

Staff Report

CYTOWN DEVELOPMENT

March 12, 2024

BACKGROUND:

The Iowa State Center was the vision of ISU President James Hilton to create a one-of-kind educational, cultural, and athletic complex that would serve the university, city, and region. The original four main buildings consist of C.Y. Stephens Auditorium, Fisher Theater, Hilton Coliseum, and the Scheman Building. Stephens Auditorium was the first building completed in 1969, with the Scheman Building being the final building completed in 1975.

The initial capital cost related to the construction of the four original buildings along with the other site improvements was reported to have totaled \$19,200,000. Construction was financed through donations, with no state funding being contributed to the project. Clifford Stephens, a dairy entrepreneur for whom Stephens Auditorium was named, offered the lead donation for the project. Stephens' widow stated at the building dedication: "within the walls of C.Y. Stephens Auditorium, countless persons will experience a newborn appreciation for the performing arts in the decades to come."

Upon completion, the complex was considered the premier performing arts, meeting, and sports venue in Iowa. Broadway touring companies, international symphony orchestras, and notable headliners performed at the Iowa State Center facilities. These performances assured not only an excellent quality of life for the citizens of Ames, but also attracted hundreds of thousands of visitors to the City, bolstering the local economy and generating associated sales and hotel/motel tax revenues.

This reputation endured for many years. In recent decades, however, competition grew as other major cities throughout the state constructed more modern event spaces. These venues have lured away many conferences, performances, and events from the Iowa State Center.

FINANCING THE IOWA STATE CENTER HAS BECOME A CHALLENGE:

Like similar convention and visitor complexes throughout the country, the Iowa State Center requires annual subsidies from the University to cover the operating costs. ISU officials have explained that before the transfer of the oversight of Iowa State Center to the ISU Athletics Department, the annual subsidy had grown to approximately \$800,000.

More problematic is the need for over \$110 million in renovations among the four main buildings. ISU officials have indicated that these renovations include \$37 million in deferred maintenance and over \$72 million for upgrades to meet current building code standards. **Despite their best efforts to fundraise for these needed improvements, ISU has found that there is not sufficient interest on the part of private donors to contribute funding of this magnitude towards these types of projects.**

CYTOWN'S CONNECTION TO IOWA STATE CENTER:

ISU began exploring the feasibility of a multi-use arts, culture, and community district in 2019, with the intent to develop the underutilized parking lots between Jack Trice Stadium and the Iowa State Center. This exploration resulted in the development concept called CYTown, which is planned to contain a medical facility, retail and office space, an outdoor plaza and amphitheater, and residential units. In preparation for the construction of these facilities, ISU began installing utilities and parking areas in February 2023.

Similar models for the CYTown concept include TitleTown in Green Bay, Wisconsin, and the Power and Light District in Kansas City, Missouri. These developments have demonstrated ways in which cultural attractions, entertainment, and retail uses can be successfully combined in a single complex in proximity to competition athletic facilities.

Although one objective of the CYTown development would be the creation of this new, vibrant community attraction, there is a more important goal for this development which sets it apart from other examples. **CYTown provides an innovative strategy to finance the needed improvements for the original four buildings at the Iowa State Center. Through the leases with tenants, ISU will create a revenue stream that can be used to pay the debt needed to fund improvements at the Iowa State Center, thereby rejuvenating those original facilities and safeguarding an invaluable arts and cultural center for the Ames community.**

WHY THE CITY SHOULD FACILITATE IOWA STATE CENTER IMPROVEMENTS:

City staff has held numerous discussions with ISU staff over the past several years to explore how the development concept would work. **There is agreement between the City staff and ISU administration regarding the wisdom of taking advantage of the CYTown development to generate revenue to address the capital improvement needs identified for the original four buildings at the Iowa State Center. It is City staff's belief that the Iowa State Center buildings are an asset to the entire Ames community, towards which no City investment has been previously made. It supports the City Council's value for Ames to be a fun, vibrant, and healthy community that attracts and retains people.**

However, although there is agreement about the merits of investing in these facilities, there is disagreement regarding the issues of 1) the University having to pay property taxes for the improvements constructed in CYTown and 2) the ability of this university development to compete with the private sector. The University staff focuses on a section of the Iowa Code that declares property owned by the state to be exempt from local property taxes. On the other hand, City staff relies on a different section of the Iowa Code that imposes restrictions on the University's ability to compete with the private sector.

