CITY OF WEST DES MOINES
CITY COUNCIL MEETING COMMUNICATION

ITEM: Approval of Economic Development Assistance Contract - Iowa Economic Development Authority (IEDA), and Microsoft Corporation **DATE:** November 28, 2016

Resolution - Approving the three-party IEDA contract between Microsoft Corporation, City of West Des Moines, and Iowa Economic Development Authority (IEDA)

FINANCIAL IMPACT: The City's required match for this IEDA's financial assistance is infrastructure improvement equal to a five year sliding scale property tax rebate. The company was able to secure a refund of the sales and use taxes on construction materials for their project. Because this award is only for Phase I, the State of Iowa has agreed to allow the City of West Des Moines to count the infrastructure improvements that the City has agreed to as part of our Development Agreement with Microsoft as our total match for subsequent phases.

BACKGROUND: Microsoft Corporation, a software and web portal service company, has secured financial assistance from the Iowa Economic Development Authority (IEDA), which will require a local match from the City. The application indicates that Microsoft intends to undertake an approximate $981,240,000 investment in the construction of a new data center facility located at the intersection of SW 60th Street and the future Veterans Parkway. The City must provide public infrastructure equal to a five year sliding scale property tax rebate as our local match. The City as part of our Development Agreement with the Microsoft Corporation, has agreed to the construction of public improvements with a value no greater than $113,000,000.

The Osmium Urban Renewal Plan was created to allow for this project and a development agreement between the company, and the City was approved on November 14, 2016.

OUTSTANDING ISSUES (if any): There are no outstanding issues.

RECOMMENDATION: That the City Council pass a resolution, authorizing the Mayor to sign the IEDA contract.

Lead Staff Member: Clyde E. Evans, AICP, Community and Economic Development

STAFF REVIEWS

Department Director	Clyde E. Evans, Director, Community and Economic Development
Appropriations/Finance	Tim Stiles, Director of Finance
Legal	
Agenda Acceptance	

PUBLICATION(S) (if applicable)

Published In	N/A
Dates(s) Published	N/A

SUBCOMMITTEE REVIEW (if applicable)

Committee	F&A		
Date Reviewed	June 29,2016		
Recommendation	☐X Yes	☐ No	

Attachments: Exhibit I – Economic Development Assistance Contract – Microsoft Corporation, City of West Des Moines, and IEDA
Exhibit II – Resolution

EXHIBIT I

ECONOMIC DEVELOPMENT ASSISTANCE CONTRACT

BY

MICROSOFT CORPORATION,

THE CITY OF WEST DES MOINES,

AND THE

IOWA ECONOMIC DEVELOPMENT AUTHORITY

CONTRACT NUMBER: 17-TC-005

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CONTRACT EXHIBITS

Exhibit A - Recipient's Financial Assistance Application (on file with IEDA), Application # 17-HQJTC-006
Exhibit B-1 High Quality Jobs Program - Tax Credit Special Conditions
Exhibit C - Description of the Project and Award Budget
Exhibit D - Job Obligations
Exhibit E - Qualifying Allowable Systems, Components, and Equipment.
Exhibit F - Sample Reports (Annual, Project Completion, and/or Close-Out)

Economic Development Assistance Contract

RECIPIENT:	MICROSOFT CORPORATION
COMMUNITY:	CITY OF WEST DES MOINES
CONTRACT NUMBER:	17-TC-005
AWARD DATE:	JULY 22, 2016
AWARD AMT. – TAX INCENTIVES	$4,725.000

This ECONOMIC DEVELOPMENT ASSISTANCE CONTRACT (Contract) is made as of the Contract Effective Date by the Iowa Economic Development Authority (IEDA or Authority), 200 East Grand Avenue, Des Moines, IA 50309, and Microsoft Corporation (Recipient), One Microsoft Way, Redmond, WA 98052 and the City of West Des Moines (Community), 4200 Mills Civic Parkway, PO Box 65320, West Des Moines, IA 50265.

WHEREAS, the Recipient submitted an application to IEDA requesting assistance in the financing of its Project as more fully described in Exhibit C, *Description of the Project and Award Budget* (the Project); and

WHEREAS, the Iowa Economic Development Authority Board (IEDA Board) awarded the Recipient assistance for the Project from the funding sources identified herein (collectively, the Award), all of which are subject to the terms and conditions set forth herein; and

NOW THEREFORE, in consideration of the mutual promises contained herein and intending to be legally bound, the Recipient, the Community and IEDA agree to the following terms:

ARTICLE 1: CONTRACT DURATION

This Contract shall be in effect on the Contract Effective Date and shall remain in effect until after completion of each of the following:

(a) *Through Project Completion Date.* Through the Project Completion Period and for a reasonable period of time after Project Completion Date during which IEDA will conduct Project closeout procedures to verify that the Project was completed in compliance with Contract requirements.

(b) *Through Maintenance Period Completion Date and Contract Closeout.* Through the Maintenance Period Completion Date and for a reasonable period of time after Maintenance Period Completion Date during which IEDA will conduct closeout procedures to verify that the Project was maintained in compliance with Contract requirements.

(c) *Repayment or Payment Obligation.* Until all outstanding amounts due to IEDA, if any, are received by IEDA or all outstanding obligations to IEDA are satisfied in full.

(d) *Contract End Date.* Until IEDA has completed Contract closeout procedures and provided Recipient and Community with written Notice of Final Contract Closeout. This Contract shall terminate as of the date stated in the written Notice of Final Contract Closeout. Such date shall be the Contract End Date.

ARTICLE 2: DEFINITIONS

The following terms apply to this Contract:

"Affiliate" means any entity to which any of the following applies:
a. Directly, indirectly, or constructively controls another entity.
b. Is directly, indirectly or constructively controlled by another entity.
c. Is subject to the control of a common entity. A common entity is one which owns directly or individually more than ten percent of the voting securities of the entity.

"Award" means any and all assistance provided by IEDA for the Project under this Contract.

"Award Date" means the date first stated in this Contract and is the date the IEDA Board approved the award of financial assistance to the Recipient for the Project.

"Award Funds" means the cash that is provided by IEDA for this Project as Project Completion Assistance, including loans.

"Base Employment Level" means the number of Full-Time Equivalent positions as established by IEDA, as of the date Recipient applied for Tax Incentives or Project Completion Assistance. The number of jobs Recipient has pledged to create and retain shall be in addition to the Base Employment Level.

"Benefits" means nonwage compensation provided to an employee. Benefits include medical and dental insurance plans, pension, retirement, and profit-sharing plans, child care services, life insurance coverage, vision insurance coverage, and disability insurance coverage.

"Brownfield site" means an abandoned, idled, or underutilized property where expansion or redevelopment is complicated by real or perceived environmental contamination. A brownfield site includes property contiguous with the site on which the property is located. A brownfield site does not include property which has been placed, or is proposed for placement, on the national priorities list established pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act, 42,

U.S.C. 9601 et seq. In order to administer similar programs in a similar manner, the IEDA will attempt to apply this definition in substantially the same way as similar definitions are applied by the Brownfield Advisory Council established in Iowa code section 15.294 and may consult members of the council or other staff as necessary.

"Contract Effective Date" means the latest date on the signature page of this Contract.

"Contract End Date" means the date stated in the Notice of Final Contract Closeout issued by IEDA pursuant to Article 1.

"Created Job" means a new, permanent, Full-Time Equivalent (FTE) position created by Recipient in excess of the Base Employment Level at the time of application for Tax Incentives or Project Completion Assistance. For greater certainty, any jobs created as a direct hire by Recipient or those staffed through a vendor resource shall be considered as Created Job if the contracted jobs meet the following criteria:

(a) Recipient has a legally binding contract with a third-party provider to provide the leased or contract employee;
(b) The contract between the third-party provider and Recipient specifically requires the third-party provider to pay the wages and benefits at the levels required and for the time period required by this Contract;
(c) The contract between the third-party provider and Recipient specifically requires the third-party provider to submit payroll records to the Authority for the purpose of verifying the business's job creation or retention and benefit requirements are being met;
(d) The contract between the third-party provider and the business specifically authorizes the Authority, or its authorized representatives, to access records related to the funded project; and
(e) Recipient receiving the tax incentives or project completion assistance agrees to be contractually liable to the Authority for the performance or nonperformance of the third-party provider.

"Full-Time Equivalent job", "FTE," or *"full-time"* 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.

"Grayfield site" means a property meeting all of the following requirements:

a. The property has been developed and has infrastructure in place, but the property's current use is outdated or prevents a better or more efficient use of the property. Such property includes vacant, blighted, obsolete, or otherwise underutilized property.

b. The property's improvements and infrastructure are at least twenty-five years old and one or more of the following conditions exists:

(1) Thirty percent or more of a building located on the property that is available for occupancy has been vacant or unoccupied for a period of twelve months or more.

(2) The assessed value of the improvements on the property has decreased by twenty-five percent or more.

(3) The property is currently being used as a parking lot.

(4) The improvements on the property no longer exist.

c. The Authority will attempt to apply this definition in substantially the same manner as similar definitions are applied by the Brownfield Advisory Council established in Iowa code section 15.294.

"Job Obligations" means the jobs that must be created or retained as a result of receipt of state or federal financial assistance, Project Completion Assistance, or Tax Incentives from IEDA and that are required to meet the Qualifying Wage Threshold requirements. Recipient's Job Obligations are specified in Exhibit D of this Contract. Jobs that do not meet the Qualifying Wage Threshold requirements shall not be counted toward Recipient's job creation or job retention obligations contained in Exhibit D. The Job Obligations in Exhibit D include Recipient's Base Employment Level and the number of new jobs required to be created above the Base Employment Level.

