CITY OF WEST DES MOINES
CITY COUNCIL MEETING COMMUNICATION

ITEM: Approval to execute a Development Agreement between GAR-MRO and the City of West Des Moines

DATE: November 2, 2015

RESOLUTION: Approval of Development Agreement

FINANCIAL IMPACT: Based on the attached development agreement, the City's required match for Iowa Economic Development Authority (IEDA) financial assistance results in a $23,000 loan at 0% interest, half of which is forgivable, as well as a five-year sliding scale tax rebate, which is estimated to equal approximately $221,130 over five years. These expenditures will be funded by future incremental property tax revenues generated by properties within the Mills Parkway Subdistrict #5 TIF.

BACKGROUND: GAR-MRO Services, Inc., an aviation parts and repair company is presently located on Grand Ridge Drive in West Des Moines, but has outgrown the space and plans to build a new building at 7760 Cascade Avenue. The construction project is expected to be valued at $4.2 million. The company currently has four employees and is expecting to add 23 employees within three years.

Through IEDA's High Quality Jobs Program, the company is seeking a $363,500 tax credit and a $115,000 loan, half of which is forgivable. The IEDA program requires a local match. That requirement is met by offering 5 years of property tax rebate on a sliding scale (first year = 75% refund; second year = 60% refund; third year = 45% refund; fourth year = 30% refund; fifth year = 15% refund) and a loan equal to 20% of IEDA's loan at the same terms, which is a typical match for this IEDA program. The agreement between the City and the developer is formalized in the attached development agreement.

OUTSTANDING ISSUES: There are no outstanding issues.

RECOMMENDATION: Adopt the resolution approving the Development Agreement and authorize the Mayor to sign the Agreement on behalf of the City.

Lead Staff Member: Naomi Hamlett, AICP, Planner

STAFF REVIEWS

Department Director	Clyde Evans, Community and Economic Development Director CEE
Appropriations/Finance	
Legal	
Agenda Acceptance	RTJ

PUBLICATION(S) (if applicable)

Published In	Des Moines Register	
Date(s) Published	October 23, 2015	
Letter sent to surrounding property owners		N/A

SUBCOMMITTEE REVIEW (if applicable)

Committee	Finance & Administration		
Date Reviewed	June 17, 2015		
Recommendation	☑ Yes	☐ No	☐ Split

ATTACHMENTS:

Exhibit I - Development Agreement
Exhibit II - Resolution

EXHIBIT I

AGREEMENT FOR PRIVATE DEVELOPMENT

By and among

CITY OF WEST DES MOINES, IOWA

AND

SHOJAAT PROPERTIES, INC.

AND

GAR-MRO SERVICES, INC.

_____ _____, 2015

AGREEMENT
FOR
PRIVATE DEVELOPMENT

THIS AGREEMENT FOR PRIVATE DEVELOPMENT ("Agreement"), is made on or as of the ____ day of _____, 2015, by and among the CITY OF WEST DES MOINES, IOWA, a municipality (the "City"), established pursuant to the Code of Iowa and acting under the authorization of Chapters 15A and 403 of the Code of Iowa, 2015, as amended ("Urban Renewal Act"), SHOJAAT PROPERTIES, INC., an Iowa corporation having offices for the transaction of business at 5058 Grand Ridge Drive, West Des Moines, Iowa 50266 ("Developer"), and GAR-MRO Services, Inc., an Iowa corporation having offices for the transaction of business at 5058 Grand Ridge Drive, West Des Moines, Iowa 50266 ("Tenant"). The City, Developer and Tenant are the parties to this Agreement.

WITNESSETH:

WHEREAS, in furtherance of the objectives of the Urban Renewal Act, the City has undertaken a program for the development of an economic development area in the City and, in this connection, is engaged in carrying out urban renewal project activities in an area known as the Mills Parkway Urban Renewal Area (the "Urban Renewal Area"), which is described in the Urban Renewal Plan originally approved for such area by Resolution No. 99-06-14-05 on July 26, 1999, which has been amended several times, most recently by Amendment No. 5 approved by Resolution No. 14-11-17-09 on November 17, 2014 (the "Urban Renewal Plan"); and

WHEREAS, a copy of the foregoing Urban Renewal Plan, as amended, has been recorded among the land records in the offices of the Recorders of Dallas County, Iowa and Polk County, Iowa; and

WHEREAS, Developer is the owner of certain real property located in the foregoing Urban Renewal Area and as more particularly described in Exhibit A attached hereto and made a part hereof (which property as so described is hereinafter referred to as the "Development Property"); and

WHEREAS, Developer shall build Minimum Improvements on the Development Property and enter into a lease agreement with Tenant in which Developer will lease the Minimum Improvements to Tenant and allow Tenant to remain on the property to operate its business until at least the Termination Date of this Agreement; and

WHEREAS, Tenant shall operate its business at the Development Property and commit to hire and retain employees in the community; and

WHEREAS, the City believes that the development of the Development Property pursuant to this Agreement and the fulfillment of this Agreement are in the vital and best interests of the City and in accord with the public purposes and provisions of the applicable State and local laws and requirements under which the foregoing project has been undertaken and is being assisted.

NOW, THEREFORE, in consideration of the promises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I. DEFINITIONS

Section 1.1. Definitions. In addition to other definitions set forth in this Agreement, all capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

Agreement means this Agreement and all exhibits and appendices hereto, as the same may be from time to time modified, amended or supplemented.

Annual Certification means the certifications that the Developer and Tenant must complete and submit to the City each year as described in Section 6.7 of this Agreement and attached as Exhibits F-1 and F-2.

Area or Urban Renewal Area shall mean the area known as the Mills Parkway Urban Renewal Area (as amended).

Certificate of Completion means a certification in the form of the certificate attached hereto as Exhibit C and hereby made a part of this Agreement.

City means the City of West Des Moines, Iowa, or any successor to its functions.

Code means the Code of Iowa, 2015, as amended.

Commencement Date means the date of this Agreement.

Construction Plans means the plans, specifications, drawings and related documents reflecting the construction work to be performed by the Developer on the Development Property; the Construction Plans shall be as detailed as the plans, specifications, drawings and related documents which are submitted to the building inspector of the City as required by applicable City codes.

Developer means Shojaat Properties, Inc., an Iowa Corporation, and each assignee that assumes in writing all of the obligations of the Developer under this Agreement with the written consent of the City as provided in Section 7.1 of this Agreement.

Development Property means that portion of the Mills Parkway Urban Renewal Area described in Exhibit A.

Economic Development Grants means the payments to be made by the City to Developer under Article VIII of this Agreement.

Event of Default means any of the events described in Section 11.1 of this Agreement that have continued beyond applicable notice and cure periods.

First Mortgage means any Mortgage granted to secure any loan made pursuant to either a mortgage commitment obtained by Developer from a commercial lender or other financial institution to fund any portion of the construction costs and initial operating capital requirements of the Minimum Improvements or all such Mortgages as appropriate.

Forgivable Loan means the forgivable loan to be made to the Tenant under Article IX of this Agreement, which, together with the No Interest Loan, shall act as the local community match for incentives received by Tenant under the State Agreement.

Full-Time Equivalent Employment Unit means the employment of one person:

1. For 8 hours per day for a 5-day, 40-hour workweek for 52 weeks per year, including paid holidays, vacations and other paid leave; or

2. The number of hours or days per week, including paid holidays, vacations and other paid leave, currently established by schedule, custom, or otherwise, as constituting a week of full-time work for the kind of service an individual performs for an employing unit, provided that the number of hours per week is at least 32 hours per week for 52 weeks per year including paid holidays, vacations, and other paid leave.

For purposes of this definition, "employment of one person" means the employment of one natural person and does not include "job sharing" or any other means of aggregation or combination of hours worked by more than one natural person.

Lease means the lease agreement between Tenant and Developer related to the Minimum Improvements as described in this Agreement.

Minimum Improvements means the construction of an approximately 30,000 square foot building and related improvements, as more particularly described in Exhibit B to this Agreement.

Mortgage means any mortgage or security agreement in which Developer has granted a mortgage or other security interest in the Development Property, or any portion or parcel thereof, or any improvements constructed thereon.

Net Proceeds means any proceeds paid by an insurer to Developer under a policy or policies of insurance required to be provided and maintained by Developer, as the case may be, pursuant to Article V of this Agreement and remaining after deducting all expenses (including fees and disbursements of counsel) incurred in the collection of such proceeds.

No Interest Loan means the zero percent interest loan to be made by the City to the Tenant under Article IX of this Agreement, which, together with the Forgivable Loan, shall act as the local community match for incentives received by Tenant under the State Agreement.

Ordinance means Ordinance Number 2072 of the City, under which the taxes levied on the taxable property in the Urban Renewal Area shall be divided and a portion paid into the Mills Parkway Urban Renewal Tax Increment Revenue Fund.

Project shall mean the construction and operation of the Minimum Improvements on the Development Property and the creation and maintenance of jobs, as described in this Agreement.

Shojaat/Mills Parkway TIF Account means a separate account within the Mills Parkway Urban Renewal Tax Increment Revenue Fund of the City in which Tax Increments received by the City with respect to the Minimum Improvements and the Development Property shall be deposited.

State means the State of Iowa.

State Agreement means the Economic Development Assistance Contract made through the High Quality Jobs Program by and among Shojaat Properties, Inc., GAR-MRO Services, Inc., the City of West Des Moines and the Iowa Economic Development Authority, a copy of which will be attached hereto as Exhibit G upon execution by the parties.

Tax Increments means the property tax revenues on the Minimum Improvements divided and made available to the City for deposit in the Shojaat/Mills Parkway TIF

Account of the Mills Parkway Urban Renewal Tax Increment Revenue Fund under the provisions of Section 403.19 of the Code, as amended, and the Ordinance.

Tenant means GAR-MRO Services, Inc., an Iowa corporation, and each assignee that assumes in writing all of the obligations of the Tenant under this Agreement with the consent of the City as provided in Section 7.1 of this Agreement.

Termination Date means the date of termination of this Agreement, as established in Section 12.8 of this Agreement.

Unavoidable Delays means delays resulting from acts or occurrences outside the reasonable control of the party claiming the delay including but not limited to storms, floods, fires, explosions or other casualty losses, unusual weather conditions, strikes, boycotts, lockouts or other labor disputes, delays in transportation or delivery of material or equipment, litigation commenced by third parties, or the acts of any federal, State or local governmental unit (other than the City, with respect to a City-claimed delay).

Urban Renewal Plan means the Urban Renewal Plan, as amended, approved with respect to the Mills Parkway Urban Renewal Area, described in the preambles hereof.

Mills Parkway Urban Renewal Tax Increment Revenue Fund means the special fund of the City created under the authority of Section 403.19(2) of the Code and the Ordinance, which fund will be created in order to pay the principal of and interest on loans, monies advanced to or indebtedness, whether funded, refunded, assumed or otherwise, including bonds or other obligations issued under the authority of Chapters 15A, 403 or 384 of the Code, incurred by the City to finance or refinance in whole or in part projects undertaken pursuant to the Urban Renewal Plan for the Urban Renewal Area.

ARTICLE II. REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the City. The City makes the following representations and warranties:

a. The City is a municipal corporation and municipality organized under the provisions of the Constitution and the laws of the State and has the power to enter into this Agreement and carry out its obligations hereunder.

b. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, and the fulfillment of or compliance with the terms and conditions of this Agreement are not prevented by, limited by, in conflict with, or result in a breach of, the terms, conditions or provisions of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the City

is now a party or by which it is bound, nor do they constitute a default under any of the foregoing.

c. All covenants, stipulations, promises, agreements, and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements, and obligations of the City, and not of any governing body member, officer, agent, servant or employee of the City in the individual capacity thereof.