COMPROMISE REACHED:

Over the years the relationship between the City of Ames and Iowa State University has served as a role model for town/gown relationships with countless partnerships that benefit both entities. A protracted dispute with respect to the issues of taxability and competition would be detrimental to the parties' relationship and could delay or altogether thwart the renovation and improvement of the Iowa State Center facilities.

In order to avoid such a dispute, the administrative staff from the City and Iowa State University have designed a creative agreement that calls for a Payment In Lieu Of Taxes (PILOT) which will allow the improvements to move ahead without delay, generates revenue to finance the needed capital improvements for the four original buildings, and sets aside any differences of opinion that may exist about the issues of competition and taxation. A separate agreement addresses infrastructure and services for the development.

It should be noted that although City staff has reached an understanding with ISU regarding these issues as they relate to CYTown, the question of taxability is one that is determined by the City Assessor and the Iowa Department of Revenue. It should be emphasized that both of those authorities are independent of the City of Ames. In addition, although the City would set aside its concerns regarding competition with private enterprise, these agreements do not prevent other entities from raising the same concern.

Further, this unique arrangement applies only to the CYTown development. It does not imply the City's approval or cooperation with any future land developments ISU might undertake at other locations.

TWO AGREEMENTS:

Two agreements are necessary to garner the City staff's support for the CYTown development. The first agreement is a Memorandum of Understanding (MOU) that outlines the financial arrangements and the manner in which funds will be collected and re-invested into the Iowa State Center facilities. The second agreement describes the City's involvement in the construction of the improvements, the provision of utilities, traffic control, and the interaction of other City/ISU services in this new development.

The following is a summary of the major provisions of the two agreements.

1) MEMORANDUM OF UNDERSTANDING FOR THE CYTOWN DEVELOPMENT AREA:

CYTown Development Area – Article IV – Page 4

- The proposed contract covers an area south of Lincoln Way, north of Jack Trice Way, west of University Boulevard, and east of Beach Avenue.

Phased Development - Article IV C. – Page 5

- The MOU contemplates CYTown being developed in two phases, with Phase I being generally the southern half of the proposed buildings, and Phase II being any facility not included in Phase I. (See the Phasing Plan map attached to the CYTown MOU)

Payment In Lieu of Taxes - Article VII – Pages 6 to 11

- The City Assessor will determine the value of each of the new buildings in the CYTown area in the same manner as typical commercial properties. ISU will determine the amount of land that will be assigned to each building and will furnish the value of that land to the City. Each June, the City will prepare a statement for each building that outlines the amount of payment in lieu of tax (PILOT) to be collected in the next fiscal year.

