South  $00^{\circ}07'58''$  East 359.56 feet; thence South  $58^{\circ}11'08''$  East 181.12 feet to the Westerly right of way of Stewart Road; thence South  $33^{\circ}31'50''$  West along said Westerly right of way line of Stewart Road 257.25 feet; thence South  $89^{\circ}26'42''$  West 223.90 feet; thence South  $89^{\circ}37'42''$  West 1324.96 feet to the West line of the Southeast Quarter of the Southwest Quarter of said Section 10; thence North  $00^{\circ}14'45''$  West 670.10 feet to the Point of Beginning. Said parcel contains 24.25 acres and is subject to easements of record.

A part of the South Half (S 1/2) of Section Ten (10), Township Seventy-six (76) North, Range Two (2) West of the Fifth (5th) Principal Meridian, described as follows: Commencing at a point on the North-South centerline of said Section Ten (10) at a point 663.2 feet North of the South line of said Section; thence North  $89^{\circ}59'$  East to the Northwesternly right-of-way line of Stewart Road; thence South  $33^{\circ}42'$  West along said Northwesternly right-of-way line of Stewart Road to its point of intersection with the South line of said Section Ten (10); thence West along said South line of said Section Ten (10) to a point 612.3 feet West of the North-South centerline of said Section Ten (10); thence North  $0^{\circ}21'$  West a distance of 663.55 feet; thence Easterly to a point on the North-South centerline of said Section Ten (10), which is 663.2 feet North of the South line of said Section Ten (10), which is the point of beginning.

Subject to easements of record or evidenced by usage, including but not limited to a roadway for the use of the property adjoining the above described real estate on its West and subject to the rights of tenants under a Lease for a portion of said real estate and the building thereon used for ice cream sales and subject to rights of any tenants in possession of any of the above described real estate.

A tract of land located in the South Half of Section 10, Township 76 North, Range 2 West of the 5th P.M., Muscatine County, Iowa, more particularly described as follows: Commencing at the South Quarter Corner of said Section 10; thence South  $89^{\circ}39'50''$  West (assumed bearing) 225.16 feet along the South line of said Section 10 the Westerly right-of-way of Stewart Road in the City of Muscatine and the point of beginning of the tract herein described; thence continuing South  $89^{\circ}39'50''$  West 389.06 feet along said South line; thence North  $00^{\circ}30'08''$  West 670.54 feet; thence North  $89^{\circ}37'42''$  East 617.96 feet; thence North  $89^{\circ}26'44''$  East 223.89 feet to the Westerly right-of-way of said Stewart Road; thence South  $33^{\circ}11'50''$  West 809.04 feet along said Westerly right-of-way to the point of beginning. Said tract contains 9.47 acres.

January 16, 2007

A.J. Johnson  
City Clerk/City Hall  
215 Sycamore  
Muscatine, IA 52761-3840

Re: Musco Sports Lighting, LLC and Gridco, LLC - Amended Development  
Agreement  
Our File No. 421464-23

Dear A.J.:

Enclosed are copies of proceedings covering the City Council's public hearing on the proposed amendment to the Development Agreement with Musco Sports Lighting, LLC and Gridco, LLC, followed by a resolution approving the agreement and pledging certain incremental property tax revenues to the payment of the City's obligations thereunder.

It is my understanding that you are using the amended exhibit to demonstrate the amendment to the agreement, and that you do not need additional documentation from us to memorialize the new understanding amongst the parties.

A copy of the resolution must be filed with the Muscatine County Auditor and an extra copy is enclosed for that purpose.

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

Please call Bob Josten or me with questions.

Very truly yours,

  
John P. Danos

Enclosures