Section 2.2. Representations and Warranties of Developer. Developer makes the following representations and warranties:

a. Shojaat Properties, Inc. is an Iowa corporation, duly organized and validly existing under the laws of the State of Iowa, and it has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as presently proposed to be conducted, and to enter into and perform its obligations under the Agreement.

b. This Agreement has been duly and validly authorized, executed and delivered by Developer and, assuming due authorization, execution and delivery by the City and Tenant, is in full force and effect and is a valid and legally binding instrument of Developer enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting creditors' rights generally.

c. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, and the fulfillment of or compliance with the terms and conditions of this Agreement are not prevented by, limited by, in conflict with, or result in a violation or breach of, the terms, conditions or provisions of the governing documents of Developer or of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which Developer is now a party or by which it or its property is bound, nor do they constitute a default under any of the foregoing.

d. There are no actions, suits or proceedings pending or threatened against or affecting Developer in any court or before any arbitrator or before or by any governmental body in which there is a reasonable possibility of an adverse decision which could materially adversely affect the business (present or prospective), financial position or results of operations of Developer or which in any manner raises any questions affecting the validity of the Agreement or Developer's ability to perform its obligations under this Agreement.

e. Developer has not received any notice from any local, State or federal official that the activities of Developer or Tenant with respect to the Development

Property may or will be in violation of any environmental law or regulation (other than those notices, if any, of which the City has previously been notified in writing). Developer is not currently aware of any State or federal claim filed or planned to be filed by any party relating to any violation of any local, State or federal environmental law, regulation or review procedure applicable to the Development Property, and Developer is not currently aware of any violation of any local, State or federal environmental law, regulation or review procedure which would give any person a valid claim under any State or federal environmental statute with respect thereto.

f. Developer shall cooperate with the City in resolution of any traffic, parking, trash removal or public safety problems which may arise in connection with the construction and operation of the Minimum Improvements.

g. Developer shall cause the Minimum Improvements to be constructed in accordance with the terms of this Agreement, the Urban Renewal Plan, and all local, State, and federal laws and regulations.

h. Developer shall obtain or cause to be obtained, in a timely manner, all required permits, licenses, and approvals, and shall meet, in a timely manner, all requirements of all applicable local, State, and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed.

i. The construction of the Minimum Improvements will require a total investment of not less than $4.2 million.

j. Developer has firm commitments for construction or acquisition and permanent financing for the Project in an amount sufficient, together with equity commitments, to successfully complete the Minimum Improvements in accordance with the Construction Plans contemplated in this Agreement.

k. Developer expects that, barring Unavoidable Delays, the Minimum Improvements will be completed by December 31, 2016.

l. The Lease grants Tenant the right to occupy the Minimum Improvements on the Development Property owned by Developer until at least the Termination Date, subject to the terms and conditions of the Lease.

m. Developer would not undertake its obligations under this Agreement without the payment by the City of the Economic Development Grants being made to Developer pursuant to this Agreement.

Section 2.3. Representations and Warranties of Tenant. Tenant makes the following representations and warranties:

a. Tenant is an Iowa corporation duly organized and validly existing under the laws of the State of Iowa, and has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as presently proposed to be conducted, and to enter into and perform its obligations under the Agreement.

b. This Agreement has been duly and validly authorized, executed and delivered by Tenant and, assuming due authorization, execution and delivery by the City and Developer, is in full force and effect and is a valid and legally binding instrument of Tenant enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting creditors' rights generally.

c. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, and the fulfillment of or compliance with the terms and conditions of this Agreement are not prevented by, limited by, in conflict with, or result in a violation or breach of, the terms, conditions or provisions of the governing documents of Tenant or of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which Tenant is now a party or by which it or its property is bound, nor do they constitute a default under any of the foregoing.

d. There are no actions, suits or proceedings pending or threatened against or affecting Tenant in any court or before any arbitrator or before or by any governmental body in which there is a reasonable possibility of an adverse decision which could materially adversely affect the business (present or prospective), financial position or results of operations of Tenant or which in any manner raises any questions affecting the validity of the Agreement or Tenant's ability to perform its obligations under this Agreement.

e. Tenant will occupy the Minimum Improvements on the Development Property and maintain its business operations and add and retain employees at the Minimum Improvements until at least the Termination Date, subject to the terms and conditions of the Lease.

f. Tenant has not received any notice from any local, State or federal official that the activities of Developer or Tenant with respect to the Development Property may or will be in violation of any environmental law or regulation (other than those notices, if any, of which the City has previously been notified in writing). Tenant is not currently aware of any State or federal claim filed or planned to be filed by any party relating to any violation of any local, State or federal environmental law, regulation or review procedure applicable to the Development Property, and Tenant is not currently aware of any violation of any local, State or federal environmental law, regulation or review

procedure which would give any person a valid claim under any State or federal environmental statute with respect thereto.

g. Tenant will cooperate with the City in resolution of any traffic, parking, trash removal or public safety problems which may arise in connection with the construction and operation of the Minimum Improvements.

h. Tenant would not undertake its obligations under this Agreement without the grant by the City of the Forgivable Loan and the No Interest Loan being made to Tenant pursuant to this Agreement.

ARTICLE III. CONSTRUCTION OF MINIMUM IMPROVEMENTS

Section 3.1. Construction of Minimum Improvements. Developer agrees that it will cause the Minimum Improvements to be constructed on the Development Property in conformance with the Construction Plans submitted to the City in accordance with Section 3.2 below. Developer agrees that the scope and scale of the Minimum Improvements to be constructed shall not be significantly less than the scope and scale of the Minimum Improvements as detailed and outlined in the Construction Plans, and shall require a total investment of not less than $4.2 million in construction costs.

Section 3.2. Construction Plans. Developer shall cause Construction Plans to be developed for the Minimum Improvements, which shall be subject to approval by the City as provided in this Section 3.2, and which approval shall not be unreasonably withheld, conditioned or delayed. The Construction Plans shall be in conformity with the Urban Renewal Plan, this Agreement, and all applicable State and local laws and regulations. The City shall approve the Construction Plans in writing if: (i) the Construction Plans conform to the terms and conditions of this Agreement; (ii) the Construction Plans conform to the terms and conditions of the Urban Renewal Plan; (iii) the Construction Plans conform to all applicable federal, State and local laws, ordinances, rules and regulations, and City permit requirements; (iv) the Construction Plans are adequate for purposes of this Agreement to provide for the construction of the Minimum Improvements; and (v) no Event of Default under the terms of this Agreement has occurred and is continuing beyond applicable notice and cure periods; provided, however, that any such approval of the Construction Plans pursuant to this Section 3.2 shall constitute approval for the purposes of this Agreement only and shall not be deemed to constitute approval or waiver by the City with respect to any building, fire, zoning or other ordinances or regulations of the City, and shall not be deemed to be sufficient plans to serve as the basis for the issuance of a building permit if the Construction Plans are not as detailed or complete as the plans otherwise required for the issuance of a building permit. The site plans submitted to the building official of the City for the Development Property and the surrounding areas where the Minimum Improvements are to be

constructed shall be adequate to serve as the Construction Plans, if such site plans are approved by the building official.

Approval of the Construction Plans by the City shall not relieve any obligation to comply with the terms and provisions of this Agreement, or the provision of applicable federal, State and local laws, ordinances and regulations.

Approval of Construction Plans hereunder is solely for purposes of this Agreement, and shall not constitute approval for any other City purpose nor subject the City to any liability for the Minimum Improvements as constructed.

Section 3.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, Developer shall cause construction of the Minimum Improvements to be undertaken and completed: (i) by no later than December 31, 2016; or (ii) by such other date as the parties shall mutually agree upon in writing. Time lost as a result of Unavoidable Delays shall be added to extend this date by a number of days equal to the number of days lost as a result of Unavoidable Delays. All work with respect to the Minimum Improvements shall be in conformity with the Construction Plans approved by the building official or any amendments thereto as may be approved by the building official.

Developer and Tenant agree that they shall permit designated representatives of the City, upon reasonable notice (which does not have to be written), to enter upon the Development Property during the construction of the Minimum Improvements to inspect such construction and the progress thereof, subject to Developer's rules and regulations for the construction site.

Section 3.4. Certificate of Completion. Within fifteen (15) business days after written request by Developer and after issuance of an occupancy permit for the Minimum Improvements, the City will furnish Developer with a Certificate of Completion in recordable form, in substantially the form set forth in Exhibit C attached hereto. Such Certificate of Completion shall be a conclusive determination of satisfactory termination of the covenants and conditions of this Agreement with respect to the obligations of Developer to cause construction of the Minimum Improvements.

The Certificate of Completion may be recorded in the Dallas County Recorder's Office at Developer's sole expense. If the City shall refuse or fail to provide a Certificate of Completion in accordance with the provisions of this Section 3.4, the City shall, within such fifteen (15) business day period, instead provide a written statement indicating in what respects Developer has failed to complete the Minimum Improvements in accordance with the provisions of this Agreement, or is otherwise in default under the terms of this Agreement, and what measures or acts it will be necessary, in the opinion of

the City, for Developer to take or perform in order to obtain such Certificate of Completion.

ARTICLE IV. GRANT AGREEMENT

Section 4.1 Grant from the Iowa Economic Development Authority. The Developer and Tenant have been awarded a grant from the Iowa Economic Development Authority through the High Quality Jobs Program. The incentives provided under this Agreement are intended to constitute the local community match that will be described in the State Agreement. The State Agreement, after being executed by the Developer, Tenant, City and State, will be attached as Exhibit G to this Agreement. The failure of the Developer, Tenant, or State to execute the State Agreement prior to the payment of the first Economic Grant hereunder shall be an Event of Default.

Section 4.2 Repayment. Should the City fail to perform under the State Agreement due to an Event of Default by the Developer or Tenant under this Agreement or another separate agreement entered into between the parties, or by the Developer or Tenant under the State Agreement, then the Developer or Tenant (whichever party caused the Event of Default) shall indemnify and hold the City harmless from any loss, including repayment of any grant monies, arising out of or related to the City's failure to fulfill the terms of the State Agreement.