- The PILOT will be based on the consolidated tax levy for the Ames community. **The portion of the PILOT that is equivalent to the City's tax collection for the building is considered "MOU PILOT."** The rest of the PILOT is considered "Remainder PILOT." These two amounts are accounted for separately and are used for different purposes.
- The Alumni Center building, the four original buildings at the Iowa State Center, and any future research, academic, or administrative building serving solely ISU are excluded from the appraisal and payment of the payment in lieu of taxes requirements.
- The Remainder PILOT can be used for operational expenses of CYTown (e.g., repayment of infrastructure debt, construction of the new buildings, common area maintenance and construction, and developer rebates).
- The Phase I MOU PILOT revenues and Phase II MOU PILOT revenues will be deposited in a CYTown Development Area Capital Improvements Fund administered by the University. For the revenues collection for each phase:
 - In years 1 to 19, 100% of the MOU PILOT revenues will be deposited into the CYTown Capital Improvements Fund.
 - In years 20 to 24, 25% of the MOU PILOT will be remitted to the City to be used for any purpose.
 - In years 25 to 29, 50% of the MOU PILOT will be remitted to the City to be used for any purpose.
 - In years 30 and thereafter, 75% of the MOU PILOT will be remitted to the City to be used for any purpose.
- The City may decline any or all of the MOU PILOT remittance it is entitled to, if it desires to leave the funding in the Capital Improvements Fund for further improvements to the Iowa State Center facilities.
- Any surplus operating revenues from rents, donations, etc., generated for CYTown that exceed the CYTown operating expenses (plus a reasonable reserve) must also be deposited by ISU into the Capital Improvements Fund.
- All monies deposited in the CYTown Development Area Capital Improvements Fund must be used exclusively to fund enhancements or renovations to:
 - C.Y. Stephens Auditorium,
 - The Scheman Building,
 - Fisher Theater,
 - Hilton Coliseum (only for building envelope improvements—limited to roof, windows, doors, and mechanical systems—or seating), and
 - Construction of new flat space or convention space, not including a hotel, only after there are no further enhancements or renovations that are planned or needed for the four original buildings.
- Monies from the CYTown Development Area Capital Improvements Fund are not to be used to cover operational expenses.

It is important to emphasize that this agreement only pertains to the City PILOT. The agreement suggests that ISU may create similar agreements with the other taxing entities (i.e., Story County

and the Ames Community School District), to dedicate portions of the Remainder PILOT to specific purposes on behalf of those taxing authorities. However, those agreements would have to be negotiated separately by ISU. The City's agreement with ISU indicates that if those entities were able to achieve a "better" deal with ISU (e.g., longer term, earlier access to cash, or a different formula for calculating PILOT), then the City could unilaterally amend this agreement to adopt the same term(s). Article XII - Page 14

CYTown Advisory Committee - Article VI – Page 6

- In order to assure that the funds deposited in and expended from the Capital Improvements Fund are in accordance with the agreement, a three-person advisory committee comprised of an ISU President designee, the ISU Research Park President, and the Ames City Manager will be created to provide input to the ISU President regarding the overall development, review the financial statements of the development area, and make recommendations for the scheduling of improvements.

ISU Responsibilities – Article IX – Page 13

- The parties agree that all facilities within the CYTown Development Area are under the administration, management, governance, and control of Iowa State University. As such, the development is not subject to the City's Zoning Ordinance, Building Codes, Noise Ordinance, Rental Code, etc.
- The CYTown Development Area is subject to the City standards and adopted codes for those city utilities (water, sanitary sewer, and electric) that are located in the Area.

Termination – XVI – Page 15

- The MOU will remain in effect for 35 years from the date the first building in Phase II is occupied, unless: 1) terminated by mutual consent of the parties, or 2) terminated by ISU if there is a final determination by a taxing authority that property taxes are owed.
- After termination, any funds remaining in the Capital Improvements Fund must be used in accordance with the requirements previously mentioned until the fund is exhausted.

2) CONSTRUCTION, UTILITIES, TRAFFIC, AND RELATED SERVICES M.O.U.:

The second CYTown agreement relates to the infrastructure and public services that are to be furnished for CYTown.

- The buildings within CYTown will be constructed according to the state-adopted codes and inspected by the State Fire Marshal, rather than the City. This is the manner in which other University buildings are constructed. However, ISU will consult with the Fire Department regarding building plans to identify any issues that may hinder emergency response. (Article X - Page 9)
- Water, sanitary sewer, and electrical services will be provided by the City to the facilities constructed in CYTown in a similar manner to a commercial subdivision. Each building will be individually metered for these services. (Articles V, VI, VII - Pages 3-8)

