

CITY OF VAN METER, IOWA
URBAN RENEWAL PLAN AMENDMENT
VAN METER URBAN RENEWAL AREA

January, 2025

The Urban Renewal Plan (the "Plan") for the Van Meter Urban Renewal Area (the "Urban Renewal Area") is being amended for the purposes of adding new property to the Urban Renewal Area and identifying new urban renewal projects to be undertaken within the Urban Renewal Area.

1) Addition of Property. The real property (the "Property") legally described on Exhibit A hereto is, by virtue of this Amendment, being added as the January, 2025 Addition to the Urban Renewal Area. With the adoption of this Amendment, the City will designate the Property as an economic development area. The Property will become subject to the provisions of the Plan for the Urban Renewal Area. The City will adopt an ordinance providing for the division of property tax revenues, as set forth in Section 403.19 of the Code of Iowa, with respect to the Property.

2) Identification of Projects. By virtue of this amendment, the list of authorized urban renewal projects in the Plan is hereby amended to include the following project descriptions:

A.

Name of Project: Regional Data Center Campus Development Project

Date of Council Approval of Project: January 13, 2025

Description of Project and Project Site: Microsoft Corporation ("Microsoft") is undertaking the construction of a new regional data center campus (the "Microsoft Project") on the Property (as defined in Section 1 of this Amendment).

It has been requested that the City provide tax increment financing assistance to Microsoft in support of the efforts to complete the Microsoft Project.

The costs incurred by the City in providing tax increment financing assistance to Microsoft will include legal and administrative fees (the "Admin Fees") in an amount not to exceed \$100,000.

Description of Use of TIF for the Project: The City intends to enter into a Development Agreement with Microsoft with respect to the construction and use of the completed Microsoft Project and to provide annual appropriation economic development payments (the "Payments") to Microsoft thereunder. The Payments will be funded with incremental property tax revenues to be derived from the

Microsoft Property. It is anticipated that the City's total commitment of incremental property tax revenues with respect to the Microsoft Project, including the Payments and the Admin Fees, will not exceed \$65,000,000.

B.

Name of Project: Van Meter Municipal Building Project

Date of Council Approval of the Project: January 13, 2025

Description of Project and Project Site: The Van Meter Municipal Building Project will consist of the construction of an addition to and the renovation of an existing building situated at 601 Main Street (the "Municipal Building Property") in the Urban Renewal Area for use by the City as a fire station, police station and library.

The completed Van Meter Municipal Building Project will have a direct, positive impact on increased and improved commerce and development in the Urban Renewal Area through the provision of enhanced municipal and recreational facilities.

Description of Use of TIF for the Project: It is anticipated that the City will pay for the Van Meter Municipal Building Project with borrowed funds and/or the proceeds of an internal advance of City funds on-hand. In any case, the City's obligations (the "Obligations") may be repaid with incremental property tax revenues derived from the Urban Renewal Area. It is anticipated that the City's use of incremental property tax revenues for the Van Meter Municipal Building Project will not exceed \$6,000,000, plus any interest expense incurred by the City on the Obligations.

Analysis of Use of TIF: In accordance with the requirement of Section 403.5(2)(b)(1) of the Code of Iowa, the City has analyzed its proposed use of incremental property tax revenues for the funding of the Van Meter Municipal Building Project and alternative development and funding options for the Van Meter Municipal Building Project. The results of that analysis are summarized as follows:

1) Alternate Development Options: The City Council has determined that a need exists for expanded library facilities in the Urban Renewal Area. Further, the City Council has determined that the provision of new and improved fire and police facilities in the Urban Renewal Area are essential to the economic development of the City. The City's ability to fulfill its duty of fire protection and police protection services in the Urban Renewal Area is diminished by inadequate, outdated and undersized administrative facilities.

The use of the existing Municipal Building Property as the site for the Van Meter Municipal Building Project will serve to repurpose the existing building

thereon and is the optimal use for such building. Promoting other types of development on the Municipal Building Property to the exclusion of the Van Meter Municipal Building Project will not meet the public need being addressed by the Van Meter Municipal Building Project.