ARTICLE V. INSURANCE

Section 5.1. Insurance Requirements.

a. Developer will provide and maintain or cause to be maintained at all times during the process of constructing the Minimum Improvements (and, from time to time at the request of the City, furnish the City with proof of coverage or payment of premiums on):

i. Builder's risk insurance, written on the so-called "Builder's Risk–Completed Value Basis," in an amount equal to the full replacement cost of the Minimum Improvements, and with coverage available in non-reporting form on the so-called "all risk" form of policy.

ii. Comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations, and contractual liability insurance) with limits against bodily injury and property damage of at least $1,000,000 for each occurrence. The City shall be named as an additional insured for the City's liability or loss arising out of or in any way associated with the project and arising out of any act, error, or omission of Developer or Tenant, or either entity's directors, officers, shareholders, contractors, and subcontractors or anyone else for whose acts the

City may be held responsible (with coverage to the City at least as broad as that which is provided to Developer and Tenant and not lessened or avoided by endorsement). The policy shall contain a "severability of interests" clause and provide primary insurance over any other insurance maintained by the City.

iii. Workers' compensation insurance with at least statutory coverage.

b. Upon completion of construction of the Minimum Improvements and at all times prior to the Termination Date, Developer or Tenant (as determined by the Lease) shall maintain or cause to be maintained, at its cost and expense (and from time to time at the request of the City shall furnish proof of coverage or the payment of premiums on), insurance as follows:

i. Insurance against loss and/or damage to the Minimum Improvements under a policy or policies covering such risks as are ordinarily insured against by similar businesses, including (without limitation the generality of the foregoing) fire, extended coverage, vandalism and malicious mischief, explosion, water damage, demolition cost, debris removal, and collapse in an amount not less than the full insurable replacement value of the Minimum Improvements, but any such policy may have a deductible amount of not more than $50,000. No policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the preceding sentence, by reason of co-insurance provisions or otherwise, without the prior consent thereto in writing by the City. The term "full insurable replacement value" shall mean the actual replacement cost of the Minimum Improvements (excluding foundation and excavation costs and costs of underground flues, pipes, drains, and other uninsurable items) and equipment, and shall be determined from time to time at the request of the City, but not more frequently than once every three years, by an insurance consultant or insurer selected and paid for by Developer or Tenant and approved by the City.

ii. Comprehensive general public liability insurance, including personal injury liability for injuries to persons and/or property, including any injuries resulting from the operation of automobiles or other motorized vehicles on or about the Development Property, in the minimum amount for each occurrence and for each year of $1,000,000.

iii. Such other insurance, including workers' compensation insurance respecting all employees of Developer and Tenant, in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that Developer or Tenant may be self-insured with respect to all or any part of its liability for workers' compensation.

c. All insurance required by this Article V to be provided prior to the Termination Date shall be taken out and maintained in responsible insurance companies selected by Developer or Tenant (as determined by the Lease), which are authorized under the laws of the State to assume the risks covered thereby. Developer or Tenant will deposit annually with the City copies of policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Unless otherwise provided in this Article V, each policy shall contain a provision that the insurer shall not cancel it without giving written notice to Developer or Tenant and the City at least thirty (30) days (ten (10) days in the case of non-payment of premium) before the cancellation becomes effective. Within ten (10) days of being notified of any modification to the policy by the insurer that would cause a party's coverage to be less than the minimum requirements as set forth in this Agreement, the Developer or Tenant will provide written notice to the City of the modification. Within fifteen (15) days after the expiration of any policy, Developer or Tenant shall furnish the City evidence satisfactory to the City that the policy has been renewed or replaced by another policy conforming to the provisions of this Article V, or that there is no necessity therefor under the terms hereof. In lieu of separate policies, Developer or Tenant may maintain a single policy, or blanket or umbrella policies, or a combination thereof, which provide the total coverage required herein, in which event Developer or Tenant shall deposit with the City a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

d. Developer or Tenant agrees to notify the City immediately in the case of damage exceeding $25,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. Net Proceeds of any such insurance shall be paid directly to Developer or Tenant (as applicable to the specific policy), and Developer or Tenant, as applicable, will forthwith repair, reconstruct, and restore the Minimum Improvements to substantially the same or an improved condition or value as they existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction and restoration, Developer or Tenant will apply the Net Proceeds of any insurance relating to such damage received by Developer or Tenant to the payment or reimbursement of the costs thereof.

e. Developer or Tenant shall complete the repair, reconstruction, and restoration of the Minimum Improvements, whether or not the Net Proceeds of insurance received by Developer or Tenant for such purposes are sufficient.

ARTICLE VI. FURTHER COVENANTS OF DEVELOPER/TENANT

Section 6.1. Maintenance of Development Property. Developer and/or Tenant, as provided in the Lease, will maintain, preserve, and keep the Development Property (whether owned in fee or a leasehold interest), including but not limited to the Minimum

Improvements, 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.

Section 6.2. Maintenance of Records. Developer and Tenant will keep at all times proper books of record and account in which full, true, and correct entries will be made of all dealings and transactions of or in relation to the business and affairs of Developer and Tenant relating to this Project, and Developer and Tenant will provide reasonable protection against loss or damage to such books of record and account.

Section 6.3. Compliance with Laws. Developer and Tenant, at such time as each party has possession and control of the Development Property, will comply with all state, federal and local laws, rules and regulations relating to the Minimum Improvements.

Section 6.4. Non-Discrimination. In the construction and operation of the Minimum Improvements, Developer and Tenant, each for themselves, shall not discriminate against any applicant, employee or tenant because of age, color, creed, national origin, race, religion, marital status, sex, physical disability, or familial status. Developer and Tenant shall each for themselves, ensure that applicants, employees, and tenants are considered and are treated without regard to their age, color, creed, national origin, race, religion, marital status, sex, physical disability, or familial status.

Section 6.5 Available Information. Upon request, Developer and Tenant shall promptly provide the City with copies of information reasonably requested by City that are related to this Agreement so that City can determine compliance with the Agreement.

Section 6.6 Employment. Tenant currently employs 4 Full-Time Equivalent Employment Units at its current location. Tenant shall hire and employ at least an additional 23 Full-Time Equivalent Employment Units at the Minimum Improvements no later than November 1, 2017, and Tenant shall retain a total Monthly Average of at least 27 Full-Time Equivalent Employment Units working at the Minimum Improvements from November 1, 2017 until at least October 31, 2021. *See* Exhibit E for schedule of employee obligations.

"Monthly Average" means the average number of Full-Time Equivalent Employment Units employed as of October 1 of each year and as of the first day of each of the preceding eleven (11) months, as shown in the Tenant's Annual Certification in Section 6.7 and in Exhibit F-2.

Section 6.7 Annual Certification. To assist the City in monitoring the Agreement and performance of Developer and Tenant hereunder, duly authorized officers of Developer and Tenant, as applicable, shall provide Annual Certifications to the City.

Until such time as Developer is released from its obligations hereunder, Developer shall annually provide to the City: (i) the date of the first full assessment of the Minimum Improvements and the fully assessed value; and (ii) certification that such officer is familiar with the terms and provisions of this Agreement and that at the date of such certification, there is no Event of Default by Developer hereunder, or if the signer is aware of any such Event of Default, said officer shall disclose in such statement the nature thereof, its period of existence and what action, if any, has been taken or is proposed to be taken with respect thereto.

Tenant shall annually provide to the City (i) a certification of the number of Full-Time Equivalent Employment Units as of October 1 and as of the first day of each of the preceding eleven (11) months; and (ii) a certification that such officer is familiar with the terms and provisions of this Agreement and that at the date of such certification, there is no Event of Default by Tenant hereunder, or if the signer is aware of any such Event of Default, said officer shall disclose in such statement the nature thereof, its period of existence and what action, if any, has been taken or is proposed to be taken with respect thereto.

Such statement, proof and certificates required above shall be provided not later than October 15 of each year, commencing October 15, 2017 and ending on October 15, 2023, both dates inclusive. Developer and Tenant shall provide supporting information germane to each of their respective Annual Certifications upon request of the City. *See* Exhibits F-1 and F-2 for the forms required for Developer's and Tenant's Annual Certifications.

Section 6.8. Term of Operation. Tenant and Developer will enter into a Lease with a term in effect as of the completion date for the Minimum Improvements and continuing through the Termination Date of this Agreement, during which period Tenant will maintain its operations at the Minimum Improvements on the Development Property, including the employee obligations in Section 6.6, and Developer shall allow Tenant to lease the Minimum Improvements; provided, however, each of the parties shall comply with the terms and conditions of the Lease. If either Tenant or Developer terminates the Lease prior to the Termination Date it shall be an Event of Default.

Section 6.9 Developer Completion Guarantee. By signing this Agreement, Developer hereby guarantees to the City performance by Developer of all the terms and provisions of this Agreement pertaining to Developer's obligations with respect to the construction of the Minimum Improvements. Without limiting the generality of the foregoing, Developer guarantees that: (a) construction of the Minimum Improvements shall be completed generally within the time limits set forth herein; (b) the Minimum Improvements shall be constructed and completed in substantial accordance with the Construction Plans; (c) the Minimum Improvements shall be constructed and completed free and clear of any mechanic's liens, materialman's liens and equitable liens; and (d) all costs of constructing the Minimum Improvements shall be paid when due.

Section 6.10. Letter of Credit/Dedicated Certificate of Deposit. Prior to the execution of this Agreement, Tenant shall provide and deliver to the City an irrevocable standby letter of credit or dedicated certificate of deposit titled in the name of the City, in form and substance satisfactory to the City ("Letter of Credit" or "Dedicated Certificate of Deposit"), in the amount of $23,000, which has been issued to cover the entire cost of repayment of the Forgivable Loan and the No Interest Loan. Such Letter of Credit or Dedicated Certificate of Deposit should be issued by a bank acceptable to the City and provide immediate recourse for the City if there is a default in payment of the Promissory Notes or this Agreement. The Letter of Credit or Dedicated Certificate of Deposit shall be released upon the cancellation of the Promissory Notes.

ARTICLE VII. PROHIBITION AGAINST ASSIGNMENT AND TRANSFER

Section 7.1. Status of Developer and Tenant; Transfer of Substantially All Assets; Assignment. As security for the obligations of Developer and Tenant under this Agreement, Developer and Tenant represent and agree that, prior to the Termination Date, Developer and Tenant will maintain existence as companies and will not wind up or otherwise dispose of all or substantially all of their assets or transfer, convey, or assign their interest in the Development Property, Minimum Improvements, or this Agreement to any other party unless: (i) the transferee partnership, corporation, limited liability company or individual assumes in writing all of the then-outstanding obligations of Developer and Tenant under this Agreement; and (ii) the City consents thereto in writing in advance thereof.

7.2 Prohibition Against Use as Non-Taxable or Centrally Assessed Property. During the term of this Agreement, Developer, or its successors or assigns, agree that the Development Property cannot be transferred or sold to a non-profit entity or used for a purpose that would exempt the Development Property or Minimum Improvements from property tax liability. Nor can the Development Property or Minimum Improvements be used as centrally assessed property (including but not limited to, Iowa Code § 428.24 to 428.29 (Public Utility Plants and Related Personal Property); Chapter 433 (Telegraph and Telephone Company Property); Chapter 434 (Railway Property); Chapter 437 (Electric Transmission Lines); Chapter 437A (Property Used in the Production, Generation, Transmission or Delivery of Electricity or Natural Gas); and Chapter 438 (Pipeline Property)).

ARTICLE VIII. ECONOMIC DEVELOPMENT GRANTS

Section 8.1. Economic Development Grants.

a. Amount of Grants. For and in consideration of the obligations being assumed by Developer and Tenant hereunder, and in furtherance of the goals and objectives of the Urban Renewal Plan for the Urban Renewal Area and the Urban

Renewal Act, the City agrees, subject to Developer and Tenant being and remaining in compliance with the terms of this Agreement, to make up to five (5) consecutive annual payments of Economic Development Grants to Developer up to an aggregate total amount not to exceed Two Hundred Twenty-Five Thousand Dollars ($225,000), under the following formula:

b. Schedule of Grants. Assuming completion by December 31, 2016, full assessment of the Minimum Improvements on January 1, 2017, and debt certification to the Auditor by the City prior to December 1, 2017, the Economic Development Grants shall commence on June 1, 2019, and end on June 1, 2023, pursuant to Section 403.19 of the Urban Renewal Act under the following formula:

June 1, 2019	75% of Tax Increments for Fiscal Year 18-19
June 1, 2020	60% of Tax Increments for Fiscal Year 19-20
June 1, 2021	45% of Tax Increments for Fiscal Year 20-21
June 1, 2022	30% of Tax Increments for Fiscal Year 21-22
June 1, 2023	15% of Tax Increments for Fiscal Year 22-23

The above schedule of the payments for Economic Development Grants is based on the first full assessment of the Minimum Improvements being January 1, 2017. If the completion of the Minimum Improvements is delayed so that the Minimum Improvements are not fully assessed as of January 1, 2017, then the first Economic Development Grant will not begin as scheduled, but will be delayed one year. However, in no event shall the schedule of Economic Development Grants be delayed more than one year, meaning that the latest potential date for Developer's first Economic Development Grant, if eligible, is June 1, 2020.

c. Calculation of Grants. Each annual payment shall be equal in amount to the above percentages of the Tax Increments collected by the City with respect to the Minimum Improvements on the Development Property (building and land) under the terms of the Ordinance and deposited into the Shojaat/Mills Parkway TIF Account (without regard to any averaging that may otherwise be utilized under Section 403.19 and excluding any interest that may accrue thereon prior to payment to Developer) during the preceding twelve-month period in respect of the Development Property and the Minimum Improvements, but subject to limitation and adjustment as provided in this Article (such payments being referred to collectively as the "Economic Development Grants").

d. Limitation to Minimum Improvements. The Economic Development Grants are only for the Minimum Improvements described in this Agreement and not any expansions or improvements not included within the definition of the Minimum Improvements which, to be eligible for Economic Development Grants, would be the subject of an amendment or new agreement, at the sole discretion of the City Council.