- ISU is responsible for the installation of mains, hydrants, valves, manholes, and other aspects of these systems. City staff has reviewed the plans and has inspected the infrastructure as it is installed. Once complete, the City will take ownership of the mains and responsibility for maintenance, and ISU will retain responsibility for maintaining service lines, just like any other commercial development.
- Because CYTown buildings will not be inspected under a City plumbing permit, each service connection must contain a backflow protection device. This is a standard term for service in Ames Municipal Code for any facility that receives Ames water where no City plumbing permit has been obtained. (Article V - Page 4)
- If a tenant has the potential to discharge fats, oils, or grease (e.g., a restaurant use), or high-strength wastewater, the City must be provided advance notification, and the customer may be required to install grease interceptors or meet other City-directed requirements. (Article 6 - Page 5)
- ISU is given the option to request that any existing facility within the CYTown Development Area be connected to City water, sanitary sewer, or electric service if desired in the future. Existing facilities include: Hilton Coliseum, the Scheman Building, Fisher Theater, C.Y. Stephens Auditorium, and the Alumni Center, all of which are currently connected to ISU's utilities systems. If the City agrees to connect any of these facilities as a retail customer in the future, the terms for connection outlined in the agreement would apply to that facility as well.
- The utilities customers within CYTown will be exempt from City storm water fees. ISU currently has its own Municipal Separate Storm Sewer System (MS4) permit. Since the stormwater management for CYTown involves no discharge of stormwater through the City's stormwater system, ISU will manage the stormwater up to the point where it is discharged into Ioway Creek. Because of this, ISU will not be required to obtain a City stormwater permit for the development with CYTown. (Article VIII - Page 8)
- ISU is required to apply to the City for a Flood Plain Development Permit prior to any excavation, filling, construction, or remodeling within the Special Flood Hazard Area. (Article IX - Page 9)
- Traffic Improvements: (Article XI - pages 9-13)
 - ISU retained an engineering firm in 2020 to complete a traffic study for the proposed improvements. This study concludes that several infrastructure improvements, as described below, will be necessary as CYTown develops. The agreement with ISU identifies triggering conditions to complete those improvements and the subsequent ownership and management of the improvements.
 - A traffic signal and related intersection improvements are proposed at Center Drive and University Boulevard (a T-intersection). This signal will be installed by ISU and then dedicated to the City. ISU will be responsible for one-third of future replacement costs; the City will be responsible for two-thirds. These improvements would be triggered when the first four buildings of CYTown are occupied.
 - A traffic signal and related intersection improvements are proposed at Beach Avenue and Jack Trice Way. This signal will be installed by ISU and then dedicated to the City. ISU

will be responsible for one-quarter of future replacement costs; the City will be responsible for three-quarters. These improvements would be triggered when a hotel is constructed and occupied, or when the first two buildings in Phase II of CYTown are occupied, whichever is earlier.

- The intersection of Beach Avenue, Center Drive, and Greeley Street is to be realigned at ISU's expense at the same time the Beach Avenue and Jack Trice Way signal is required.
- Any of the three intersection improvement projects described above can be deferred if the Traffic Engineer finds a reason not to require it, including if there is a revised traffic study that indicates the development did not generate the traffic initially anticipated.
- Traffic calming measures may be necessary in the Country Club neighborhood west of Beach Avenue. Therefore, when Phase I of CYTown is complete, the Traffic Engineer is to conduct a study to determine if those measures are warranted. If determined to be necessary by the City, ISU is to reimburse the City for any costs to install the traffic calming measures. A process is in place for ISU to discuss the proposed measures with the City and suggest alternatives if desired.
- ISU will grant easements that are in a form acceptable to the City for the infrastructure the City will be accepting (water mains, sewer mains, and electric lines) at no cost. In addition, ISU is to grant easements for electric lines to cross its property in areas outside of CYTown that are necessary to provide reliable electrical service to the site. (Article XII- Page 13). Several of these easements have already been completed and approved by the City Council ([February 27, 2024 City Council meeting](#)). However, additional easements need to be completed to satisfy this provision of the agreement.
- The agreement confirms that law enforcement services and fire protection services within the CYTown area are to be administered under the two existing agreements between ISU and the City for those services. In accordance with those agreements, ISU will provide the primary law enforcement responsibility for the area, and the City will provide fire protection services for the area. (Articles XIV and XV - Page 14)
- This agreement does not contain an expiration date.