"Laborshed Wage" means the Qualifying Wage Threshold applicable to Recipient's Project as calculated pursuant to rule 261 IAC 173.2 and 261 IAC chapter 174 and as specified in Exhibit D of this Contract.

"Loan" means an Award of assistance with the requirement that the Award be repaid with term, interest rate, and other conditions specified as part of the conditions of the Award. "Loan" includes deferred loans, forgivable loans, and float loans. A "deferred loan" is one for which the payment for principal, interest, or both, is not required for some specified period. A "forgivable loan" is one for which repayment is eliminated in part or entirely if the borrower satisfies specified conditions. A "float loan" means a short-term loan, not to exceed 30 months, made from obligated but unexpended moneys.

"Maintenance Period" means the period of time between the Project Completion Date and the Maintenance Period Completion Date. The Project must be maintained in Iowa for this period of time.

"Maintenance Period Completion Date" means the date on which the Maintenance Period ends. The specific date on which the Maintenance Period ends is identified in Exhibit D.

"Person" means as defined in Article 6.1(g) of this Contract.

"Project" means the description of the work and activities to be completed by the Recipient as outlined in Exhibit C - Description of the Project and Award Budget.

"Project Completion Assistance" means financial assistance or technical assistance provided to an eligible business in order to facilitate the start-up, location, modernization, or expansion of the business in this state and provided in an expedient manner to ensure the successful completion of the start-up location, modernization, or expansion project.

"Project Completion Date" means the date by which the Recipient of incentives or assistance has agreed to meet all the terms and obligations contained in this Contract. The Project Completion Date will be a date by which the project must be completed, all incented jobs must be created or retained, and all other applicable requirements must be met. The specific date on which the project completion period ends is identified in Exhibit D.

"Project Completion Period" means the period of time between the Award Date and the Project Completion Date.

"Qualifying Jobs" are those Created or Retained Jobs that meet or exceed the Qualifying Wage Threshold Requirement established to qualify for program funding for the programs providing assistance to this Project.

"Qualifying Wage Threshold" means the Laborshed Wage as calculated by IEDA pursuant to statute and rule for each program under which financial assistance or Tax Incentives for this Project are awarded. The Qualifying Wage Threshold Requirement for this Project is outlined in Exhibit D, Job Obligations.

"Recipient's Employment Base" means the number of jobs as stated in Exhibit D – Job Obligations that the Recipient and IEDA have established as the Base Employment Level for this Project. The number of jobs the Recipient has pledged to create shall be in addition to the Recipient's Employment Base.

"Retained Job" means an existing job that meets the Qualifying Wage Threshold Requirements and would be eliminated or moved to another state if the Project did not proceed in Iowa.

"Sufficient Benefits" means that each Full-Time Equivalent permanent position is offered a benefits package that meets one of the following:

1. 80 percent of the premium costs for a standard medical plan for single employee coverage with the maximum deductible specified for this project in Exhibit D is paid by the employer; or
2. 50 percent of the premium costs for a standard medical plan for employee family coverage with the maximum deductible specified for this project in Exhibit D is paid by the employer; or
3. Medical coverage and the monetary equivalent of paragraph "1" or "2" above in supplemental employee benefits is paid by the employer. Benefits counted toward monetary equivalent could include medical coverage, dental coverage, vision insurance, life insurance, pension, retirement, 401k, profit sharing, disability insurance, and child care services.

"Tax Incentives" means the tax credits, refunds, or exemptions IEDA has awarded for this Project as detailed in Article 3.

"Total Project Cost" means the cost incurred by the Recipient to complete the Project as described in Exhibit C.

ARTICLE 3: AWARD TERMS

3.1 Total Award Amount. The IEDA Board has approved an Award to the Community and Recipient from the funding sources and in the maximum amounts shown below:

TAX INCENTIVES	FORM	MAXIMUM AMOUNT
High Quality Jobs Program	Tax Incentives	$ 4,725,000
TOTAL STATE TAX INCENTIVES:		*$ 4,725,000*

3.2 Terms and Conditions of Award. The terms and conditions of the Award shall be as described in this Contract and the following incorporated exhibit(s):

Exhibit B-1 High Quality Jobs Program – Tax Credit Component Special Conditions

ARTICLE 4: CONDITIONS TO AWARD; DISBURSEMENT AND ISSUANCE TERMS

4.1 Direct State Financial Assistance – Disbursements of Award Funds.

(a) *Conditions to Disbursement.* The obligation of IEDA to disburse funds under this Contract shall be subject to the conditions described in this Article 4.

(b) *Process to Request Disbursement of Award Funds.* Recipient shall prepare, sign and submit disbursement requests and reports as specified in this Contract in the form and content required by IEDA.

Recipient shall verify that claimed expenditures are allowable costs. The Recipient shall maintain documentation adequate to support the claimed costs.

(c) *Documents Submitted.* Funds will not be disbursed until IEDA has received the documents described in section 4.3 below as well as the following additional documents, properly executed and completed and approved by IEDA as to form and substance:

1. *Security Documents.* The fully executed Security Documents required in Article 5.

2. *Promissory Note(s).* The Promissory Note(s) required and described in the exhibit(s).

3. *Requests for Disbursement.* All disbursements of Award Funds shall be subject to receipt by the IEDA of requests for disbursement, in form and content acceptable to IEDA, submitted by the Recipient. All requests shall include documentation of costs that have been paid or costs to be paid immediately upon receipt of Award proceeds.

(d) *Prior Costs.* No expenditures made prior to the Award Date may be included as Project costs. No funds will be disbursed for expenditures prior to the Award Date.

(e) *Cost Variation.* In the event that the actual cost of the Project is less than the Total Project Cost specified in Exhibit C, the Award Funds specified in Article 3.1 shall be reduced at the same ratio as the reduction in the actual cost of the Project bears to the Total Project Cost specified in Exhibit B. Any funds previously disbursed by IEDA in excess of the reduced Award Funds to be provided by IEDA shall be returned to IEDA immediately upon receipt by Recipient of a written request by IEDA for repayment.

(f) *Investment of Award Funds.*

1. In the event that the Award Funds are not immediately utilized, temporarily idle Award Funds held by the Recipient may be invested, provided that such investments shall be in accordance with State law, including but not limited to the provisions of Iowa Code chapter 12C concerning the deposit of public funds. Interest accrued on temporarily idle Award Funds held by the Recipient shall be credited to and expended on the Project prior to the expenditure of other Award Funds.

2. Within ten (10) days of receipt of a written request from IEDA, Recipient shall inform IEDA in writing of the amount of unexpended Award Funds in the Recipient's possession or under the Recipient's control, whether in the form of cash on hand, investments, or otherwise. Recipient shall return to IEDA all unexpended Award Funds remaining, including accrued interest, after all allowable Project costs have been paid or obligated within thirty (30) days after the Project Completion Date.

4.2 Tax Incentives–Conditions to Issuance of Tax Credit Number.

(a) *Tax Credit Number Required to Claim Incentives.* Recipient shall not claim the Tax Incentives described in Article 3 until IEDA has issued a tax credit number for this Project and Recipient has undertaken the activities described in this Contract and the applicable law to be eligible for such Tax Incentives.

(b) *Issuance of Tax Credit Number.* Upon satisfaction of the conditions described herein, IEDA will issue a tax credit number to the Recipient for this Project. The tax credit number shall be used in preparing any claims for Tax Incentives.

(c) *Conditions to Issuance of Tax Credit Number.* The obligation of IEDA to issue a tax credit number shall be subject to the conditions precedent described in Article 4.

(d) *Documents Submitted.* IEDA shall have received the documents described in section 4.3, properly executed and completed, and approved by IEDA as to form and substance, prior to issuing any tax credit number.

4.3 Documents required.

(a) *Contract.* Fully executed Contract.

(b) *Incorporation Documents.* Copies of the Articles of Incorporation or the Articles of Organization, whichever is appropriate, of the Recipient, certified in each instance by its secretary or assistant secretary. This information is currently on file for the Recipient.

(c) *Certificate of Existence; Certificate of Authority.* A certificate of existence for the Recipient from the State of incorporation or organization, whichever is appropriate, and a certificate of authority authorizing the Recipient to conduct business in the state of Iowa, if it is not organized or incorporated in Iowa. This information is currently on file for the Recipient.

(d) *Results of Lien and Tax Search and Documentation of Satisfactory Credit History.* Financing statement, tax and judgment lien search results, in the Recipient's state of incorporation or organization, against the Recipient and/or the property serving as the Recipient's security under this Contract, and documentation of satisfactory credit history of the Recipient and guarantors, as applicable, with no judgments or unsatisfied liens or similar adverse credit actions.

(e) *Other Required Documents.* Such other contracts, instruments, documents, certificates and opinions as IEDA may reasonably request.

(f) *Solid or Hazardous Waste Audit.* To comply with Iowa Code section 15A.1(3)"b," if the Recipient generates solid or hazardous waste, it must either: a) submit a copy of the Recipient's existing in-house plan to reduce the amount of waste and safely dispose of the waste based on an in-house audit conducted within the past 3 years; or b) submit an outline of a plan to be developed in-house; or c) submit documentation that the Recipient has authorized the Iowa Department of Natural Resources or Iowa Waste Reduction Center to conduct the audit.

(g) *Release Form – Confidential Tax Information.* A signed Authorization for Release of Confidential State Tax Information form to permit IEDA to receive the Recipient's state tax information directly from the Iowa Department of Revenue for the purpose of evaluation and administration of Tax Incentives and other state financial assistance programs. This information is currently on file for the Recipient.