Section 8.2 Conditions Precedent. Notwithstanding the provisions of Section 8.1 above, the obligation of the City to make an Economic Development Grant in any year shall be subject to and conditioned upon the following:

(a) compliance with the terms of this Agreement by Developer and Tenant, including, but not limited to, the employment obligations in Section 6.6 of this Agreement, and payment of property taxes;

(b) timely filing by Developer and Tenant of the Annual Certifications required under Section 6.7 hereof and the Council's approval thereof;

(c) continual use of the Development Property and Minimum Improvements by Tenant for its business;

(d) the construction of the Minimum Improvements must have cost at least $4.2 million (and the Developer shall provide receipts or other reasonable evidence to the City to substantiate the expenditure of this amount, if requested);

(e) execution of and compliance with the State Agreement by the State and Tenant; and

(f) execution of the Promissory Notes attached hereto as Exhibits H-1 and H-2 securing repayment of the Forgivable Loan and the No Interest Loan, and the provision of the letter of credit or dedicated certificate of deposit as required by Section 6.10.

In the event that an Event of Default occurs or any certification filed by Developer or Tenant under Section 6.7 (or other information) discloses the existence of an Event of Default that was not cured or cannot reasonably be cured, the City shall have the remedies set forth in Section 11.2.

Each Annual Certification filed by Developer and Tenant under Section 6.7 hereof shall be considered separately in determining whether the City shall make any of the Economic Development Grant payments available to Developer under this Section. Under no circumstances shall the failure by Developer or Tenant to qualify Developer for an Economic Development Grant in any year serve to extend the term of this Agreement beyond the Termination Date or the years during which Economic Development Grants may be awarded to Developer or the total amount thereof, it being the intent of parties hereto to provide Developer with an opportunity to receive Economic Development Grants only if Developer and Tenant fully comply with the provisions hereof and the Developer becomes entitled thereto, up to the maximum aggregate amount set forth in Section 8.3.

After the Minimum Improvements are first fully assessed and if in compliance with this Agreement, if the Developer's and Tenant's Annual Certification is timely filed and contains the information required under Section 6.7 and the Council approves of the same, the City shall certify to the County prior to December 1 of that year its request for the available Tax Increments resulting from the assessments imposed by the County as of January 1 of that year, to be collected by the County and paid to the City as taxes are paid during the following fiscal year and which shall thereafter be disbursed to Developer on the following June 1. (Example: assuming completion by July 2016 and first full assessment on January 1, 2017, if Developer and Tenant certify in October 2017 and the City certifies to the County by December 1, 2017, the first Economic Development Grant would be paid to Developer on June 1, 2019 (for 75% of the Tax Increment for fiscal year 2018-2019)). Compliance with the terms and conditions of this Agreement and the State Agreement is a condition precedent to receiving an Economic Development Grant.

Section 8.3 Maximum Amount of Grants. The aggregate amount of the Economic Development Grants that may be paid to Developer under this Agreement shall be equal to the sum of the total amount of the applicable percentages of Tax Increments collected in respect of the assessments imposed on the Minimum Improvements (building and land) over the specified five year period, but in no event shall exceed Two Hundred Twenty-Five Thousand Dollars ($225,000) over the five year period.

Section 8.4. Source of Grant Funds Limited.

a. The Economic Development Grants shall be payable from and secured solely and only by amounts deposited and held in the Shojaat/Mills Parkway TIF Account of the Mills Parkway Urban Renewal Tax Increment Revenue Fund of the City. The City hereby covenants and agrees to maintain the Ordinance in force during the term hereof and to apply the appropriate percentage of Tax Increments collected in respect of the Development Property and Minimum Improvements and allocated to the Shojaat/Mills Parkway TIF Account to pay the Economic Development Grants, as and to the extent set forth in this Article. The Economic Development Grants shall not be payable in any manner by other tax increment revenues or by general taxation or from any other City funds. Any commercial and industrial property tax replacement monies that may be received under chapter 441.21A shall not be included in the calculation to determine the amount of Economic Development Grants for which Developer is eligible, and any monies received back under chapter 426C relating to the Business Property Tax Credit shall not be included in the calculation to determine the amount of Economic Development Grants for which Developer is eligible.

b. Each Economic Development Grant is subject to annual appropriation by the City Council. The right of non-appropriation reserved to the City in this Section is intended by the parties, and shall be construed at all times, so as to ensure that the City's obligation to make future Economic Development Grants shall not constitute a legal

indebtedness of the City within the meaning of any applicable constitutional or statutory debt limitation prior to the adoption of a budget which appropriates funds for the payment of that installment or amount. In the event that any of the provisions of this Agreement are determined by a court of competent jurisdiction to create, or result in the creation of, such a legal indebtedness of the City, the enforcement of the said provision shall be suspended, and the Agreement shall at all times be construed and applied in such a manner as will preserve the foregoing intent of the parties, and no Event of Default by the City shall be deemed to have occurred as a result thereof. If any provision of this Agreement or the application thereof to any circumstance is so suspended, the suspension shall not affect other provisions of this Agreement which can be given effect without the suspended provision. To this end the provisions of this Agreement are severable.

c. Notwithstanding the provisions of Section 8.1 hereof, the City shall have no obligation to make an Economic Development Grant to Developer if at any time during the term hereof the City fails to appropriate funds for payment, or receives an opinion from its legal counsel to the effect that the use of Tax Increments resulting from the Minimum Improvements to fund an Economic Development Grant to Developer, as contemplated under said Section 8.1, is not authorized or otherwise an appropriate urban renewal activity permitted to be undertaken by the City under the Urban Renewal Act or other applicable provisions of the Code, as then constituted or under controlling decision of any Iowa Court having jurisdiction over the subject matter hereof. Upon receipt of any such legal opinion or non-appropriation, the City shall promptly forward notice of the same to Developer. If the non-appropriation or circumstances or legal constraints giving rise to the decision continue for a period during which two (2) annual Economic Development Grants would otherwise have been paid to Developer under the terms of Section 8.1, the City may terminate this Agreement, without penalty or other liability to the City, by written notice to Developer and Tenant.

Section 8.5. Use of Other Tax Increments. The City shall be free to use any and all Tax Increments above and beyond the percentages to be given to Developer in this Agreement, or any available Tax Increments resulting from the suspension or termination of the Economic Development Grants, for any purpose for which the Tax Increments may lawfully be used pursuant to the provisions of the Urban Renewal Act (including an allocation of all or any portion thereof to the reduction of any eligible City costs), and the City shall have no obligations to Developer with respect to the use thereof.

Section 8.6. Real Property Taxes. Developer or Tenant (as set forth in the Lease) shall pay or cause to be paid, when due, all real property taxes and assessments payable with respect to all and any parts of the Development Property. Until such obligations have been assumed by any other person, all pursuant to the provisions of this Agreement, Tenant and Developer shall be jointly responsible for all assessments and taxes.

Developer and Tenant and their permitted successors agree that prior to the Termination Date:

a. They will not seek administrative review or judicial review of the applicability or constitutionality of any tax statute relating to the taxation of real property contained on the Development Property determined by any tax official to be applicable to the Development Property or Minimum Improvements, or raise the inapplicability or constitutionality of any such tax statute as a defense in any proceedings, including delinquent tax proceedings; and

b. They will not seek any tax exemption deferral or abatement either presently or prospectively authorized under any State, federal or local law with respect to taxation of real property contained on the Development Property or the Minimum Improvements between the date of execution of this Agreement and the Termination Date.

c. The assessment category for the Development Property is commercial/ industrial and Tenant and Developer shall not take any action to request or effect a change in such category.

ARTICLE IX. LOANS

Section 9.1. Forgivable Loan. For and in consideration of the obligations of Developer and Tenant as set forth herein, and as a necessary means of achieving the goals and objectives of the Urban Renewal Plan, the City agrees (subject to the conditions set forth in this Article and this Agreement) to make a Forgivable Loan to Tenant in the amount of $11,500 (the "Forgivable Loan"). Such loan shall be made as soon as possible after all the Conditions Precedent in Section 9.2 have been completed.

Section 9.2. Conditions Precedent. Notwithstanding the provisions of Section 9.1 above, the City's obligation to grant Tenant the Forgivable Loan under this Agreement shall be subject to satisfaction of the following conditions precedent:

(a) Developer and Tenant shall not be in default under the terms and provisions of this Agreement, including but not limited to the job creation and retention requirements in Section 6.6; and

(b) Tenant, the City, and the State shall have entered into the State Agreement; and

(c) Tenant shall have executed a Promissory Note in the form attached as Exhibit H-1 (Promissory Note #1); and

(d) Tenant shall have obtained and provided to the City a letter of credit or dedicated certificate of deposit titled in the name of the City securing repayment of the Forgivable Loan.

(e) Tenant shall have requested, in writing, payment of the Forgivable Loan by the City.

Section 9.3 Forgiveness of the Forgivable Loan.

(a) The Forgivable Loan shall be forgiven at the rate of $2,300 of the total amount of the Forgivable Loan initially granted to Tenant, per year, for five years beginning on December 31, 2018 assuming:

(i) Developer and Tenant are in compliance with all terms, conditions and obligations of this Agreement as of the date the loan forgiveness is to be granted, including but not limited to the employment obligations in Section 6.6 and the repayment obligations associated with the No Interest Loan described in Sections 9.7 through 9.11; and

(ii) Developer and Tenant have submitted Annual Certifications pursuant to Section 6.7 hereof including all requested information, and the Annual Certifications (or other information) does not indicate that any Event of Default has occurred or is occurring.

(iii) The Minimum Improvements were substantially completed by December 31, 2016. If the Minimum Improvements are not substantially completed by December 31, 2016, then loan forgiveness will not begin as scheduled.

The City will, on an annual basis beginning in 2018, make a determination whether Developer and Tenant are in compliance with the terms, conditions and obligations of this Agreement, and will notify Tenant by each December 1 if the Developer does not qualify for that year's loan forgiveness.

Section 9.4. Forgivable Loan Default. If the loan is not forgiven and/or repaid by Tenant pursuant to the terms of this Agreement, then an Event of Default has occurred, in which event the City has all the rights under this Agreement and under the terms of the Promissory Note #1.

Section 9.5. Promissory Note.