OPTIONS:

1. In order for the City Council and the public to have sufficient time to review the two documents, direct the staff to bring back for approval both proposed agreements at an upcoming April Council meeting.
2. Direct staff to negotiate other terms for one or both proposed agreements.
3. Decide not to enter into the two proposed agreements if the City Council does not want to commit the payments in lieu of tax solely to finance improvements at the Iowa State Center.
4. Decide not to enter into the two proposed agreements if the City Council wants to first resolve the disagreement between the parties regarding the property tax exemption and competition issues.

STAFF COMMENTS:

Competition from other venues will make it impossible for the Iowa State Center to restore its prominence as a regional draw for the performing arts and conventions. However, it is possible to creatively finance needed improvements to these facilities through the proposed agreements. These improvements are necessary to assure an adequate performing arts venue that, while owned by Iowa State University, will continue to enhance the quality of life for the entire Ames community.

It should be emphasized that staff is reporting a joint recommendation from the City Manager and the Iowa State University administration for the two attached agreements. The ultimate approval of this unique arrangement will require approval of the agreements by both the City Council and the Board of Regents.

Realizing that this is the first time the City Council and public have been introduced to the issues addressed in the attached agreements, City staff is not asking for approval of the documents at this time. In addition, it should be noted that there still remains one issue dealing with the required easements on the CYTown property that needs to be resolved. Therefore, the approval of the two agreements is being delayed until an upcoming Council meeting in April. This should allow staff time to resolve the last remaining issue and allow time for the public to understand what is being recommended.

ATTACHMENT(S):

[CYTOWN CONSTRUCTION UTILITIES TRAFFIC ETC MOU - Mar 2024.docx](#)
[MOU CYTOWN.docx](#)

CYTOWN DEVELOPMENT AREA
CONSTRUCTION, UTILITIES, TRAFFIC, AND RELATED SERVICES
MEMORANDUM OF UNDERSTANDING

BETWEEN
IOWA STATE UNIVERSITY
AND
THE CITY OF AMES, IOWA

This Construction, Utilities, Traffic, And Related Services Memorandum of Understanding (Development MOU or Agreement), made and entered into this ____ day of _____, 2024 ("Effective Date"), by and between the CITY OF AMES, IOWA ("City"), a municipal corporation existing pursuant to the laws of the State of Iowa, and IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY ("Iowa State University" or "ISU").

WITNESSETH THAT:

WHEREAS, Iowa State University is the owner of property located between Lincoln Way and Jack Trice Way and South University Boulevard to Beach Avenue ("CYTown Development Area");

WHEREAS, it is the mutual desire of Iowa State University and the City to realize the development of CYTown, a multi-use district which may contain uses including retail, office, residential, medical, entertainment, event space, hotel, research, academic, administrative, and other similar activities and related supporting infrastructure;

WHEREAS, the development of CYTown will facilitate investments in the existing Iowa State Center buildings to create a premier performing arts, visitor, events, and entertainment area;

WHEREAS, the City and Iowa State University have entered into a separate memorandum of understanding to address the financing of the improvements to the Iowa State Center facilities executed by the parties on _____; and,

WHEREAS, the construction and management of the public services related to the CYTown Development Area requires coordination between the City and Iowa State University with regard to utilities, traffic, public safety, permitting, and other related matters;

NOW, THEREFORE, the parties hereto have agreed and do agree as follows:

I. INCORPORATION OF RECITALS:

1. The foregoing Recitals are incorporated herein as if fully set forth in this paragraph.

II. PURPOSE:

1. It is the purpose of this Agreement to set forth the mutual understanding of the Parties regarding:
 - a. Design, installation, ownership, operation, and maintenance of utility improvements necessary to serve the CYTown Development Area, including:
 - i. Water,
 - ii. Sanitary Sewer,
 - iii. Electrical Service, and
 - iv. Storm Sewer;
 - b. Design, installation, ownership, operation, and maintenance of traffic improvements necessary to serve the CYTown Development Area;
 - c. Standards and permitting requirements for storm water management and flood plain development in the CYTown Development Area; and
 - d. Law enforcement and fire protection services in the CYTown Development Area.