(h) *Project Financial Commitments.* The Recipient shall have submitted documentation acceptable to IEDA from the funding sources identified in Exhibit A committing to the specified financial involvement in the Project and received the IEDA's approval of the documentation. The documentation shall include the amount, terms and conditions of the financial commitment, as well as any applicable schedules and may include agreements and resolutions to that effect.

(i) *State Building Code Bureau Approval.* If any part of the Award proceeds will be used for the construction of new buildings and if any of the following applies:

1. The building or structure is located in a governmental subdivision which has not adopted a local building code; or

2. The building or structure is located in a governmental subdivision which has adopted a building code, but the building code is not enforced; or

3. Bidding for construction shall not be conducted prior to obtaining written approval of the final plans by the State Building Code Bureau of the Iowa Department of Public Safety.

4.4 **Suspension, Reduction or Delay of Award.** Any one or more of the following shall be grounds for IEDA to suspend, delay or reduce the amount of disbursement of Award Funds or delay the issuance of a tax credit number or receipt of Tax Incentives:

(a) *Unremedied event of default.* Upon the occurrence of an Event of Default, as defined in this Contract, by the Recipient, IEDA may suspend payment or issuance of the Award to the Recipient until such time as the default has been cured.

(b) *Layoff, closure or relocation.* In the event the Recipient experiences a data center layoff within the state of Iowa, relocates or closes any of its Iowa data center facilities IEDA has the discretion to reduce or eliminate some or all of the Award.

(c) *Reduction, discontinuance or alteration of state funding/programs.* Any termination, reduction, or delay of funds or Tax Incentives available due, in whole or in part, to (i) lack of, reduction in, or a deappropriation of revenues or Tax Incentives previously appropriated or authorized for this Contract, or (ii) any other reason beyond the IEDA's control may, in the IEDA's discretion, result in the suspension, reduction or delay of Award Fund or authorization or issuance of Tax Incentives to the Recipient.

4.5 **Closing Cost Fee.** Upon execution of the contract and prior to the issuance of a tax credit number or the disbursement of Award Funds, an eligible business shall remit to the Authority a one-time compliance cost fee in the amount of $500.

ARTICLE 5: RESERVED.

ARTICLE 6: REPRESENTATIONS AND WARRANTIES

6.1 **Representations of Recipient.** The Recipient represents and warrants to IEDA as follows:

(a) *Organization and Qualifications.* The Recipient is duly organized, validly existing and in good standing under the state of its incorporation or organization, whichever is appropriate, and is authorized to conduct business in the state of Iowa. The Recipient has full and adequate power to own its property and conduct its business as now conducted, and is duly licensed or qualified and in good standing in each jurisdiction in which the nature of the business conducted by it or the nature of the property owned or leased by it requires such licensing or qualifying, except where the failure to so qualify would not have a material adverse effect on the Recipient's ability to perform its obligations hereunder.

(b) *Authority and Validity of Obligations.* The Recipient has full right and authority to enter into this Contract. The person signing this Contract has full authority on behalf of Recipient to execute this Contract and issue, execute or otherwise secure or deliver any documents or obligations required under this Contract on behalf of the Recipient, and to perform, or cause to be performed, each and all of the obligations under the Contract.

The Contract delivered by the Recipient has been duly authorized, executed and delivered by the Recipient and constitutes the valid and binding obligations of the Recipient and is enforceable against it in accordance with its terms. This Contract and related documents do not contravene any provision of law or any judgment, injunction, order, or decree binding upon the Recipient or any provision of the corporate governance documents of the Recipient, nor does this Contract contravene or constitute a default under any

covenant, indenture or contract of or affecting the Recipient or any of its properties.

(c) *Affiliates.* The Recipient has no Affiliates involved with the Project on the Contract Effective Date.

(d) *Financial Reports.* The balance sheet of the Recipient furnished to IEDA fairly presents its financial condition as of said date and is in conformity with Generally Accepted Accounting Principles (GAAP) applied on a consistent basis. The Recipient has no contingent liabilities which are material to it, other than as indicated on such financial statements or, with respect to future periods, on the financial statements furnished to IEDA.

(e) *No Material Adverse Change.* Since the Award Date, there has been no change or the Recipient foresees no change in the condition (financial or otherwise) of the Recipient or the prospects of the Recipient, except those occurring in the ordinary course of business, none of which individually or in the aggregate has been materially adverse. To the knowledge of the Recipient, there has been no material adverse change in the condition of the Recipient, financial or otherwise, or the prospects of the Recipient.

(f) *Full Disclosure; Recipient's Financial Assistance Application.* The statements and other information furnished to the IEDA by Recipient in its Financial Assistance Application and in connection with the negotiation of this Contract do not contain any untrue statements of a material fact or omit a material fact necessary to make the material statements contained herein or therein not misleading. The IEDA acknowledges that, as to any projections furnished to the IEDA, the Recipient only represents that the same were prepared on the basis of information and estimates it believed to be reasonable.

(g) *Trademarks, Franchises and Licenses.* The Recipient owns, possesses, or has the right to use all necessary patents, licenses, franchises, trademarks, trade names, trade styles, copyrights, trade secrets, knowhow and confidential commercial and proprietary information to conduct its business as now conducted, without known conflict with any patent, license, franchise, trademark, trade name, trade style, copyright or other proprietary right of any other Person. As used in this Contract, "*Person*" means an individual, partnership, corporation, association, trust, unincorporated organization or any other entity or organization, including a government or agency or political subdivision thereof.

(h) *Governmental Authority and Licensing.* The Recipient has received, or will receive all licenses, permits, and approvals of all Federal, state, local, and foreign governmental authorities, if any, necessary to complete the Project, in each case where the failure to obtain or maintain the same could reasonably be expected to have a material adverse effect on the Project. No investigation or proceeding which, if adversely determined, could reasonably be expected to result in revocation or denial of any material license, permit, or approval is pending or, to the knowledge of the Recipient, threatened.

(i) *Litigation and Other Controversies.* There is no litigation or governmental proceeding pending, nor to the knowledge of the Recipient, threatened, against the Recipient which, if adversely determined would result in any material adverse change in the financial condition of the Project, properties, business or Des Moines data center operations of the Recipient, nor is the Recipient aware of any existing basis for any such litigation or governmental proceeding.

(j) *Good Title.* The Recipient has good and defensible title to or valid leasehold interests in all of its property involved with the Project including, without limitation, the Secured Property if real property is a security for this Contract reflected on the most recent balance sheets furnished to the IEDA, except for sales of assets in the ordinary course of business.

(k) *Taxes.* All tax returns the Recipient is required to file in any jurisdiction have, in fact, been filed, and all taxes, assessments, fees and other governmental charges upon the Recipient or upon any of its property, income or franchises, which are shown to be due and payable in such returns, have been paid, except such taxes, assessments, fees and governmental charges, if any, which are being contested in good

faith and by appropriate proceedings which prevent enforcement of the matter under contest and as to which adequate reserves established in accordance with GAAP have been provided. The Recipient knows of no proposed additional tax assessment against it for which adequate provisions in accordance with GAAP have not been made on its accounts. Adequate provisions in accordance with GAAP for taxes on the books of the Recipient have been made for all open years, and for their current fiscal period.

(l) *Other Contracts.* The Recipient is not in default under the terms or any covenant, indenture or contract of or affecting the Recipient's business or any of its properties, which default, if uncured, would have a material adverse effect on its financial condition, properties, business or operations.

(m) *No Event of Default.* No Event of Default, as defined in Article 9, has occurred or is continuing.

(n) *Compliance with Laws.* The Recipient is in compliance with the requirements of all federal, state and local laws, rules and regulations applicable to or pertaining to the business operations of the Recipient and laws and regulations establishing quality criteria and standards for air, water, land and toxic or hazardous wastes or substances, non-compliance with which could have a material adverse effect on the financial condition, properties, business or operations of the Recipient. The Recipient has not received notice that its Des Moines data center operations are not in compliance with any of the requirements of applicable federal, state or local environmental or health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could have a material adverse effect on the financial condition, properties, business or Des Moines data center operations of the Recipient.

(o) *Effective Date of Representations and Warranties.* The warranties and representations of this Article are made as of the Contract Effective Date and shall be deemed to be renewed and restated by the Recipient at the time each request for disbursement of Award Funds is submitted to IEDA or each time Tax Incentives are claimed by the Recipient.

6.2 <u>Representations of Community.</u>

(a) *Local Approvals Received; Authority and Validity of Obligations.* The Community has secured all necessary local approvals and has full right and authority to enter into this Contract. The person signing this Contract has full authority on behalf of the Community to:

1. Sign this Contract, and

2. Perform each and all of the Community's obligations under this Contract.

The Contract delivered by the Community has been duly authorized, executed and delivered by the Community and constitutes the valid and binding obligations of the Community and is enforceable against it in accordance with its terms. This Contract and related documents do not contravene any provision of law or any judgment, injunction, order or decree binding upon the Community or contravene or constitute a default under any covenant, indenture or contract of or affecting the Community or any of its properties.

(b) *Local Commitment.* The Community represents that there are legally enforceable commitments in place for the Community local commitment identified for the Project in *Exhibit C -Description of the Project and Award Budget.*

(c) *No Material Adverse Change.* Since the Award Date, there has been no material adverse change in the Community's ability to perform its obligations under this Contract.

(d) *Full Disclosure; Community's Financial Assistance Application.* The statements and other information furnished to the IEDA by the Community in the Financial Assistance Application and in connection with the negotiation of this Contract do not contain any untrue statements of a material fact or omit a material fact necessary to make the material statements contained herein or therein not misleading. The IEDA acknowledges that, as to any projections furnished to the IEDA, the Community only represents that the same were prepared on the basis of information and estimates it believed to be reasonable.