(a) The Developer will execute a Promissory Note in the form attached as Exhibit H-1 to this Agreement (Promissory Note #1) as a condition precedent to

the grant of the Forgivable Loan (See Section 8.2(c)). The Promissory Note will be reduced by $2,300 of the initial balance of the Forgivable Loan by each December 31 for five (5) years. The City will provide notice to Tenant by December 1 if Tenant fails to qualify for that year's loan forgiveness as described in this Article.

(b) Should Tenant fail to qualify for loan forgiveness in whole or in part during any year, the entire outstanding balance of the Forgivable Loan will become immediately due and payable within 30 days of the time the City shall send notice to the Tenant of Tenant's failure to qualify for loan forgiveness. All unpaid sums will accrue interest at the rate of 4% per annum accruing from the date payment is due.

Section 9.6. Cancellation of Promissory Note. The Promissory Note #1 will be cancelled when no outstanding balance of the Promissory Note #1 exists. No outstanding balance will exist upon occurrence of any of the following:

(a) the entire Forgivable Loan has been forgiven; or

(b) the Tenant has paid the City any portion of the Forgivable Loan that has not been forgiven.

Section 9.7. No Interest Loan. For and in consideration of the obligations of Tenant and Developer as set forth herein, and as a necessary means of achieving the goals and objectives of the Urban Renewal Plan, the City agrees (subject to the conditions set forth in this Article and this Agreement) to make a No Interest Loan to Tenant in the amount of $11,500, (the "No Interest Loan"), which sum, without interest, shall be due and payable in monthly installments. Such loan shall be made as soon as possible after all the Conditions Precedent in Section 9.8 have been completed.

Section 9.8. Conditions Precedent. Notwithstanding the provisions of Sections 9.7 above, the City's obligation to grant Tenant the No Interest Loan under this Agreement shall be subject to satisfaction of the following conditions precedent:

(a) Tenant and Developer shall not be in default under the terms and provisions of this Agreement, including but not limited to the job retention requirements in Section 6.6; and

(b) Tenant, the City, and the State shall have entered into the State Agreement; and

(c) Tenant shall have executed a Promissory Note in the form attached as Exhibit H-2 (Promissory Note #2); and

(d) Tenant shall have obtained and provided to the City a letter of credit or dedicated certificate of deposit titled in the name of the City securing repayment of the No Interest Loan.

Section 9.9. No Interest Loan Default. If the loan is not repaid by Tenant pursuant to the terms of this Agreement, then an Event of Default has occurred, in which event the City has all the rights under this Agreement and under the terms of the Promissory Note #2.

Section 9.10. Promissory Note. Tenant will execute a Promissory Note #2 in the form attached as Exhibit H-2 to this Agreement as a condition precedent to the grant of the No Interest Loan (See Section 9.7(c)). The Tenant will pay all amounts payable under the Promissory Note #2 in accordance with the terms of the Promissory Note #2 when due, and will timely perform all other obligations of Tenant under the Promissory Note #2 and this Agreement. The provisions of the Promissory Note #2 are hereby incorporated into this Agreement as if fully set forth herein.

Section 9.11. Cancellation of Promissory Note #2. The Promissory Note #2 will be cancelled when no outstanding balance of the Promissory Note #2 exists. No outstanding balance will exist when the Tenant has paid the City the full amount of the No Interest Loan.

ARTICLE X. INDEMNIFICATION

Section 10.1. Release and Indemnification Covenants.

a. Developer and Tenant release the City and the governing body members, officers, agents, servants and employees thereof (hereinafter, for purposes of this Article X, the "indemnified parties") from, covenant and agree that the indemnified parties shall not be liable for, and agree to indemnify, defend, and hold harmless the indemnified parties against, any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Minimum Improvements or Development Property.

b. Except to the extent arising from any willful misrepresentation, gross negligence, or any willful or wanton misconduct or any unlawful act of the indemnified parties, Developer and Tenant agree to protect and defend the indemnified parties, now or forever, and further agree to hold the indemnified parties harmless, from any claim, demand, suit, action or other proceedings whatsoever by any person or entity whatsoever arising or purportedly arising from: (i) any violation of any agreement or condition of this Agreement (except with respect to any suit, action, demand or other proceeding

brought by Developer or Tenant against the City to enforce its rights under this Agreement); (ii) the acquisition and condition of the Development Property and the construction, installation, ownership, and operation of the Minimum Improvements; or (iii) any hazardous substance or environmental contamination located in or on the Development Property.

c. The indemnified parties shall not be liable for any damage or injury to the persons or property of Developer or Tenant or their officers, agents, servants or employees or any other person who may be about the Minimum Improvements or Development Property due to any act of negligence of any person, other than any act of negligence on the part of any such indemnified party or its officers, agents, servants or employees.

d. The provisions of this Article X shall survive the termination of this Agreement.

ARTICLE XI. REMEDIES

Section 11.1. Events of Default Defined. 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, any one or more of the following events during the Term of this Agreement:

a. Failure by Developer to cause the construction of the Minimum Improvements to be completed and the operations to continue pursuant to the terms and conditions of this Agreement;

b. Failure by Developer or Tenant to comply with Sections 6.6, 6.7, 6.8, 6.9, or 6.10 of this Agreement, as applicable;

c. Transfer of Developer's or Tenant's interest in the Development Property, Minimum Improvements, or this Agreement in violation of the provisions of this Agreement;

d. Failure by Developer or Tenant to pay ad valorem taxes on the Development Property or Minimum Improvements;

e. Failure by Developer or Tenant to substantially observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement, including the Promissory Notes;

f. The holder of any Mortgage on the Development Property, or any improvements thereon, or any portion thereof, commences foreclosure proceedings as a result of any default under the applicable Mortgage documents;

g. Developer or Tenant shall:

i. file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended, or under any similar federal or state law; or

ii. make an assignment for the benefit of its creditors; or

iii. admit in writing its inability to pay its debts generally as they become due; or

iv. be adjudicated as bankrupt or insolvent; or if a petition or answer proposing the adjudication of Developer or Tenant as bankrupt or either entity's reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within ninety (90) days after the filing thereof; or a receiver, trustee or liquidator of Developer or Tenant or the Minimum Improvements, or part thereof, shall be appointed in any proceedings brought against Developer or Tenant, and shall not be discharged within ninety (90) days after such appointment, or if Developer or Tenant shall consent to or acquiesce in such appointment;

h. Any representation or warranty made by Developer or Tenant in this Agreement or in any written statement or certificate furnished by Tenant or Developer pursuant to this Agreement, shall prove to have been incorrect, incomplete or misleading in any material respect on or as of the date of the issuance or making thereof; or

i. Failure of the State or Tenant to execute the State Agreement.

Section 11.2. Remedies on Default. Whenever any Event of Default referred to in Section 11.1 of this Agreement occurs and is continuing, the City, as specified below, may take any one or more of the following actions after the giving of thirty (30) days' written notice by the City to Developer, Tenant and the holder of the First Mortgage (but only to the extent the City has been informed in writing of the existence of a First Mortgage and been provided with the address of the holder thereof) of the Event of Default, but only if the Event of Default has not been cured within said thirty (30) days, or if the Event of Default cannot reasonably be cured within thirty (30) days and Developer or Tenant does not provide assurances reasonably satisfactory to the City that the Event of Default will be cured as soon as reasonably possible:

a. The City may suspend its performance under this Agreement until it receives assurances from Developer or Tenant, deemed adequate by the City, that Developer or Tenant will cure the default and continue its performance under this Agreement;

b. The City may terminate this Agreement;

c. The City may withhold the Certificate of Completion;

d. The City may take any action, including legal, equitable or administrative action, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of Developer or Tenant, as the case may be, under this Agreement; or

e. The City will have no obligation to make payment of Economic Development Grants to Developer subsequent to the Event of Default and shall be entitled to recover from Developer, and Developer shall repay to the City, an amount equal to the full amount of the Economic Development Grants previously made to Developer under Article VIII hereof, with interest thereon at the highest rate permitted by State law, and the City shall be entitled to recover from the Tenant the total amount of the Forgivable Loan and the No Interest Loan. The City may take any action, including any legal action it deems necessary, to recover such amounts from Tenant and/or Developer. Notwithstanding the foregoing, barring any other Event of Default, the City may, in its sole discretion and in lieu of the remedies set forth above, permit pro rata payment/repayment of the Economic Development Grants as follows (if the default is due solely to one of the following circumstances):

(i) If the Event of Default involves the Tenant failing to meet the job obligations set out in Section 6.6 and Exhibit E,

(A) The City may reduce any unpaid Economic Development Grants by the same proportion as the amount of the shortfall in created jobs. For example, if Tenant creates 50 percent of the jobs required, the City may reduce the Economic Development Grants by 50 percent; and

(B) The City may accept a repayment amount for any previously paid Economic Development Grants in the same proportion as the amount of the shortfall in created jobs. For example, if Tenant creates 50 percent of the jobs required, the City may decide to require Developer to repay 50 percent of the previously received Grants, with interest as set forth above.

(ii) If the Event of Default involves the Developer failing to meet the investment requirement set out in Section 3.1, the City may reduce the Economic Development Grants by the same proportion as the amount of the shortfall in required investment. For example, if Developer meets 75 percent of the amount of

required investment, the City may reduce the Economic Development Grants by 25 percent.

f. The City shall be entitled to recover from the Developer or Tenant (whichever party caused the Event of Default), and the Developer or Tenant shall pay to the City, the full amount of any monies that must be repaid to the State by the City under the State Agreement.

Section 11.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 11.4. No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 11.5. Agreement to Pay Attorneys' Fees and Expenses.

a. Developer shall pay to the City an amount equal to the actual costs incurred by the City in connection with the drafting and execution of this Agreement, including, but not limited to publication fees for legal notices, actual costs associated with City Council meetings, and reasonable legal fees of the City, associated with the negotiation, drafting and authorization of this Agreement. Payment by Developer of such costs will be made by the Developer to the City within 30 days of the date on which the City presents a statement to the Developer demonstrating such costs, or if not previously paid the costs shall be deducted from the first Economic Development Grant.

b. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of Developer or Tenant herein contained, and the City prevails in an action to enforce this Agreement, Developer and Tenant agree that the defaulting party shall, on demand therefor, pay to the City the reasonable fees of such attorneys and such other expenses as may be reasonably and appropriately incurred by the City in connection therewith.

ARTICLE XII. MISCELLANEOUS

Section 12.1. Conflict of Interest. Developer and Tenant represent and warrant that, to their best knowledge and belief after due inquiry, no officer or employee of the City, or their designees or agents, nor any consultant or member of the governing body of the City, and no other public official of the City who exercises or has exercised any functions or responsibilities with respect to the Project during his or her tenure, or who is in a position to participate in a decision-making process or gain insider information with regard to the Project, has had or shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work or services to be performed in connection with the Project, or in any activity, or benefit therefrom, which is part of the Project at any time during or after such person's tenure.

Section 12.2. Notices and Demands. A notice, demand or other communication under this Agreement by any party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

a. In the case of Developer, is addressed or delivered personally to Shojaat Properties, Inc. at 5058 Grand Ridge Drive, West Des Moines, Iowa 50266, Attn: Mike M. Shojaat;

b. In the case of Tenant, is addressed or delivered personally to GAR-MRO Services, Inc., 5058 Grand Ridge Drive, West Des Moines, Iowa 50266, Attn: Mike M. Shojaat;

c. In the case of the City, is addressed to or delivered personally to the City at 4200 Mills Civic Pkwy, PO Box 65320, West Des Moines, Iowa 50265-0320, Attn: Ryan T. Jacobson, City Clerk;

or to such other designated individual or officer or to such other address as any party shall have furnished to the other in writing in accordance herewith.

Section 12.3. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 12.4. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 12.5. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Iowa.