III. DEFINITIONS:

As used in this Agreement, the following terms have the meanings outlined below:

1. End User – Each Tenant and each entity responsible for the use and costs of water, sanitary sewer, and/or electric utility services provided by the City within the CYTown Development Area. ISU is considered an End User for any utilities used for common areas within the CYTown Development Area (e.g., parking lot lights, irrigation water connections, etc.).
2. Tenant – Any person or entity holding possession of a designated portion of the CYTown Development Area, whether by lease agreement or assignment of responsibility by ISU to one of its organizational sub-units. Tenants include, but are not limited to, commercial space lessees, occupants of each CYTown Suite, and University offices.

IV. GEOGRAPHIC AREA:

1. The CYTown Development Area is depicted on Attachment 1 to this Agreement.

V. WATER SYSTEM IMPROVEMENTS

1. New buildings or other uses of potable water constructed in the CYTown Development Area after the Effective Date of this Agreement are to be provided with a connection to the City's public water supply service in accordance with the procedures of this Section (Section V).
2. The water mains, fire hydrants, valves, and other appurtenant devices necessary to provide the City's public water supply service to the new buildings or other uses of potable water within the CYTown Development Area shall be considered "water system improvements."
3. ISU shall prepare plans and specifications in accordance with standards adopted by the City for water system improvements to be installed within the CYTown Development Area. ISU shall obtain approval for the plans and specifications of the water system improvements from the City's Municipal Engineer prior to installation.
4. ISU shall install the water system improvements in accordance with the plans and specifications approved by the City.
5. The installation of water system improvements is to be inspected by the City's construction inspection staff, and ISU shall pay the City for such inspection(s) in accordance with the standard rates and fees charged to other contractors in the City.
6. Upon certification of acceptance and completion of the water system improvements, ownership of the water system improvements shall pass to the City, and the City shall thereafter be responsible for operation and maintenance of the water system improvements, including costs.
7. Service lines extending from the water mains (including the corporation cock, service line, curb cock and curb box, and shut-off valves for the meter setting) to facilities within the CYTown Development Area shall be the responsibility of ISU to install and maintain. ISU agrees to maintain its service lines in a state of good repair as required in Ames Municipal Code Section 28.214.
8. All connections of service lines to water mains shall be completed in accordance with normal City standards and adopted codes for commercial water service line

connections. ISU shall notify the City in advance of the connection of service lines to water mains. ISU understands and agrees that the City's Cross-Connection Control ordinance (Section 28.209B of Ames Municipal Code) requires that any service connection where no City plumbing permit is obtained (reference Section X of this Agreement) must include an approved backflow protection device at the service entrance.

9. End Users of the City's public water supply system shall have water meters installed in accordance with the City's normal standards and adopted codes, and the costs for meters shall be paid by ISU.
10. Each meter shall be assigned to a customer account in accordance with the City's standards as adopted in Municipal Code for water service, and shall be subject to the City's adopted rates for consumption and other charges in the same manner as the City's other retail water customers.
11. Buildings or other uses of potable water existing within the CYTown Development Area as of the Effective Date of this Agreement are to remain on the water supply service provided by ISU. However, ISU may request that any such existing building or other use of potable water be transferred to the City's public water supply service. If approved by the City, any such transfer will take place in accordance with the installation and operation provisions of this Section (Section V), including the requirements for the transfer of ownership to the City for water mains and other water system infrastructure.
12. ISU and the City acknowledge that: ISU has installed certain water system improvements in the CYTown Development Area as of the Effective Date of this Agreement; that the City's construction inspection staff has inspected the improvements and issued a certification of acceptance and completion; and ownership of the improvements has passed to the City. The location of the improvements is set forth in a Water and Sanitary Sewer Utility Easement Agreement executed by ISU and City and dated February 29, 2024.