2) Alternate Financing Options:

* Local Option Sales and Services Tax Revenues: To the extent that they are not dedicated to other financing needs of the City, the City may use a portion of its Local Option Sales and Services Tax revenues to pay costs associated with the Van Meter Municipal Building Project.

* General Fund: The City's General Fund reserves are fully committed to maintain the operational integrity of the City. The City cannot access its General Fund reserves to aid in paying the costs of the Van Meter Municipal Building Project without risking unsound fiscal practice.

* Capital Improvements Levy: The City does not have a Capital Improvements Levy available for the Van Meter Municipal Building Project, and the imposition of such additional levy would require a successful referendum, which is not feasible at this time.

* Debt Service Levy: The City intends to issue general obligation bonds or notes (the "Bonds") to pay the costs of the Van Meter Municipal Building Project. The City may use incremental property tax revenues derived from the Urban Renewal Area to pay a portion of the principal of and interest on the Bonds. The use of incremental property tax revenues will lessen the burden on individual taxpayers that will result from a spike in the debt service levy rate and will shift some of that burden onto valuation increases resulting from the City's successful economic development initiatives which are improved by the provision of enhanced municipal and recreational facilities.

* Fundraising/Private Donations: The City will undertake fundraising initiatives to pay for a portion of the Van Meter Municipal Building Project.

* Grants: The City will apply for certain grants to pay for a portion of the costs of construction the Van Meter Municipal Building Project.

3) Required Financial Information. The following information is provided in accordance with the requirements of Section 403.17 of the Code of Iowa:

Constitutional debt limit of the City:	<u>\$ 8,649,372</u>
Outstanding general obligation debt of the City:	<u>\$</u>
Proposed maximum indebtedness to be incurred in connection with this January, 2025 Amendment*:	<u>\$71,100,000</u>

*It is anticipated that some or all of the debt incurred hereunder will be subject to annual appropriation by the City Council.

EXHIBIT A
Legal Description
January, 2025 Addition

Commencing at the north quarter corner of Section 34, Township 78 North, Range 27 West of the 5th Principal Meridian; thence East along the north line of the northeast quarter of said Section 34 to the northeast corner of said Section 34; thence East along the north line of the west one-half of the northwest quarter of Section 35, Township 78 North, Range 27 West of the 5th Principal Meridian to the northeast corner of the west one-half of the northwest quarter of said Section 35; thence South along the east line of the west one-half of the northwest quarter of said Section 35 to the southeast corner of the west one-half of the Northwest of said Section 35; thence East along the north line of the northeast quarter of the southwest quarter of said Section 35 to the northeast corner of the northeast quarter of the southwest quarter of said Section 35; thence South along the east line of the northeast quarter of the southwest quarter of said Section 35 to the southeast corner of the northeast quarter of the southwest quarter of said Section 35; thence West along the south line of the northeast quarter of the southwest quarter of said Section 35 to the southwest corner of the northeast quarter of the southwest quarter of said Section 35; thence South along the east line of the southwest quarter of the southwest quarter of said Section 35 to the southeast corner of the southwest quarter of the southwest quarter of said Section 35; thence West along the south line of the southwest quarter of the southwest quarter of said Section 35 to the southwest corner of said Section 35; thence West along the south line of the southeast quarter of the southeast quarter of Section 34, Township 78 North, Range 27 West of the 5th Principal Meridian to the southwest corner of the southeast quarter of the southeast quarter of said Section 34; thence North along the west line of the southeast quarter of the southeast quarter of said Section 35 to the northwest corner of the southeast quarter of the southeast quarter of said Section 34; thence North along the west line of the northwest quarter of the southeast quarter of said Section 34 to a point located 340 feet south of the northwest corner of the northeast quarter of the southeast quarter of said Section 34; thence East a distance of 100 feet; thence North a distance of 300 feet; thence west a distance of 100 feet to a point on the west line of the northeast quarter of the southeast quarter of said Section 34; thence North along the west line of the northeast quarter of the southeast quarter of said Section 34 a distance of 40 feet to the northwest corner of the northeast quarter of the southeast quarter of said Section 34; thence West along the south line of the northeast quarter of said Section 34 to the Center of said Section 34; thence North along the west line of the northeast quarter of said Section 34 to the Point of Beginning.