Section 12.6. Entire Agreement. This Agreement and the exhibits hereto reflect the entire agreement among the parties regarding the subject matter hereof, and supersedes and replaces all prior agreements, negotiations or discussions, whether oral or written. This Agreement may not be amended except by a subsequent writing signed by all parties hereto.

Section 12.7 Successors and Assigns. This Agreement is intended to and shall inure to the benefit of and be binding upon the parties hereto and their respective permitted successors and assigns.

Section 12.8. Termination Date. This Agreement shall terminate and be of no further force or effect on and after December 31, 2024, unless terminated earlier under the provisions of this Agreement.

Section 12.9. Memorandum of Agreement. The parties agree to execute and record a Memorandum of Agreement for Private Development, in substantially the form attached as Exhibit D, to serve as notice to the public of the existence and provisions of this Agreement, and the rights and interests held by the City by virtue hereof. The City shall pay for all costs of recording.

Section 12.10 No Third-Party Beneficiaries. No rights or privileges of either party hereto shall inure to the benefit of any landowner, contractor, subcontractor, material supplier, or any other person or entity, and no such contractor, landowner, subcontractor, material supplier, or any other person or entity shall be deemed to be a third-party beneficiary of any of the provisions contained in this Agreement.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and behalf by its Mayor and its seal to be hereunto duly affixed and attested by its City Clerk, and Developer and Tenant have caused this Agreement to be duly executed in their names and behalf by their authorized representatives, all on or as of the day first above written.

[Signatures start on the next page]

(SEAL) CITY OF WEST DES MOINES, IOWA

By: _____
Steven K. Gaer, Mayor

ATTEST:

By: _____
Ryan T. Jacobson, City Clerk

STATE OF IOWA)
) SS
COUNTY OF POLK)

On this _____ day of _____, 2015, before me a Notary Public in and for said State, personally appeared Steven K. Gaer and Ryan T. Jacobson, to me personally known, who being duly sworn, did say that they are the Mayor and City Clerk, respectively, of the City of West Des Moines, Iowa, a Municipality created and existing under the laws of the State of Iowa, and that the seal affixed to the foregoing instrument is the seal of said Municipality, and that said instrument was signed and sealed on behalf of said Municipality by authority and resolution of its City Council, and said Mayor and City Clerk acknowledged said instrument to be the free act and deed of said Municipality by it voluntarily executed.

_____
Notary Public in and for the State of Iowa

SHOJAAT PROPERTIES, INC.

By: _____
Mike M. Shojaat, President

ATTEST:

By: _____
Carolyn L. Shojaat, Vice President Finance

STATE OF IOWA)
) SS
COUNTY OF DALLAS)

On this _____ day of _____, 2015, before me the undersigned, a Notary Public in and for said State, personally appeared Mike M. Shojaat and Carolyn L. Shojaat, to me personally known, who, being by me duly sworn, did say that they are the President and Vice President Finance of Shojaat Properties, Inc., and that said instrument was signed on behalf of said corporation; and that the said Mike M. Shojaat and Carolyn L. Shojaat as such officers, acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, by them voluntarily executed.

_____
Notary Public in and for the State of Iowa

GAR-MRO SERVICES, INC.

By: _____
Mike M. Shojaat, President

ATTEST:

By: _____
Carolyn L. Shojaat, Vice President Finance

STATE OF IOWA)
) SS
COUNTY OF DALLAS)

On this _____ day of _____, 2015, before me the undersigned, a Notary Public in and for said State, personally appeared Mike M. Shojaat and Carolyn L. Shojaat, to me personally known, who, being by me duly sworn, did say that they are the President and Vice President Finance, respectively, of GAR-MRO Services, Inc., and that said instrument was signed on behalf of said corporation; and that the said Mike M. Shojaat and Carolyn L. Shojaat as such officers, acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, by them voluntarily executed.

_____
Notary Public in and for the State of Iowa

EXHIBIT A

DEVELOPMENT PROPERTY

The Development Property is described as follows:

7760 Cascade Avenue, West Des Moines, Iowa

Lot 2, Etzel Properties Plat 1, City of West Des Moines, Dallas County, Iowa.

Dallas County, Iowa Parcel ID number is 690-16-14-451-002-00

EXHIBIT B

MINIMUM IMPROVEMENTS

Minimum Improvements shall mean the construction of an approximately 30,000 square foot building to be used for the manufacturing and repair of aviation parts on the Development Property which is presently a vacant parcel of land. The Project will allow needed room for Tenant's operations, which will include the retention of existing employees and the hiring of additional employees. In addition to construction of the Minimum Improvements, the Developer anticipates spending approximately $800,000 on machinery, equipment, computer hardware and software, and furniture and fixtures. The construction of the Minimum Improvements are expected to be completed in 2016. Construction costs for the Minimum Improvements are expected to be no less than approximately $4.2 million. The Dallas County Assessor will make the final determination as to the assessed value.

A final site plan further describing the Minimum Improvements is attached as Exhibit B-1.

EXHIBIT B-1
[Final Site Plan]

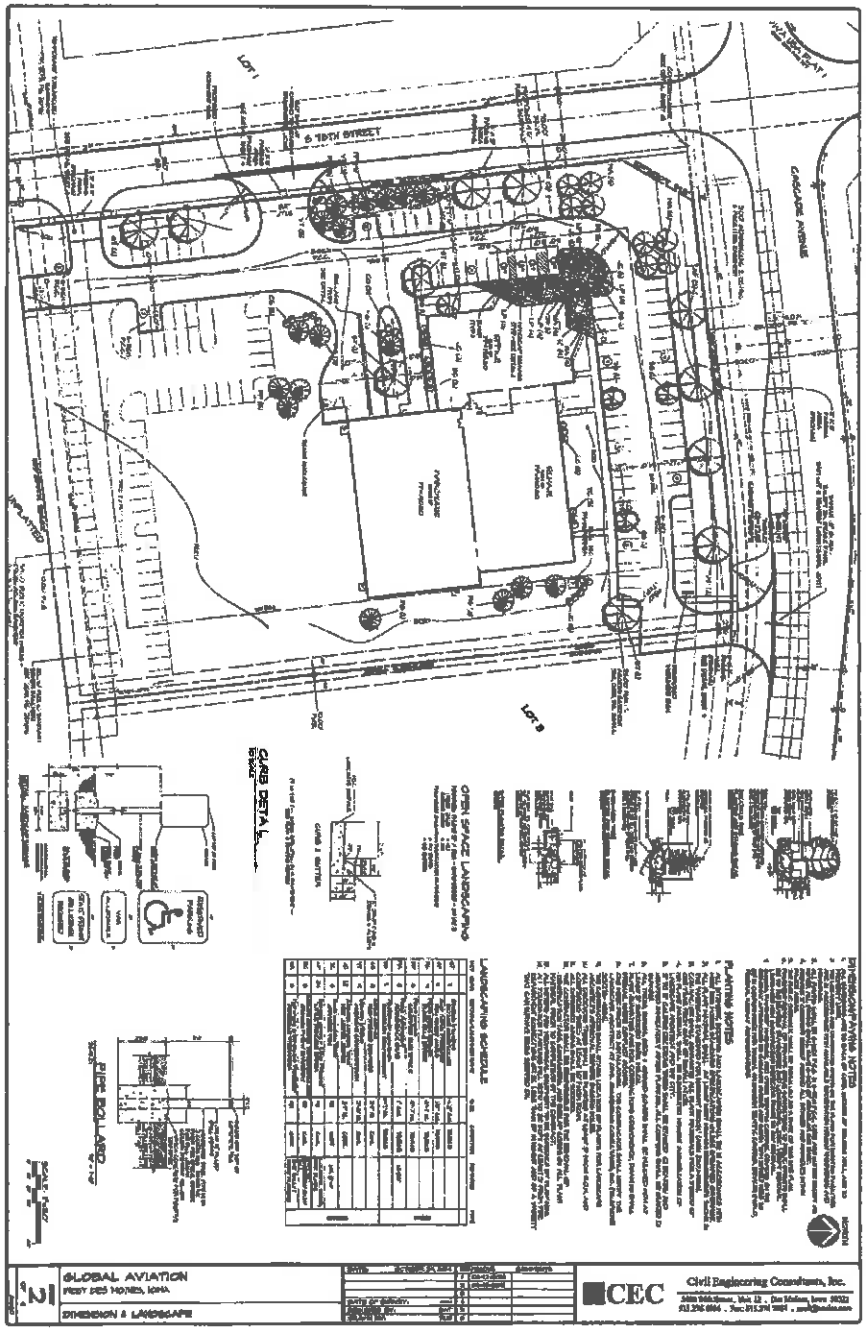

EXHIBIT C

CERTIFICATE OF COMPLETION

WHEREAS, the City of West Des Moines, Iowa (the "City"), Shojaat Properties, Inc. (the "Developer"), and GAR-MRO Services, Inc. ("Tenant"), did on or about the _____ day of _____, 2015, make, execute and deliver, each to the other, an Agreement for Private Development (the "Agreement"), wherein and whereby the Developer and Tenant agreed, in accordance with the terms of the Agreement, to develop and maintain certain real property located within the City and as more particularly described as follows:

7760 Cascade Avenue, West Des Moines, Iowa

Lot 2, Etzel Properties Plat 1, City of West Des Moines, Dallas County, Iowa.

Dallas County, Iowa Parcel ID number is 690-16-14-451-002-00

(the "Development Property"); and

WHEREAS, the Agreement incorporated and contained certain covenants and restrictions with respect to the development of the Development Property, and obligated the Developer to construct certain Minimum Improvements (as defined therein) in accordance with the Agreement; and

WHEREAS, Developer has to the present date performed said covenants and conditions insofar as they relate to the construction of said Minimum Improvements in a manner deemed by the City to be in conformance with the Agreement to permit the execution and recording of this certification.

NOW, THEREFORE, this is to certify that all covenants and conditions of the Agreement with respect to the obligations of Developer and its successors and assigns, to construct the Minimum Improvements on the Development Property have been completed and performed by Developer and are hereby released absolutely and forever terminated insofar as they apply to the land described herein. The County Recorder of Dallas County is hereby authorized to accept for recording and to record the filing of this instrument, to be a conclusive determination of the satisfactory termination of the covenants and conditions of said Agreement with respect to the construction of the Minimum Improvements on the Development Property.

All other provisions of the Agreement shall otherwise remain in full force and effect until termination as provided therein.

(SEAL) CITY OF WEST DES MOINES, IOWA

By: _____
Steven K. Gaer, Mayor

ATTEST:

By: _____
Ryan T. Jacobson, City Clerk

STATE OF IOWA)
) SS
COUNTY OF POLK)

On this _____ day of _____, 2015, before me a Notary Public in and for said State, personally appeared Steven K. Gaer and Ryan T. Jacobson, to me personally known, who being duly sworn, did say that they are the Mayor and City Clerk, respectively, of the City of West Des Moines, Iowa, a Municipality created and existing under the laws of the State of Iowa, and that the seal affixed to the foregoing instrument is the seal of said Municipality, and that said instrument was signed and sealed on behalf of said Municipality by authority and resolution of its City Council, and said Mayor and City Clerk acknowledged said instrument to be the free act and deed of said Municipality by it voluntarily executed.