(e) *Governmental Authority and Licensing.* The Community has received all licenses, permits, and approvals of all federal, state, local, and foreign governmental authorities, if any, necessary to perform its obligations under this Contract. No investigation or proceeding which, if adversely determined, could reasonably be expected to result in revocation or denial of any material license, permit, or approval is pending or, to the knowledge of the Community, threatened.

(f) *Litigation and Other Controversies.* There is no litigation or governmental proceeding pending, nor to the knowledge of the Community, threatened, against the Community which, if adversely determined would result in any material adverse change in the Community's ability to perform under this Contract, nor is the Community aware of any existing basis for any such litigation or governmental proceeding.

(g) *No Event of Default.* No Event of Default by the Community, as defined in Article 9, has occurred or is continuing.

(h) *Compliance with Laws.* The Community is in compliance with the requirements of all federal, state and local laws, rules and regulations applicable to or pertaining to the operations of the Community and laws and regulations establishing quality criteria and standards for air, water, land and toxic or hazardous wastes or substances, non-compliance with which could have a material adverse effect on the financial condition, properties, business or operations of the Community in relation to the Community's ability to perform its obligations under this contract. The Community has not received notice that its operations are not in compliance with any of the requirements of applicable federal, state or local environmental or health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could have a material adverse effect on the financial condition, properties, business or operations of the Community in relation to the Community's ability to perform its obligations under this contract.

(i) *Effective Date of Representations and Warranties.* The warranties and representations of this Article are made as of the Contract Effective Date.

ARTICLE 7: COVENANTS OF THE RECIPIENT

For the duration of this Contract, the Recipient covenants to IEDA as follows:

7.1 Project Performance Obligations.

(a) *Use Award Funds only for Project.* The Recipient shall use the Award Funds only for the Project and for the activities described in Exhibit C -Description of the Project and Award Budget and this Contract. Use of the Award Funds shall conform to the Budget for the Project as detailed in Exhibit C -Description of the Project and Award Budget. The Recipient represents that there are legally enforceable commitments in place from the funding sources identified for the Project in Exhibit C -Description of the Project and Award Budget.

(b) *Meet and Maintain Eligibility Requirements.* Recipient shall continue to meet and maintain all statutory eligibility requirements for the funding sources providing assistance under this Contract.

(c) *Project Time Period.* This Contract covers the six (6) year Project time period from the Award Date through the Maintenance Period Completion Date. Recipient shall complete and maintain the Project within the Project time period shown below:

		COMPLIANCE MEASUREMENT POINT		COMPLIANCE MEASUREMENT POINT	
Award Date	**Project Completion Period**	**Project Completion Date**	**Maintenance Period**	**Maintenance Period Completion Date**	**Contract Closeout**
"Award Date" is the date first stated in this Contract and is the date the IEDA Board approved the awarding of financial assistance to the Recipient for the Project.	***"Project Completion Period"*** is the period of time between the Award Date and the Project Completion Date.	***"Project Completion Date"*** is the date defined in Exhibit D by which the Recipient must complete the Project. At this point, IEDA will review the Project to verify compliance with Contract terms and obligations.	***"Maintenance Period"*** is the period of time between the Project Completion Date and the Maintenance Period Completion Date. The Project must be maintained in Iowa for this period of time.	***"Maintenance Period Completion Date"*** is the date defined in Exhibit D on which the Maintenance Period ends. At this point, IEDA will review the Project to verify that it was maintained in compliance with Contract terms and obligations.	IEDA will conduct Contract Closeout procedures after all events described in Article 1 have been met. ***"Contract End Date"*** is the date stated in IEDA's written Notice of Final Contract Closeout that is issued pursuant to Article 1.

(d) *Complete Project by Project Completion Date.* By the Project Completion Date, Recipient shall complete the Project, make the total investment it pledged for the Project and in accordance with the Award Budget as detailed in Exhibit C - Description of the Project and Award Budget, and comply with all other performance requirements described in this Contract.

(e) *Total Project Costs.* By the Project Completion Date, Recipient shall have completed the Project with a Total Project Cost as detailed in Exhibit C - Description of the Project and Award Budget.

(f) *Maintain Project through Maintenance Period Completion Date.* Recipient shall maintain the Project through the Maintenance Period Completion Date.

(g) *Maintain Project in Iowa During Contract Period.* The Recipient shall at all times preserve and maintain its existence as a corporation in good standing and maintain the Project in Iowa at least through the Contract End Date as defined above. The Recipient will preserve and keep in force and effect all licenses, permits, franchises, approvals, patents, trademarks, trade names, trade styles, copyrights and other proprietary rights necessary to the proper conduct of its respective Project.

7.2 Taxes and Insurance.

(a) *Pay Taxes and Assessments.* The Recipient shall duly pay and discharge all taxes, rates, assessments, fees, and governmental charges upon or against its properties, in each case before the same become delinquent and before penalties accrue thereon, unless and to the extent that the same are being contested in good faith and by appropriate proceedings and adequate reserves are provided therefore.

(b) *Maintain Insurance.* The Recipient shall insure and keep insured in good and responsible insurance

companies all insurable property owned by it which is of a character usually insured by Persons similarly situated and operating like properties against loss or damage from such hazards or risks as are insured by Persons similarly situated and operating like properties, and the Recipient shall insure such other hazards and risks (including employers' and public liability risks) in good and responsible insurance companies as and to the extent usually insured by Persons similarly situated and conducting similar business. The Recipient will, upon request of IEDA, furnish a certificate setting forth in summary form the nature and extent of the insurance maintained pursuant to this Article. Microsoft may at its option meet the insurance requirements outlined via commercial insurance, self-insurance, alternative risk financing, or a combination of these options.

7.3 Preserve Project and Protect Security.

(a) Maintenance of Properties. The Recipient shall maintain, preserve and keep its properties in good repair, working order and condition (ordinary wear and tear excepted) and will from time to time make all needful and proper repairs, renewals, replacements, additions and betterments thereto so that at all times the efficiency thereof shall be fully preserved and maintained in accordance with prudent business practices.

(b) *Restrictions on Security.* If Security is required pursuant to Article 5 of this Contract, the Recipient shall not, without prior written disclosure to IEDA and prior written consent of IEDA, which shall not be unreasonably withheld, directly or indirectly:

1. Sell, transfer, convey, assign, encumber or otherwise dispose of any of the Secured Property for this Project.

2. Place or permit any restrictions, covenants or any similar limitations on the Secured Property or in the Security Documents for the Project.

3. Remove from the Project site or the State all or any part of the Secured Property.

4. Create, incur or permit to exist any lien of any kind on the Secured Property.

7.4 Recipient Changes.

(a) *No Changes in Recipient Operations.* The Recipient shall not materially change the Project or the nature of the business and activities being conducted or proposed to be conducted by Recipient, as described in the Recipient's approved Financial Assistance Application, Exhibit A of this Contract, unless approved in writing by IEDA prior to the change. The Recipient may continue to adjust and re-configure the engineering and design plans for the Project (including operational and staffing concepts) provided these changes do not materially impact the previous forecasts submitted to IEDA and approved by the IEDA Board – or as notified in writing.

(b) *Changes in Recipient Ownership, Structure and Control.* The Recipient shall not materially change the ownership, structure, or control of the business if it would adversely affect the Project. This includes, but is not limited to, entering into any merger or consolidation with any person, firm or corporation or permitting substantial distribution, liquidation or other disposal of assets directly associated with the Project. Recipient shall provide IEDA with advance notice of any proposed changes in ownership, structure or control. The materiality of the change and whether the change adversely affects the Project shall be as reasonably determined by IEDA.

7.5 Required Reports.

(a) *Review of Reports.* The Recipient shall prepare, sign and submit required reports, in the form and content required by IEDA, as specified in this Contract.

(b) *Reports.* The Recipient shall prepare, sign and submit the following reports to the IEDA throughout the Contract period:

Report	Due Date
Annual Project Status Report The Annual Project Status Report will collect information from the Recipient about the status of the Project.	July 31st for the period ending June 30th
End of Project Report The End of Project Report will collect information from the Recipient about the completed Project.	Within 30 days of Project Completion Date
End of Maintenance Period Report The End of Maintenance Period Report will collect information from the Recipient's continued maintenance of the Project.	Within 30 days of the end of the Maintenance Period Completion Date

(c) *Additional Reports, Financial Statements as Requested by IEDA.* The IEDA reserves the right to require more frequent submission of reports if, in the opinion of the IEDA, more frequent submissions would provide needed information about Recipient's Project performance, or if necessary in order to meet requests from the Iowa General Assembly, the Department of Management or the Governor's office. At the request of IEDA, Recipient shall submit its annual financial statements completed by an independent CPA, or other financial statements including, but not limited to, income, expense, and retained earnings statements.

7.6 Compliance with Laws.

(a) *State, local and federal laws.* Recipient shall comply in all material respects with the requirements of all applicable federal, state and local laws, rules, regulations and orders.

(b) *Environmental laws.* Recipient shall comply in all material respects with all applicable environmental, hazardous waste or substance, toxic substance and underground storage laws and regulations, and the Recipient shall obtain any permits or licenses and shall acquire or construct any buildings, improvements, fixtures, equipment or its property required by reason of any applicable environmental, hazardous waste or substance, toxic substance or underground storage laws or regulations.

(c) *Nondiscrimination laws.* Recipient shall comply in all material respects with all applicable federal, state, and local laws, rules, ordinances, regulations and orders applicable to the prevention of discrimination in employment, including the administrative rules of the Iowa Department of Management and the Iowa Civil Rights Commission which pertain to equal employment opportunity and affirmative action.