VI. SANITARY SEWER SYSTEM IMPROVEMENTS

1. New buildings or other uses of potable water constructed in the CYTown Development Area after the Effective Date of this Agreement are to be provided with a connection to the City's sanitary sewer collection system in accordance with the procedures of this Section (Section VI).

2. The sanitary sewer mains, manholes, and other appurtenant devices necessary to provide sanitary sewer collection for the new buildings and other uses of potable water shall be considered "sanitary sewer system improvements."
3. ISU shall prepare plans and specifications in accordance with standards adopted by the City for sanitary sewer system improvements to be installed within the CYTown Development Area. ISU shall obtain approval for the plans and specifications of the sanitary sewer system improvements from the City's Municipal Engineer prior to installation.
4. ISU shall install the sanitary sewer system improvements in accordance with the plans and specifications approved by the City.
5. The installation of sanitary sewer system improvements is to be inspected by the City's construction inspection staff, and ISU shall pay the City for such inspection(s) in accordance with the standard rates and fees charged to other contractors in the City.
6. Upon certification of acceptance and completion of the sanitary sewer system improvements, ownership of the sanitary sewer system improvements shall pass to the City, and the City shall thereafter be responsible for operation and maintenance of the sanitary sewer system improvements, including costs.
7. Service lines extending from the facilities to the sanitary sewer mains within the CYTown Development Area, including the connection to the sewer main, shall be the responsibility of ISU to install and maintain. ISU agrees to maintain its service lines in a state of good repair as required in Ames Municipal Code Section 28.305(A).
8. All connections of service lines to sanitary sewer mains shall be completed in accordance with normal City standards and adopted codes for commercial sanitary sewer service line connections. ISU shall notify the City in advance of the connection of service lines to sanitary sewer mains.
9. Each customer account for water consumption as described in Section V(10) of this Agreement shall be subject to the City's adopted rates for sanitary sewer discharge and other charges in the same manner as the City's other retail sanitary sewer customers.
10. In advance of ISU granting any tenant occupancy of any portion of the CYTown Development Area, ISU shall notify the City of Ames Water and Pollution Control Department if that tenant has the potential to discharge wastewater that is not similar to domestic sewage (e.g., restaurant users, etc.). Such tenant may be required to install grease interceptors or other pre-treatment equipment meeting the design, sizing, and

performance specifications provided by the City, as a pre-requisite to obtaining water and sanitary sewer service.

11. Depending on the customer type and their particular sewer discharges, the individual customer accounts described in Sections V(10) and VI(9) of this Agreement may be subject to the provisions in Ames Municipal Code related to the discharge of fats, oils and grease (FOG) or high-strength waste, and/or the industrial pre-treatment program. ISU shall be responsible for the installation, ownership, and maintenance of any grease interceptors or other pre-treatment equipment necessary to comply with the sanitary sewer discharge regulations of Ames Municipal Code.
12. Buildings or other uses of potable water existing within the CYTown Development Area as of the Effective Date of this Agreement which discharge into ISU's sanitary sewer collection system are to remain on the sanitary sewer collection system provided by ISU. However, ISU may request that any such existing building or other use of potable water that discharges into ISU's sanitary sewer collection system be transferred to the City's sanitary sewer collection system. If approved by the City, any such transfer will take place in accordance with the installation and operation provisions of this Section (Section VI), including the requirements for the transfer of ownership to the City for sanitary sewer mains and other sanitary sewer system infrastructure.
13. ISU and the City acknowledge that: ISU has installed certain sanitary sewer system improvements in the CYTown Development Area as of the Effective Date of this Agreement; that the City's construction inspection staff has inspected the improvements and issued a certification of acceptance and completion; and ownership of the improvements has passed to the City. The location of the improvements is set forth in a Water and Sanitary Sewer Utility Easement Agreement executed by ISU and City and dated February 29, 2024.