_____
Notary Public in and for the State of Iowa

EXHIBIT D

MEMORANDUM OF AGREEMENT FOR PRIVATE DEVELOPMENT

WHEREAS, the City of West Des Moines, Iowa (the "City"), and Shojaat Properties, Inc., an Iowa corporation ("Developer"), and GAR-MRO Services, Inc., an Iowa corporation ("Tenant") did on or about the _____ day of _____, 2015, make, execute and deliver, each to the other, an Agreement for Private Development (the "Agreement"), wherein and whereby Developer and Tenant agreed, in accordance with the terms of the Agreement and the Mills Parkway Urban Renewal Plan (the "Plan"), to develop and operate certain real property located within the City and within the Mills Parkway Urban Renewal Area.

The Development Property is described as follows:

7760 Cascade Avenue, West Des Moines, Iowa

Lot 2, Etzel Properties Plat 1, City of West Des Moines, Dallas County, Iowa.

Dallas County, Iowa Parcel ID number is 690-16-14-451-002-00

(the "Development Property"); and

WHEREAS, the term of the Agreement commenced on the ____ day of _____, 2015 and terminates on December 31, 2024, unless otherwise terminated as set forth in the Agreement; and

WHEREAS, the City, Developer and Tenant desire to record a Memorandum of the Agreement referring to the Development Property and their respective interests therein.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. That the recording of this Memorandum of Agreement for Private Development shall serve as notice to the public that the Agreement contains provisions restricting development and use of the Development Property and the improvements located and operated on such Development Property.

2. That all of the provisions of the Agreement and any subsequent amendments thereto, if any, even though not set forth herein, are by the filing of this Memorandum of Agreement for Private Development made a part hereof by reference, and that anyone making any claim against any of said Development Property in any manner whatsoever shall be fully advised as to all of the terms and conditions of the Agreement, and any amendments thereto, as if the same were fully set forth herein.

3. That a copy of the Agreement and any subsequent amendments thereto, if any, shall be maintained on file for public inspection during ordinary business hours in the office of the City Clerk, West Des Moines, Iowa.

[Signatures Start on Next Page]

IN WITNESS WHEREOF, the City, Developer and Tenant have executed this Memorandum of Agreement for Private Development on the _____ day of _____, 2015.

(SEAL) CITY OF WEST DES MOINES, IOWA

By: _____
Steven K. Gaer, Mayor

ATTEST:

By: _____
Ryan T. Jacobson, City Clerk

STATE OF IOWA)
) SS
COUNTY OF POLK)

On this _____ day of _____, 2015, before me a Notary Public in and for said State, personally appeared Steven K. Gaer and Ryan T. Jacobson, to me personally known, who being duly sworn, did say that they are the Mayor and City Clerk, respectively, of the City of West Des Moines, Iowa, a Municipality created and existing under the laws of the State of Iowa, and that the seal affixed to the foregoing instrument is the seal of said Municipality, and that said instrument was signed and sealed on behalf of said Municipality by authority and resolution of its City Council, and said Mayor and City Clerk acknowledged said instrument to be the free act and deed of said Municipality by it voluntarily executed.

_____
Notary Public in and for the State of Iowa

SHOJAAT PROPERTIES, INC.

By _____
Mike M. Shojaat, President

By: _____
Carolyn L. Shojaat, Vice President Finance

STATE OF IOWA)
) SS
COUNTY OF DALLAS)

On this _____ day of _____, 2015, before me the undersigned, a Notary Public in and for said State, personally appeared Mike M. Shojaat and Carolyn L. Shojaat, to me personally known, who, being by me duly sworn, did say that they are the President and Vice President Finance of Shojaat Properties, Inc., and that said instrument was signed on behalf of said corporation; and that the said Mike M. Shojaat and Carolyn L. Shojaat, as such officers, acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, by them voluntarily executed.

_____
Notary Public in and for the State of Iowa

GAR-MRO SERVICES, INC.

By _____
Mike M. Shojaat, President

ATTEST:

By: _____
Carolyn L. Shojaat, Vice President Finance

STATE OF IOWA)
) SS
COUNTY OF DALLAS)

On this _____ day of _____, 2015, before me the undersigned, a Notary Public in and for said State, personally appeared Mike M. Shojaat and Carolyn L. Shojaat, to me personally known, who, being by me duly sworn, did say that they are the President and Vice President Finance of GAR-MRO Services, Inc., and that said instrument was signed on behalf of said corporation; and that the said Mike M. Shojaat and Carolyn L. Shojaat, as such officers, acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, by them voluntarily executed.

_____
Notary Public in and for the State of Iowa

EXHIBIT E

SCHEDULE OF EMPLOYEE OBLIGATIONS PURSUANT TO SECTION 6.6 OF THE DEVELOPMENT AGREEMENT

GRANT	ANNUAL CERTIFICATION DATE[1]	NUMBER OF FULL-TIME EQUIVALENT EMPLOYMENT UNITS ON OCTOBER 1[2]	DATE OF ANNUAL ECONOMIC DEVELOPMENT GRANT
1	10-15-2017	A Monthly Average of 4 or more[3] (as of October 1, 2017 and the first day of the month for the preceding eleven (11) months)	06-01-2019
2	10-15-2018	A Monthly Average of 27 or more[3] (as of October 1, 2018 and the first day of the month for the preceding eleven (11) months)	06-01-2020
3	10-15-2019	A Monthly Average of 27 or more[3] (as of October 1, 2019 and the first day of the month for the preceding eleven (11) months)	06-01-2021
4	10-15-2020	A Monthly Average of 27 or more[3] (as of October 1, 2020 and the first day of the month for the preceding eleven (11) months)	06-01-2022
5	10-15-2021	A Monthly Average of 27 or more[3] (as of October 1, 2021 and the first day of the month for the preceding eleven (11) months)	06-01-2023

[1] All Grants are subject to the terms of the Agreement.

[2] Employees per this Chart shall be Full-Time Equivalent Employment Units as defined by this Development Agreement.

[3] If Tenant employs less than a Monthly Average of the number of employees required by this Chart at the time of the Annual **Certification, the Developer will not be eligible for the full amount of the next respective Economic Development Grant. As** an example, if the 10-15-2019 Annual Certification (or other evidence) shows only a Monthly Average of 25 employees are employed by Tenant, then the Developer is only eligible for 25/27th of the 6-1-2021 Economic Development Grant; however, if a Monthly Average of 27 or more employees have been retained, then the full Grant (if otherwise eligible) shall be made. All Grants are subject to all the terms and conditions of this Development Agreement at all times.

EXHIBIT F-1

DEVELOPER ANNUAL CERTIFICATION

(due by October 15th as required under terms of Development Agreement)

Developer certifies the following:

During the time period covered by this Certification, Developer is and was in compliance with Section 6.7 as follows:

(i) the Minimum Improvements were first fully assessed on January 1, 20___, at a full assessment value of $_____;

(ii) the undersigned officer of Developer is familiar with the terms and provisions of this Agreement and certifies that Developer is not in default in the fulfillment of any of the terms and conditions of this Agreement, or if the signer is aware of any such Event of Default, said officer has disclosed the nature thereof, its period of existence and what action, if any, has been taken or is proposed to be taken with respect thereto.

I certify under penalty of perjury and pursuant to the laws of the State of Iowa that the preceding is true and correct to the best of my knowledge and belief.

Signed this _____ day of _____, 20___.

SHOJAAT PROPERTIES, INC.

By: _____
Mike M. Shojaat, President

By: _____
Carolyn L. Shojaat,
Vice President Finance

EXHIBIT F-2

TENANT ANNUAL CERTIFICATION

(due by October 15th as required under terms of Development Agreement)

The Tenant certifies the following:

During the time period covered by this Certification, Tenant is and was in compliance with Section 6.7 as follows:

(i) the number of Full-Time Equivalent Employment Units employed at the Minimum Improvements as of October 1, 20___ and as of the first day of each of the preceding eleven (11) months were are follows:

October 1, 20__: _____	April 1, 20__:_____
September 1, 20__:_____	March 1, 20__:_____
August 1, 20__:_____	February 1, 20__:_____
July 1, 20__:_____	January 1, 20__:_____
June 1, 20__:_____	December 1, 20__:_____
May 1, 20__: _____	November 1, 20__:_____

(ii) the undersigned officer of Tenant is familiar with the terms and provisions of this Agreement and certifies that Tenant is not in default in the fulfillment of any of the terms and conditions of this Agreement or if the signer is aware of any such Event of Default, said officer has disclosed the nature thereof, its period of existence and what action, if any, has been taken or is proposed to be taken with respect thereto.

I certify under penalty of perjury and pursuant to the laws of the State of Iowa that the preceding is true and correct to the best of my knowledge and belief.

Signed this _____ day of _____, 20___.

GAR-MRO SERVICES, INC.

By: _____
Mike M. Shojaat, President

By: _____
Carolyn L. Shojaat,
Vice President Finance

EXHIBIT G

[State Agreement]

EXHIBIT H-1
PROMISSORY NOTE #1

_____, 2015

FOR VALUE RECEIVED, GAR-MRO SERVICES, INC. (the "Borrower") agrees and promises to pay to the order of the CITY OF WEST DES MOINES (the "Lender") the sum of $11,500, which is the total amount of the Forgivable Loan as defined in that certain Agreement for Private Development dated _____, 2015 between the parties ("Development Agreement"). The following are the terms of this Promissory Note #1 ("Note").

1. The entire principal balance hereof or the portion due and owing shall be payable to the Lender according to the terms of the Development Agreement, unless this Note is forgiven or cancelled pursuant to the terms of the Development Agreement. If Lender does not forgive or cancel this Note, or if Borrower has not repaid the amount of the principal or the portion due and owing, as defined by the Development Agreement, or if Borrower defaults under any term or condition of the Development Agreement, then Borrower will be in Default and subject to the consequences for Default in Paragraph 3 of this Note and the Development Agreement.

2. The Borrower may at any time prepay without penalty all or any part of the unpaid principal balance of this Note.

3. Any default under the Development Agreement shall be a Default hereunder and payment may be accelerated. Upon Default, the Lender may, at its option, exercise any and all rights and remedies available to it under this Promissory Note, or any applicable law, including, without limitation, the right to collect from the Borrower all sums due under this Note with interest accruing at an annual rate of 4% beginning 30 days following the City's demand for payment until paid in full. The Borrower hereby waives presentment, demand for payment, notice of nonpayment, notice of dishonor, protest, and all other notices or demands in connection with the delivery, acceptance, performance, or Default of this Note.

4. If this Note is placed in the hands of an attorney for collection after Default in the payment of principal or interest, or if all or any part of the indebtedness represented hereby is proved, established, or collected in any court or in any bankruptcy, receivership, debtor relief, probate, or other court proceeding, the Borrower shall pay all reasonable costs and expenses incurred by or on behalf of Lender in connection with the Lender's exercise of any or all of its rights and remedies under this Note, including, without limitation, court costs, and attorneys' fees.

5. No delay or failure of the Lender to exercise any power or right shall operate as a waiver thereof, and such rights and powers shall be deemed continuous; nor shall a partial

exercise preclude full exercise of such rights and powers. No right or remedy of the Lender shall be deemed abridged or modified by any course of conduct, and no waiver thereof shall be predicated thereon.

6. The obligations of the Borrower under the terms of this Note shall be binding on the successors-in-interest, legal representatives, and assigns of the Borrower, and shall inure to the benefit of the Lender and the Lender's successors-in-interest, legal representatives, and assigns.

7. This Note is also subject to the terms and conditions of the Development Agreement.

IMPORTANT: READ BEFORE SIGNING: The terms of this Note and the Development Agreement should be read carefully because only those terms in writing are enforceable. No other terms or oral promises not contained may be legally enforced. You may change the terms of this Agreement only by another written agreement.

Dated as of _____, 2015.

GAR-MRO SERVICES, INC.