(d) *Worker rights and safety.* The Recipient shall comply in all material respects with all applicable federal, state and local laws, rules, ordinances, regulations and orders applicable to worker rights and worker safety.

(e) *Immigration laws.* Recipient shall only employ individuals legally authorized to work in this State. In addition to any and all other applicable penalties provided by current law, all or a portion of the Award is subject to recapture by IEDA if Recipient is found to employ individuals not legally authorized to work in the State of Iowa.

(f) *Compliance with IEDA's Administrative Rules.* Recipient shall comply with IEDA's administrative rules for the programs under which assistance is provided to the Project and rules governing administration of this Contract as specified in the following chapters of the Iowa Administrative Code/Iowa Economic Development Authority – 261.
(http://search.legis.state.ia.us/nxt/gateway.dll/ar/iac?f=templates&fn=default.htm)

1. Chapter 68 – High Quality Jobs Program
2. Chapter 172 – Environmental Law Compliance: Violations of Law
3. Chapter 173 – Standard Definitions
4. Chapter 174 – Wage, Benefit and Investment Requirements
5. Chapter 188 – Contract Compliance and Job Counting

7.7 Inspection and Audit. With prior advance notification, confidentiality protections and security clearance/approval, the Recipient shall permit the IEDA and its duly authorized representatives, at such reasonable times and reasonable intervals as the IEDA may designate, to:

(a) Conduct site visits and inspect the Project.

(b) Audit financial records related to the Project.

(c) Examine and make copies of the books of accounts and other financial records of the Recipient related to the Project. IEDA staff may review accounts and records in Redmond, WA, or may request electronic copies for their review.

(d) Discuss the affairs, finances and accounts of the Recipient with, and to be advised as to the same by, its officers, and independent public accountants (and by this provision, the Recipient authorizes such accountants to discuss with the IEDA and the IEDA's duly authorized representatives the finances and affairs of the Recipient).

7.8 Maintenance and Retention of Records.

(a) *Maintain Accounting Records.* The Recipient is required to maintain its books, records and all other evidence pertaining to this Contract in accordance with GAAP and such other procedures specified by IEDA.

(b) *Access to Records.* Records to verify compliance with the terms of this Contract shall be available at all times in Redmond, WA, and electronic copies can be made available to IEDA and its designees at places and times designated by IEDA, for the duration of this Contract and any extensions thereof. Recipient shall make its records available to: (i) IEDA; (ii) IEDA's internal or external auditors, agents and designees; (iii) the Auditor of the State of Iowa; (iv) the Attorney General of the State of Iowa; and (v) the Iowa Division of Criminal Investigations and any other applicable law enforcement agencies.

(c) *Records Retention Period.* Recipient shall retain the records for a period of three (3) years from the Contract End Date, unless the records are the subject of an audit, investigation, or administrative or legal proceeding. In those instances, the records shall be retained until the audit, investigation or proceeding has been resolved.

7.9 Required Notices from Recipient to IEDA.

(a) *Notice of Major Changes.* Recipient shall provide IEDA with written notice within thirty (30) days of the occurrence of: (a) any event that has a material adverse effect on Recipient's ability to complete the Project in accordance with the terms of this Contract; (b) the termination of the business conducted at the Project; (c) a material modification of the nature of the business conducted at the Project; and (d) the transfer of the Project or any material interest in the Project in connection with financing or refinancing the Project.

(b) *Notice of Proceedings.* Without limiting Section 7.9(a), Recipient shall promptly provide IEDA with written notice within ten (10) days of the occurrence of any claims, lawsuits, bankruptcy proceedings, or other proceedings brought against Recipient that have a material adverse effect on Recipient's ability to complete the Project in accordance with the terms of this Contract.

7.10 Indemnification. The Recipient shall indemnify, defend and hold harmless the IEDA; the State of Iowa; its departments, divisions, agencies, sections, commissions, officers, employees and agents from and against all losses, liabilities, penalties, fines, damages and claims ,including taxes, and all related costs and expenses ,including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties, arising from or in connection with any of the following:

(a) Any claim, demand, action, citation or legal proceeding arising out of or resulting from the Project;

(b) Any claim, demand, action, citation or legal proceeding arising out of or resulting from a breach by the Recipient of any representation, warranty or covenant made by the Recipient in this Contract;

(c) Any claim, demand, action, citation or legal proceeding arising out of or related to occurrences that the Recipient is required to insure against as provided for in this Contract; and

(d) Any claim, demand, action, citation or legal proceeding which results from an act or omission of the Recipient or any of its agents in its or their capacity as an employer of a person.

7.11 Repayment of Unallowable Costs. Recipient shall repay any Award received or realized that is determined by IEDA, its auditors, agents or designees, the Auditor of the State of Iowa, or similar authorized governmental entity to be unallowable under the terms of this Contract. Exhibit "E" defines the Allowable Components, Systems, and Equipment that qualify for tax rebates or abatements ("Qualifying Allowable Components, Systems and Equipment").

7.12 Ongoing Fees Based on Claims. For the duration of this Contract and for as long as Recipient claims or applies for benefits against its Iowa tax liability under this Contract, Recipient shall remit to the Authority a compliance cost fee equal to one-half of 1 percent of the value of the Tax Incentives claimed pursuant to this Contract. The fee shall be due and payable upon filing the Recipient's annual tax return for each tax year in which the Recipient claims Tax Incentives under this Contract.

ARTICLE 8: COVENANTS OF THE COMMUNITY

For the duration of this Contract, the Community covenants to IEDA as follows:

8.1 Local Match. The Community shall provide the local financial assistance for the Project as described in Exhibit C, Project Description and Award Budget.

8.2 Notice to IEDA. In the event the Community becomes aware of any material alteration in the

Project, initiation of any investigation or proceeding involving the Project, any change in the Recipient's ownership, structure or operation, or any other similar occurrence, the Community shall promptly provide written notice to IEDA.

ARTICLE 9: DEFAULTS AND REMEDIES

9.1 **Default by Recipient.** An unremedied Event of Default may result in termination of this Contract and repayment of all or a portion of the Award Funds disbursed to Recipient and the value of the Tax Incentives actually received, plus applicable default interest and costs.

(a) *Events of Default* Any one or more of the following shall constitute an *"Event of Default"* under this Contract:

1. *Nonpayment.* Failure to make a payment when due of any Loan or other payment required by this Contract whether by lapse of time, acceleration or otherwise; or

2. *Noncompliance with Covenants.* Default in the observance or performance of any covenant set forth in Article 7, for more than twenty (20) business days; or

3. *Noncompliance with Security Documents.* Default in the observance or performance of any term of any Security Document if required in Article 5 beyond any applicable grace period set forth therein; or

4. *Noncompliance with Contract.* Default in the observance or performance of any other provision of this Contract; or

5. *Material Misrepresentation.* Any representation or warranty made by the Recipient in this Contract or in any statement or certificate furnished by it pursuant to this Contract, or made in Exhibit A, Recipient's Financial Assistance Application, or in connection with any of the above, proves untrue in any material respect as of the date of the issuance or making thereof; or

6. *Security Deficiencies.* Any of the Security Documents that represent the Security pledged by Recipient to secure this Contract fails for any reason to create a valid and perfected priority security interest in favor of the IEDA; or

7. *Judgment.* Any judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes entered or filed against the Recipient or against any of its property and remains unvacated, unbonded or unstayed for a period of 30 days which materially and adversely affects Recipient's ability to perform its obligations under this Contract; or

8. *Adverse Change in Financial Condition.* Any change occurs in the financial condition of the Recipient which would have a material adverse effect on the ability of the Recipient to perform under this Contract; or

9. *Bankruptcy or Similar Proceedings Initiated.* Either the Recipient shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) not pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property, (v) commence any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to

bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, or (vi) fail to contest in good faith any appointments or proceeding described below; or

10. *Appointment of Officials.* A custodian, receiver, trustee, examiner, liquidator or similar official is appointed for either the Recipient or any substantial part of any of its respective property, or a proceeding described above is commenced against the Recipient and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of sixty (60) days; or

11. *Insecurity.* IEDA in good faith deems itself insecure and reasonably believes, after consideration of all the facts and circumstances then existing, that the prospect of payment and satisfaction of the obligations under this Contract, or the performance of or observance of the covenants in this Contract, is or will be materially impaired; or

12. *Failure to Submit Required Reports.* The Recipient fails to submit complete reports by the required due dates as outlined in Article 7; or

13. *Layoffs, Relocation or Closure.* The Recipient or any Affiliate experiences a layoff or relocates or closes any of its data center facilities within the state of Iowa; or

14. *Hiring workers not authorized to work in state.* The Recipient fails to only employ only individuals legally authorized to work in the state of Iowa. If Recipient is found to knowingly employ individuals not legally authorized to work in the state of Iowa then, in addition to any and all other applicable penalties provided by current law, all or a portion of the assistance received is subject to repayment; or

15. *Failure to Maintain Program Eligibility Requirements.* Recipient fails to maintain a statutory eligibility requirement for a program providing assistance under this Contract.

(a) *Notice of Default and Opportunity to Cure.* If IEDA has reasonable cause to believe that an Event of Default has occurred under this Contract, IEDA shall issue a written Notice of Default to the Recipient setting forth the nature of the alleged default in reasonable specificity and providing therein a reasonable period of time, which shall not be fewer than thirty (30) days from the date of the Notice of Default, during which the Recipient shall have an opportunity to cure, provided that cure is possible and feasible.

(b) *Remedies Available to IEDA.* When an Event of Default has occurred and is not cured within the required time period, IEDA may, after written notice to Recipient:

1. Terminate this Contract.

2. Suspend or reduce pending and future disbursements.

3. Declare immediately due and payable without further demand, presentment, protest or notice of any kind the principal and any accrued interest on any outstanding Promissory Notes issued pursuant to this Contract, including both principal and interest and all fees, charges and other amounts payable under this Contract.

4. Require repayment of all or a portion of Award Funds disbursed.

5. Revoke or reduce authorized Tax Incentives.

6. Require full repayment of all or a portion of the value of Tax Incentives received.

(c) Reserved.

(d) *Default Interest Rate.* If an Event of Default occurs and remains uncured, a default interest rate of 6% shall apply to repayment of amounts due under this Contract. The default interest rate shall accrue from the first date Award Funds are disbursed or Tax Incentives are received.

(e) *Expenses.* The Recipient agrees to pay to the IEDA all expenses reasonably incurred or paid by IEDA, including reasonable attorneys' fees and court costs, in connection with any Default or Event of Default by the Recipient or in connection with the enforcement of any of the terms of this Contract.

9.2 Default by Community. An unremedied Event of Default may result in termination of this Contract and repayment by Community of all or a portion of the pledged local match, plus applicable default interest and costs.

(a) *Events of Default.* Any one or more of the following shall constitute an *"Event of Default by Community"* under this Contract:

1. *Noncompliance with Covenants.* Default in the observance or performance of any covenants of the Community set forth in Article 8, for more than five (5) business days; or

2. *Material Misrepresentation.* Any representation or warranty made by the Community in this Contract or in any statement or certificate furnished by it pursuant to this Contract, or made by Community in Exhibit A, Recipient's Financial Assistance Application, or in connection with any of the above, proves untrue in any material respect as of the date of the issuance or making thereof.

(b) *Notice of Default and Opportunity to Cure.* If IEDA has reasonable cause to believe that an Event of Default has occurred under this Contract, IEDA shall issue a written Notice of Default to the Community setting forth the nature of the alleged default in reasonable specificity and providing therein a reasonable period of time, which shall not be fewer than thirty (30) days from the date of the Notice of Default, during which the Community shall have an opportunity to cure, provided that cure is possible and feasible.

(c) *Remedies Available to IEDA.* When an Event of Default by Community has occurred and is not cured within the required time period, IEDA may, after written notice to Community:

1. Suspend or reduce pending and future disbursements to Community.

2. Require payment by Community of the amount of local financial assistance pledged to the Project but not provided.

(d) *Expenses.* The Community agrees to pay to the IEDA all expenses reasonably incurred or paid by IEDA including reasonable attorneys' fees and court costs, in connection with any Default or Event of Default by the Community or in connection with the enforcement of any of the terms of this Contract.

ARTICLE 10: MISCELLANEOUS.

10.1 Choice of Law and Forum; Governing Law.

(a) In the event any proceeding of a quasi-judicial or judicial nature is commenced in connection with this Contract, the proceeding shall be brought in Des Moines, Iowa, in Polk County District Court for the State of Iowa, if such court has jurisdiction. If, such court lacks jurisdiction and jurisdiction lies only in a

United States District Court, the matter shall be commenced in the United States District Court for the Southern District of Iowa, Central Division.

(b) This provision shall not be construed as waiving any immunity to suit or liability, in state or federal court, which may be available to the IEDA, the State of Iowa or its members, officers, employees or agents.

(c) This Contract and the rights and duties of the parties hereto shall be governed by, and construed in accordance with, the internal laws of the State of Iowa without regard to principles of conflicts of laws.

10.2 **Contract Amendments.** Neither this Contract nor any documents incorporated by reference in connection with this Contract, may be changed, waived, discharged or terminated orally, except as provided below:

(a) *Writing required.* The Contract may only be amended if done so in writing and signed by all the parties. Examples of situations requiring an amendment include, but are not limited to, time extensions, budget revisions, and significant alterations of existing activities or beneficiaries.

(b) *IEDA review.* Requests to amend this Contract shall be processed by IEDA in compliance with the IEDA's rules and procedures applicable to contract amendments.

10.3 **Notices.** Except as otherwise specified herein, all notices hereunder shall be in writing, including, without limitation by fax, and shall be given to the relevant party at its address, e-mail address, or fax number set forth below, or such other address, e-mail address, or fax number as such party may hereafter specify by notice to the other parties provided by United States mail, by fax or by other telecommunication device capable of creating a written record of such notice and its receipt. Notices hereunder shall be addressed:

To the Recipient at:

Microsoft Corporation
Kevin Williams, Director, Site Selection and Acquisition, MCIO
One Microsoft Way
Redmond, WA 98052
E-mail: kevwill@microsoft.com
Telephone: 425.706.4066
Facsimile: 425.936.7329

With copies to:

Microsoft Corporation
One Microsoft Way
Redmond, WA 98052
Attention: Portfolio Management, MCIO

And

Microsoft Corporation
One Microsoft Way
Redmond, WA 98052
Attention: Corporate, External and Legal Affairs, MCIO
Email: mciocela@microsoft.com

And

Microsoft Corporation
8855 Grand Avenue
West Des Moines, IA 50266
Attention: Datacenter Operations Manager

And

Microsoft Corporation
One Microsoft Way
Redmond, WA 98052
Attention: Portfolio Management, MCIO

To the IEDA at:

Iowa Economic Development Authority
Compliance
200 East Grand Avenue
Des Moines, Iowa 50309
Attention: Business Development - Compliance

E-mail: Compliance@iowa.gov
Telephone: 515.725.3000
Facsimile: 515.725.3010

To the Community at:

City of West Des Moines
Clyde Evans, Director, Community & Economic Development
4200 Mills Civic Parkway
PO Box 65320
West Des Moines, IA 50265

E-mail: Clyde.Evans@wdm.iowa.gov
Telephone: 515.222.3623
Facsimile: 515.222.3640

Each such notice, request or other communication shall be effective (i) if given by facsimile, when such facsimile is transmitted to the facsimile number specified in this Article and a confirmation of such facsimile has been received by the sender, (ii) if given by e-mail, when such e-mail is transmitted to the e-mail address specified in this Article and a confirmation of such e-mail has been received by the sender, (iii) if given by mail, five (5) days after such communication is deposited in the mail, certified or registered with return receipt requested, addressed as aforesaid or (iv) if given by any other means, when delivered at the addresses specified in this Article.

10.4 **Headings.** Article headings used in this Contract are for convenience of reference only and are not a part of this Contract for any other purpose.

10.5 **Final Authority.** The IEDA shall have the authority to reasonably assess whether the Recipient

has complied with the terms of this Contract. Any IEDA determinations with respect to compliance with the provisions of this Contract shall be deemed final determinations pursuant to Iowa Code Chapter 17A, Iowa Administrative Procedure Act.

10.6 Waivers. No waiver by IEDA of any default hereunder shall operate as a waiver of any other default or of the same default on any future occasion. No delay on the part of the IEDA in exercising any right or remedy hereunder shall operate as a waiver thereof. No single or partial exercise of any right or remedy by IEDA shall preclude future exercise thereof or the exercise of any other right or remedy.

10.7 Counterparts. This Contract may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

10.8 Survival of Representations. All representations and warranties made herein or in any other Contract document or in certificates given pursuant hereto or thereto shall survive the execution and delivery of this Contract and the other Contract documents and shall continue in full force and effect with respect to the date as of which they were made until all of Recipient's obligations or liabilities under this Contract have been satisfied.

10.9 Severability of Provisions. Any provision of this Contract which is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. All rights, remedies and powers provided in this Contract or any other Contract document may be exercised only to the extent that the exercise thereof does not violate any applicable mandatory provisions of law, and all the provisions of this Contract and any other Contract document are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this Contract or any other Contract document invalid or unenforceable.

10.10 Successors and Assigns. This Contract shall be binding upon the Recipient and IEDA and their respective successors and assigns, and shall inure to the benefit of the IEDA and Recipient and their successors and assigns.

10.11 Nonassignment. This Contract shall not be assigned, in whole or in part, by Recipient unless approved in writing by IEDA.

10.12 Termination. This Contract can be terminated under any of the following circumstances:

(a) *Agreement of the Parties.* Upon written agreement of the Recipient, the Community and IEDA.

(b) *Unremedied Event of Default.* As a result of the Recipient's or Community's unremedied Event of Default pursuant to Article 9.

(c) *Termination or reduction in funding to IEDA.* As a result of the termination or reduction of funding to IEDA as provided in Article 4.4(c).

10.13 Documents Incorporated by Reference. The following documents are incorporated by reference and considered an integral part of this Contract:

1. Exhibit A - Recipient's Financial Assistance Application (on file with IEDA), Application # 17-HQJTC-006
2. Exhibit B-1 High-Quality Jobs Program – Tax Credit Component Special Conditions

3. Exhibit C - Description of the Project and Award Budget
4. Exhibit D - Job Obligations
5. Exhibit E- Qualifying Allowable Systems, Components, and Equipment.
6. Exhibit F - Sample Reports (Annual, Project Completion, and/or Close-Out)

10.14 Order of Priority. In the case of any inconsistency or conflict between the specific provisions of this document and the exhibits, the following order of priority shall control:

1. Article 1 - 10 of this Contract.
2. Exhibit A - Recipient's Financial Assistance Application (on file with IEDA), Application # 17-HQJTC-006
3. Exhibit B-1 High-Quality Jobs Program – Tax Credit Component Special Conditions
4. Exhibit C - Description of the Project and Award Budget
5. Exhibit D - Job Obligations
6. Exhibit E - Qualifying Allowable Systems, Components, and Equipment.
7. Exhibit F - Sample Reports (Annual, Project Completion, and/or Close-Out)

10.15 Integration. This Contract contains the entire understanding between the Parties relating to the Project and any representations that may have been made before or after signing this Contract, which are not contained herein, are nonbinding, void and of no effect. None of the Parties has relied on any such prior representation in entering into this Contract.