By: _____
Mike M. Shojaat, President

ATTEST:

By_____
Carolyn L. Shojaat, Vice President Finance

STATE OF IOWA)
) SS
COUNTY OF DALLAS)

On this _____ day of _____, 2015, before me the undersigned, a Notary Public in and for said State, personally appeared Mike M. Shojaat and Carolyn L. Shojaat, to me personally known, who, being by me duly sworn, did say that they are the President and Vice President Finance, respectively, of GAR-MRO, Inc., and that said instrument was signed on behalf of said corporation; and that the said Mike M. Shojaat and Carolyn L. Shojaat as such officers, acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, by them voluntarily executed.

_____
Notary Public in and for the State of Iowa

EXHIBIT H-2
PROMISSORY NOTE #2

_____, 2015

FOR VALUE RECEIVED, GAR-MRO SERVICES, INC. (the "Borrower") agrees and promises to pay to the order of the CITY OF WEST DES MOINES (the "Lender") the sum of $11,500, which is the total amount of the No Interest Loan as defined in an Agreement for Private Development dated _____, 2015 between the parties ("Development Agreement"). The following are the terms of this Promissory Note #2 ("Note").

1. The principal balance shall be paid by Borrower in consecutive monthly installments of Five Hundred Dollars ($500) that shall be due on the 1st day of January 2017, and the 1st day of each month thereafter until the 1st day of November, 2018, on which date (the "final payment date") the entire remaining indebtedness then unpaid and owing under this Promissory Note #2 shall be due and payable in full.

2. All payments on this Note shall be made by check or wire transfer to the City of West Des Moines at 4200 Mills Civic Pkwy, PO Box 65320, West Des Moines, Iowa 50265-0320, or at such other place in the United States of America as Lender shall designate to Borrower in writing.

3. The entire principal balance hereof or the portion due and owing shall be payable to the Lender according to the terms of the Development Agreement and this Note. If Borrower fails to repay the entire amount of the No Interest Loan due under this Note, or if Borrower defaults under any term or condition of the Development Agreement, then Borrower will be in Default and subject to the consequences for Default in Paragraph 5 of this Note and the Development Agreement.

4. The Borrower may at any time prepay without penalty all or any part of the unpaid principal balance of this Note.

5. Any default under the Development Agreement shall be a Default hereunder and payment may be accelerated. Upon Default, the Lender may, at its option, exercise any and all rights and remedies available to it under this Promissory Note #2, the Development Agreement, or any applicable law, including, without limitation, the right to collect from the Borrower all sums due under this Note with interest accruing at an annual rate of 4% beginning 30 days following the City's demand for payment until paid in full, regardless of any prior forbearance, without demand or notice. The Borrower hereby waives presentment, demand for payment,

notice of nonpayment, notice of dishonor, protest, and all other notices or demands in connection with the delivery, acceptance, performance, or Default of this Note.

6. If this Note is placed in the hands of an attorney for collection after Default in the payment of principal or interest, or if all or any part of the indebtedness represented hereby is proved, established, or collected in any court or in any bankruptcy, receivership, debtor relief, probate, or other court proceeding, the Borrower shall pay all reasonable costs and expenses incurred by or on behalf of Lender in connection with the Lender's exercise of any or all of its rights and remedies under this Note, including, without limitation, court costs, and attorneys' fees.

7. No delay or failure of the Lender to exercise any power or right shall operate as a waiver thereof, and such rights and powers shall be deemed continuous; nor shall a partial exercise preclude full exercise of such rights and powers. No right or remedy of the Lender shall be deemed abridged or modified by any course of conduct, and no waiver thereof shall be predicated thereon.

8. The obligations of the Borrower under the terms of this Note shall be binding on the successors-in-interest, legal representatives, and assigns of the Borrower, and shall inure to the benefit of the Lender and the Lender's successors-in-interest, legal representatives, and assigns.

9. This Note is also subject to the terms and conditions of the Development Agreement.

IMPORTANT: READ BEFORE SIGNING: The terms of this Note and the Development Agreement should be read carefully because only those terms in writing are enforceable. No other terms or oral promises not contained may be legally enforced. You may change the terms of this Agreement only by another written agreement.

Dated as of _____, 2015.

GAR-MRO SERVICES, INC.

By: _____
Mike M. Shojaat, President

ATTEST:

By_____
Carolyn L. Shojaat, Vice President Finance

STATE OF IOWA)
) SS
COUNTY OF DALLAS)

On this _____ day of _____, 2015, before me the undersigned, a Notary Public in and for said State, personally appeared Mike M. Shojaat and Carolyn L. Shojaat, to me personally known, who, being by me duly sworn, did say that they are the President and Vice President Finance, respectively, of GAR-MRO, Inc., and that said instrument was signed on behalf of said corporation; and that the said Mike M. Shojaat and Carolyn L. Shojaat as such officers, acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, by them voluntarily executed.

_____
Notary Public in and for the State of Iowa

01142738-1\11333-277

EXHIBIT II

RESOLUTION NO. _____

RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A DEVELOPMENT AGREEMENT BY AND AMONG THE CITY OF WEST DES MOINES, SHOJAAT PROPERTIES, INC. AND GAR-MRO SERVICES, INC.

WHEREAS, in furtherance of the objectives of the Urban Renewal Act, the City has undertaken a program for the development of an economic development area in the City and, in this connection, is engaged in carrying out urban renewal project activities in an area known as the Mills Parkway Urban Renewal Area (the "Urban Renewal Area"), which is described in the Urban Renewal Plan originally approved for such area by Resolution No. 99-06-14-05 on July 26, 1999, which has been amended several times, most recently by Amendment No. 5 approved by Resolution No. 14-11-17-09 on November 17, 2014 (the "Urban Renewal Plan"); and

WHEREAS, a copy of the foregoing Urban Renewal Plan, as amended, has been recorded in the offices of the Recorders of Dallas and Polk County, Iowa; and

WHEREAS, it is desirable that properties within the Area be redeveloped as part of the overall redevelopment area covered by said Plan; and

WHEREAS, the City has received a proposal from Shojaat Properties, Inc. (the "Developer") and GAR-MRO Services, Inc. (the "Tenant") in the form of a proposed Development Agreement (the "Agreement") among the City, the Developer and the Tenant, pursuant to which, among other things, the Developer would agree to construct certain Minimum Improvements (as defined in the Agreement) on certain real property located within the Mills Parkway Urban Renewal Area, as defined and legally described in the Agreement, and consisting of the construction of an approximately 30,000 square foot office building, together with all related site improvements, as outlined in the proposed Development Agreement; and

WHEREAS, the Agreement would obligate the City to make up to five consecutive annual payments of Economic Development Grants to Developer consisting of a declining percentage of the Tax Increments pursuant to the Iowa Code Section 403.19 and generated by the construction of the Minimum Improvements, the cumulative total for all such payments not to exceed the lesser of $225,000, or the amount accrued under the formula outlined in the proposed Development Agreement, under the terms and following satisfaction of the conditions set forth in the Agreement. The Agreement would also obligate the City to make a Forgivable Loan in the amount of $11,500 to Tenant, and a No Interest Loan in the amount of $11,500 to Tenant, all under the terms and following satisfaction of the conditions set forth in the Agreement.

WHEREAS, one of the obligations of Tenant relates to employment retention and/or creation; and

WHEREAS, Iowa Code Chapters 15A and 403 authorize cities to make loans and grants for economic development in furtherance of the objectives of an urban renewal project and to appropriate such funds and make such expenditures as may be necessary to carry out the purposes of said Chapters, and to levy taxes and assessments for such purposes; and

WHEREAS, the Council has determined that the Agreement is in the best interests of the City and the residents thereof and that the performance by the City of its obligations thereunder is a public undertaking and purpose and in furtherance of the Plan and the Urban Renewal Law and, further, that the Agreement and the City's performance thereunder is in furtherance of appropriate economic development activities and objectives of the City within the meaning of Chapters 15A and 403 of the Iowa Code taking into account any or all of the factors set forth in Chapter 15A, to wit:

a. Businesses that add diversity to or generate new opportunities for the Iowa economy should be favored over those that do not.

b. Development policies in the dispensing of the funds should attract, retain, or expand businesses that produce exports or import substitutes or which generate tourism-related activities.

c. Development policies in the dispensing or use of the funds should be targeted toward businesses that generate public gains and benefits, which gains and benefits are warranted in comparison to the amount of the funds dispensed.

d. Development policies in dispensing the funds should not be used to attract a business presently located within the state to relocate to another portion of the state unless the business is considering in good faith to relocate outside the state or unless the relocation is related to an expansion which will generate significant new job creation. Jobs created as a result of other jobs in similar Iowa businesses being displaced shall not be considered direct jobs for the purpose of dispensing funds; and

WHEREAS, pursuant to notice published as required by law, this Council has held a public meeting and hearing upon the proposal to approve and authorize execution of the Agreement and has considered the extent of objections received from residents or property owners as to said proposed Agreement; and, accordingly the following action is now considered to be in the best interests of the City and residents thereof.

NOW THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF WEST DES MOINES IN THE STATE OF IOWA:

Section 1. That the performance by the City of its obligations under the Agreement, including but not limited to making of loans and grants to the Developer in connection with the development of the Development Property under the terms set forth in the Agreement, be and is hereby declared to be a public undertaking and purpose and in furtherance of the Plan and the Urban Renewal Law and, further, that the Agreement and the City's performance thereunder is in

furtherance of appropriate economic development activities and objectives of the City within the meaning of Chapters 15A and 403 of the Iowa Code, taking into account the factors set forth therein.

Section 2. That the form and content of the Agreement, the provisions of which are incorporated herein by reference, be and the same hereby are in all respects authorized, approved and confirmed, and the Mayor and the City Clerk be and they hereby are authorized, empowered and directed to execute, attest, seal and deliver the Agreement for and on behalf of the City in substantially the form and content now before this meeting, but with such changes, modifications, additions or deletions therein as shall be approved by such officers, and that from and after the execution and delivery of the Agreement, the Mayor and the City Clerk are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Agreement as executed.

PASSED AND APPROVED this _____ day of _____, 2015.

_____
Mayor

ATTEST:

_____
City Clerk

CERTIFICATE

STATE OF IOWA)
) SS
COUNTIES OF POLK AND DALLAS)

I, the undersigned City Clerk of the City of West Des Moines, State of Iowa, do hereby certify that attached is a true and complete copy of the portion of the corporate records of the City showing proceedings of the Council, and the same is a true and complete copy of the action taken by the Council with respect to the matter at the meeting held on the date indicated in the attachment, which proceedings remain in full force and effect, and have not been amended or rescinded in any way; that meeting and all action thereat was duly and publicly held in accordance with a notice of public hearing and tentative agenda, a copy of which was timely served on each member of the Council and posted on a bulletin board or other prominent place easily accessible to the public and clearly designated for that purpose at the principal office of the Council (a copy of the face sheet of the agenda being attached hereto) pursuant to the local rules of the Council and the provisions of Chapter 21, Code of Iowa, upon reasonable advance notice to the public and media at least twenty-four hours prior to the commencement of the meeting as required by law and with members of the public present in attendance; I further certify that the individuals named therein were on the date thereof duly and lawfully possessed of their respective city offices as indicated therein, that no vacancy existed except as may be stated in the proceedings, and that no controversy or litigation is pending, prayed or threatened involving the incorporation, organization, existence or boundaries of the City or the right of the individuals named therein as officers to their respective positions.

WITNESS my hand and the seal of the Council hereto affixed this _____ day of _____, 2015.

_____
City Clerk, City of West Des Moines, State of Iowa

(SEAL)

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