-This space intentionally left blank, signature page follows -

IN WITNESS WHEREOF in consideration of the mutual covenants set forth above and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into this Contract and have caused their duly authorized representatives to execute this Contract, effective as of the latest date stated below (Contract Effective Date).

FOR IEDA:

BY:

_____

Deborah V. Durham, Director

_____

Date

FOR RECIPIENT:

BY:

Christian Belady

General Manager, Cloud Infrastructure, Strategy & Architecture, MCIO

14 Nov. 2016

Date

FOR THE COMMUNITY:

BY:

_____

Signature

_____

Typed Name and Title

_____

Date

MICROSOFT CORPORATION

By: _____
Christian Belady
General Manager, Cloud Infrastructure, Strategy & Architecture, MCIO

STATE OF WASHINGTON)
)
COUNTY OF KING)

On this 14th day of NOVEMBER, 2016, before me the undersigned, a Notary Public in and for said State, personally appeared Christian Belady, to me personally known, who, being by me duly sworn, did say that he is the General Manager, Cloud Infrastructure, Strategy & Architecture of Microsoft Corporation, and that said instrument was signed on behalf of said corporation; and that the said Christian Belady, as such representative acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, by them voluntarily executed.

KEVIN D WILLIAMS
Commission Expires
NOTARY
PUBLIC
09-11-2020
STATE OF WASHINGTON

_____
Notary Public in and for the State of Washington

LIST OF EXHIBITS

Exhibit A -	Recipient's Financial Assistance Application (on file with IEDA), Application # 17-HQJTC-006
Exhibit B-1	High Quality Jobs Program – Tax Credit Component Special Conditions
Exhibit C -	Description of the Project and Award Budget
Exhibit D -	Job Obligations
Exhibit E -	Qualifying Allowable Systems, Components, and Equipment.
Exhibit F -	Sample Reports (Annual, Project Completion, and/or Close-Out)

EXHIBIT B – 1
High Quality Jobs Program – Tax Credit Component

Special Conditions to Contract # 17-TC-005

The following additional terms shall apply to the Contract:

SECTION 1: ADDITIONAL DEFINITIONS.

The following additional terms are defined in this Contract as follows:

"Capital Investment" means the investment spent on depreciable assets. The minimum Capital Investment required for this Project is as stated in Section 2 of this Exhibit. The allowable categories of expenditures for purposes of calculating Capital Investment are described in IEDA's administrative rule 261 IAC 174.10.

"Investment Qualifying for the Tax Credit" means new investment directly related to jobs created or retained by the start-up, location, expansion or modernization for this Project. Not all of the expenditure categories used to calculate the *"Investment Qualifying for the Tax Credit"* are included for purposes of claiming the tax credits. The allowable categories of expenditures for purposes of claiming the tax benefits are described in IEDA's administrative rule 261 IAC 174.10.

"Qualifying Investment" means the statutorily-required minimum investment amount that must be made and maintained by the Recipient to receive High Quality Jobs Program Tax Incentives for this Project. This amount is as stated in Section 2 of this Exhibit. Not all expenditures count toward meeting the required Qualifying Investment. The categories of expenditures that can be included for purposes of meeting and maintaining statutorily-required investment requirements are described in 261 IAC 174.10.

"Economically Distressed Area" means a county that ranks among the bottom 33 of all Iowa counties, as measured by either the average monthly unemployment level for the most recent 12-month period or the average annualized unemployment level for the most recent five-year period.

SECTION 2: TERMS AND CONDITIONS OF THE AWARD

2.1 **Award.** The Recipient is awarded the following Tax Incentives through the High Quality Jobs Program, based on the minimum investment requirements described herein: $4,725,000.

2.2 **Minimum Investment Requirements.** As a condition of receiving Tax Incentives, the Recipient shall meet the following minimum investment requirements:

(a)	Capital Investment.	$ 417,700,000
(b)	Qualifying Investment.	$ 299,800,000
(c)	Investment Qualifying for Tax Credits.	$ 299,800,000

2.3 **Additional Tax Incentives.** The Recipient is eligible for additional incentives pursuant to Iowa Code section 15.326, et. seq. The following Tax Incentives, in the maximum amounts shown for each authorized incentive, are so available to the Recipient:

Authorized Incentives	Included in Award	Maximum Amt.
Refund of Sales, Service, and Use Taxes.	☒ Yes ☐ No	$ 4,725,000
Refund of Sales Taxes Attributable to Racks, Shelving, and Conveyor Equipment.	☐ Yes ☒ No	$ 0
Corporate Tax Credit For Certain Sales Taxes Paid By Third Party Developer.	☐ Yes ☒ No	$ 0
Investment Tax Credit	☐ Yes ☒ No	$ 0
Research Activities Credit.	☐ Yes ☒ No	$ 0
Local Property Tax Exemption Provided by Community	☐ Yes ☒ No	$ 0

2.4 Conditions for Authorized Incentives. The Recipient is responsible to seek these additional incentives through processes described in the applicable statues and corresponding administrative rules, ordinances and procedures. The following conditions shall apply to the incentives described in section 2.3 of this Exhibit.

(a) *Refund Of Sales, Service And Use Taxes Paid To Contractors Or Subcontractors.* The Recipient is eligible for a refund of sales, service and use taxes paid to contractors and subcontractors as authorized in Iowa Code section 15.331A (2011 Supplement).

1. The Recipient may apply for a refund of the sales and use taxes paid under Iowa Code chapters 422 and 423 for gas, electricity, water or sewer utility services, goods, wares, or merchandise, or on services rendered, furnished, or performed to or for a contractor or subcontractor and used in the fulfillment of a written contract relating to the construction or equipping of a facility of the Recipient.

2. Taxes attributable to intangible property and furniture and furnishings shall not be refunded.

3. To receive a refund of the sales, service and use taxes paid to contractors or subcontractors, the Recipient must:

   i. Inform the Iowa Department of Revenue (IDR) in writing within two weeks of project completion. For purposes of claiming this refund, "*project completion*" means the first date upon which the average annualized production of finished product for the preceding ninety-day period at the manufacturing facility operated by the Recipient is at least fifty percent of the initial design capacity of the facility.

   ii. Make an application to IDR within one year after Project Completion, as defined in sub-paragraph i above.

(b) *Reserved.*

(c) *Reserved.*

(d) *Reserved.*

(e) *Reserved.*

(f) *Reserved.*

SECTION 3: ADDITIONAL COVENANTS

In addition to the Covenants described in Article 7 of the Contract, the Recipient shall be bound to the additional covenants:

3.1 Job Obligations. By the Project Completion Date, the Recipient shall create and/or retain the number of FTE Created Jobs and Retained Jobs included in, for Retained Jobs, and above, for Created Jobs, the Recipient's Base Employment Level, as detailed in Exhibit D – Job Obligations, and maintain the jobs through the Maintenance Period.

3.2 Wage Obligations. The Qualifying Wage Threshold rates specific to this Contract that must be met are stated in Exhibit D, Job Obligations. By the Project Completion Date and through the Maintenance Completion Period Date, the Recipient shall:

(a) For Projects in Economically Distressed Areas or at a designated Grayfield Site, the Qualifying Wage Threshold requirement applicable to all phases of the Project is 100% of the Qualifying Wage Threshold.

(b) For Projects at a designated Brownfield Site, the Qualifying Wage Threshold requirement applicable to all phases of the Project is 90% of the Qualifying Wage Threshold.

(c) For all other Projects:

1. For the *Created Jobs*, pay 100% of the Qualifying Wage Threshold at the start of the Project Completion Period, at least 120% of the Qualifying Wage Threshold by the Project Completion Date, and at least 120% of the Qualifying Wage Threshold until the Maintenance Period Completion Date.

2. For the *Retained Jobs*, pay at least 120% of the Qualifying Wage Threshold throughout both the Project Completion Period and the Maintenance Period.

3.3 Provide Sufficient Benefits. The Recipient shall provide Sufficient Benefits to all employees included as part of the job and wage obligations.

SECTION 4: ADDITIONAL DEFAULT PROVISIONS

In addition to the default provisions included in Article 9 of the Contract, the following default provisions shall apply:

4.1 **Repayment of Tax Incentives Received - High Quality Jobs Program.** IDR is the state agency responsible for collecting the value of any Tax Incentives received in violation of the terms of this Contract. The Community is the party responsible for collecting the value of the local tax incentives received in violation of this Contract. IEDA will determine if the Recipient has met the terms of this Contract. If there is an unremedied Event of Default, IEDA will provide written notice to IDR and the Community. Calculation of the amount owed may be based on a sliding scale in certain circumstances and may include

interest assessed by IDR. Those circumstances are as follows:

(a) Failure to Meet Job Obligations by Project Completion Date. If the Recipient does not meet its Job Obligations as detailed in Exhibit D, Job Obligations by the Project Completion Date, the repayment amount shall be the same proportion as the amount of the shortfall in created jobs. For example, if the business creates 50 percent of the jobs required, the business shall repay 50 percent of the incentives received.

Upon repayment of the amount due, IEDA will reduce the Recipient's Job Obligations. The reduced Job Obligations must be maintained through the Maintenance Period Completion Date.

(b) Job shortfall at Maintenance Period Completion Date. If the Recipient does not maintain its adjusted Job Obligations through the Maintenance Period Completion Date, Recipient shall repay an additional percentage of the Tax Incentives it has received. The amount to be repaid will be calculated as described in subsection (a) above.

(c) Qualifying Investment. If the Business does not meet its Qualifying Investment requirement as defined in Section 2 of this Exhibit, the repayment amount shall be the same proportion as the amount of the shortfall in required Qualifying Investment. For example, if the business meets 75 percent of the amount of required capital investment, the business shall repay 25 percent of the amount of the incentives received.

(d) Less than Total Project Cost at Project Completion Date. If the Recipient does not complete the Project with a Total Project Cost as stated in Exhibit C, Project Description and Award Budget, by the Project Completion Date Recipient shall repay a portion of the Tax Incentives received.

For example, if the Recipient's required Total Project Cost is 10% less than pledged, 10% of the value of the Tax Incentives received, plus any interest assessed by IDR, must be repaid.

(e) Repayment Amount If Shortfall in Job Obligations, Qualifying Investment and/or Less Than Total Project Cost. If the Recipient experiences a shortfall in two or more of its requirements related to Job Obligations, Qualifying Investment, or the Total Project Cost, IEDA will calculate the percentage owed for the Recipient's failure to meet each of the requirements. The higher of these amounts shall be the amount Recipient shall repay to IDR.

(f) Selling, Disposing, or Razing of Property. If, within five years of purchase, the Recipient sells, disposes of, razes, or otherwise renders unusable all or a part of the land, building, or other existing structures for which an investment tax credit was claimed, the income tax liability of the Recipient for the year in which all or part of the property is sold, disposed of, razed, or otherwise rendered unusable shall be increased by one of the following amounts, plus any interest assessed by IDR:

1. 100% of the tax credit claimed if the property ceases to be approved for the tax credit within one full year after being placed in service.

2. 80% of the tax credit claimed if the property ceases to be approved for the tax credit within two full years after being placed in service.

3. 60% of the tax credit claimed if the property ceases to be approved for the tax credit within three full years after being placed in service.

4. 40% of the tax credit claimed if the property ceases to be approved for the tax credit within four full years after being placed in service.

5. 20% of the tax credit claimed if the property ceases to be approved for the tax credit within five full years after being placed in service.

- End of Exhibit B – 1 -

DESCRIPTION OF THE PROJECT AND AWARD BUDGET
(EXHIBIT C)

Name of Recipient: Microsoft Corporation

Name of Community: City of West Des Moines

Contract Number: 17-TC-005

PROJECT DESCRIPTION

Microsoft Corporation will complete Phase 1 of a four-phase regional datacenter and associated support infrastructure to house servers and computer equipment to operate large-scale web portal services as part of Microsoft's on-line services businesses.

AWARD BUDGET

SOURCE OF FUNDS	AMOUNT	FORM	USE OF FUNDS	COST
IEDA Programs			*Land Acquisition	$12,500,000
HQJP Tax Credit		[1]See Below	*Site Preparation	$68,000,000
			*Building Acquisition	
Microsoft	$417,700,000	Internal financing	*Building Construction	$219,300,000
			*Building Remodeling	
			Lease Payments	
			*Mfg Machinery and Equipment	
			Other Machinery and Equipment	$117,900,000
			Racking, Shelving, etc.	
			*Computer Hardware	
			Computer Software	
			*Furniture and Fixtures	
			Working Capital	
			Research and Development	
			Job Training	
			*included as capital investment if awarded tax credit program	
Total	**$417,700,000**		**Total**	**$417,700,000**

[1]$4,725,000 estimated benefit value

OTHER FUNDING

SOURCE OF FUNDS	TOTAL AMOUNT	FORM/TERM	USED AS MATCH
TIF	427B Equivalent	Infrastructure Improvements*	
Tax Abatement			
260E Job Training			
In-Kind Contributions			

*Infrastructure improvements valued in excess of the amount required by the project described herein may be applied as local match for future projects that also benefit from stated improvements

EXHIBIT D – JOB OBLIGATIONS

Recipient: Microsoft Corporation
Community: City of West Des Moines
Contract Number: 17-TC-005

This Project has been awarded Project Completion Assistance and Tax Incentives from the High Quality Jobs Program (HQJP) – Tax Credit Component. The chart below outline the contractual job obligations related to this Project.

Data in the "Employment Base" column has been verified by IEDA and reflects the employment characteristics of the facility receiving funding before this award was made. Jobs to be retained as a part of this Project must be included in these calculations.

Data in the "Jobs To Be Created" column outlines the new full-time jobs (including their wage characteristics) that must be added to the employment base and, if applicable, statewide employment base as a result of this award.

At the Project Completion Date and through the Maintenance Period Completion Date, the Recipient must achieve, at a minimum, the numbers found in the "Total Job Obligations" column.

HQJP JOB OBLIGATIONS Project Completion Date: July 31, 2020 Maintenance Period Completion Date: July 31, 2022	Employment Base	Jobs To Be Created	Total Job Obligations
Total employment at project location	212	57	269
Average wage of total employment at project location	$24.35		
Qualifying Laborshed Wage threshold requirement (per hr)	$27.92 (120%)		
Number of jobs at or above qualifying wage	46	11	57
Average Wage of jobs at or above qualifying wage	$34.03		

Notes re: Job Obligations

1. When determining the number of jobs at or above the qualifying wage, wages will include only the regular hourly rate that serves as the base level of compensation. The wage will not include nonregular forms of compensation such as bonuses, unusual overtime pay, commissions, stock options, pension, retirement or death benefits, unemployment benefits or other insurance, or other fringe benefits.

2. Employment Base includes 0 "Retained Jobs".

   If the Recipient uses or proposes to use a non-standard work week (8 hours a day, 5 days a week, 52 weeks a year including holidays, vacation and other paid leave), check the box below and describe that alternative schedule. The alternative schedule must meet the requirements of 261 IAC 173.2. If the box is not checked or if no alternative schedule is provided, IEDA will consider "*Full-time Equivalent (FTE) Job*" to mean the employment of one person 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.

   ☐The Recipient shall use an alternative work week for purposes of its employees described in the Contract. The alternative work week is as follows: [description].

Sufficient Benefits Deductible Requirements

All Created Jobs (whether it is direct hire by Recipient or whether the position is hired through vendor resources) shall have Sufficient Benefits with a maximum deductible of $1,250 for single coverage or $2,500 for family coverage.

Exhibit E -
Qualifying Allowable Systems, Components, and Equipment.

The following list identifies those items that are sales-tax exempt for Data Center Projects. The list includes but is not limited to:

1. **Servers** (including mainframes, network infrastructure, and data storage hardware)
2. **Cabling** (including cable trays, switches, directors, and wiring used to operate the servers)
3. **Racks/racking systems** (including cabinets and rack-mounted cable trays)
4. **Network hardware**
5. **Back-up power generation systems** (including UPS, Generators, fuel cells, and battery systems)
6. **Cooling systems**, cooling towers, and other temperature control infrastructure (including computer room air conditioners, heating, ventilating, and HVAC systems and controls)
7. **Power infrastructure** (including all electrical equipment such as switch gear, transformers, and business-owned substations)
8. **Fuel** for back-up power generation

Exhibit F -
Sample Reports (Annual, Project Completion, and Close-Out)

Annual Project Report format

Microsoft Vendor Employee Report

Location: West Des Moines Data Center

Reporting
Period:

Provider	# of Positions in Prior period	# of Positions in Current Period	Increase/ Decrease
Microsoft			0
Vendor A			0
Vendor B			0
Vendor C			0
Vendor D			0
Vendor E			0
Total	0	0	0

Provider	Internal Employee/Resource Reference Number	Hourly Rate- prior period	Hours Worked per Week- prior period	Start Date on the Project	Hourly Rate	Hours per Week	Still Work on the project? (YES) or (No)	Full Time Equivalent
Company ABC	Title	$ -			$ -			
Company XYZ	Title	$ -			$ -			
Microsoft	Title	$ -			$ -			
Total								

Sum of Hourly Wages (use low end of range)

Total number of jobs created

Average Wage

Prepared by: C. Evans, City of West Des Moines Community and Economic Dev. PO Box 65320, WDM, IA 50265-0320 515-273-0770
When Recorded Return to: City Clerk, City of West Des Moines, 4200 Mills Civic Parkway, PO Box 65320, West Des Moines, IA 50265-0320

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST DES MOINES, IOWA, AUTHORIZING THE MAYOR TO SIGN THE ECONOMIC DEVELOPMENT ASSISTANCE CONTRACT WITH MICROSOFT CORPORATION, AND THE IOWA ECONOMIC DEVELOPMENT AUTHORITY(IEDA) FOR ASSISTANCE UNDER THE HIGH QUALITY JOBS PROGRAM (HQJP)

WHEREAS, Microsoft Corporation, a software and web portal service company, proposes to undertake an investment of $981,240,000 in the construction of a four-phase regional data center;

WHEREAS, the City Council of the City of West Des Moines on July 11, 2016, directed staff to file a formal application with the IEDA for financial assistance in support of Microsoft within West Des Moines, Iowa;

WHEREAS, the City is prepared to offer infrastructure improvements to meet the local match requirements for the IEDA's High Quality Jobs Program:

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WEST DES MOINES, IOWA THAT the Mayor is authorized to sign the IEDA Economic Development Assistance Contract on behalf of the City.

PASSED AND ADOPTED this 28th day of November, 2016

_____
Steven K. Gaer, Mayor

Attest:

_____

Ryan T. Jacobson, City Clerk