VII. ELECTRIC SYSTEM IMPROVEMENTS

1. New buildings or other uses of electric power constructed in the CYTown Development Area after the Effective Date of this Agreement are to be provided with a connection to the City's Electric Utility in accordance with the procedures of this Section (Section VII) and applicable policies and procedures of Ames Municipal Code.
2. The electrical duct bank, transformer pads, and other appurtenant features necessary to provide electrical service for the new buildings and other uses of electric power shall be considered "electrical system improvements."

3. ISU shall prepare plans and specifications in accordance with standards adopted by the City for the electrical system improvements [to be furnished by ISU, as described in Paragraph VII(2)], and the electrical distribution cable and transformers [to be furnished by Ames, as described in Paragraph VII(6)] to be installed within the CYTown Development Area. ISU shall obtain approval for the plans and specifications from the City's Electric Services Department engineering staff prior to installation.
4. ISU shall install the electrical system improvements in accordance with the plans and specifications approved by the City.
5. The installation of electrical system improvements is to be inspected by the City's Electric Services Department engineering staff, and ISU shall pay the City for such inspection(s) in accordance with the standard rates and fees charged to other contractors in the City.
6. The City shall be responsible for furnishing and installing all electrical distribution cable and transformers necessary to provide electric power service to new buildings or other uses of electric power within the CYTown Development Area. All electrical equipment from the electrical distribution system up to and including the transformer, shall be owned and maintained by the City.
7. Electric service lines extending from the transformers to individual buildings or other users of electrical power within the CYTown Development Area shall be owned, installed and maintained by ISU. All connections of service lines to electrical transformers shall be completed in accordance with normal City standards and adopted codes for commercial electrical connections.
8. End Users of the City's Electric Utility services shall have separate electrical meters and instrument transformers (if instrument-rated) installed in accordance with the City's normal standards and adopted codes, and the cost for electric meters and instrument transformers shall be paid by the City. ISU shall provide meter panels and any current transformer enclosures at its cost and where specified by Ames Municipal Electric System as necessary to provide electrical service.
9. Each meter shall be assigned to a customer account in accordance with the City's standards as adopted in Municipal Code for electrical service and shall be subject to the City's adopted electrical rates and other charges in the same manner as the City's other retail electrical customers.
10. Any street lighting or parking lot lighting within the CYTown Development Area shall be the responsibility of ISU to own, install, and maintain. Street and/or parking lot lighting

shall be connected to the City's Electric Utility at metering locations as agreed between Ames and ISU. Costs for electricity for street lighting or parking lot lighting shall be paid as provided in Section VII(9) of this Agreement.

11. Buildings or other uses of electric power currently serviced by ISU and existing within the CYTown Development Area as of the Effective Date of this Agreement are to remain on the electric power system provided by ISU. However, ISU may request that any such existing building or other use of electric power within the CYTown Development Area be transferred to the City's Electric Utility as a retail customer. If approved by the City, any such transfer will take place in accordance with the installation and operation provisions of this Section (Section VII) and any additional infrastructure or conditions determined necessary by the City to complete the acceptance and connection, such as metering, primary connections, transformers, etc.

VIII. STORM WATER MANAGEMENT

1. ISU shall be responsible for the management of storm water within the CYTown Development Area, including any special storm water management practices and improvements necessary on a temporary basis during construction, in accordance with the provisions of the ISU Municipal Separate Storm Sewer System Permit as issued by the Iowa Department of Natural Resources.
2. ISU shall provide the City with a copy of its Storm Water Management Plan for the CYTown Development Area upon request.
3. Provided that no storm water collected within the CYTown Development Area passes into or through any storm sewer feature operated under the Municipal Separate Storm Sewer Permit issued by the Iowa Department of Natural Resources to the City of Ames, the Ames utility customers within the CYTown Development Area shall be exempt from rates and fees charged by the City for storm water management.
4. In the event it becomes necessary to install storm water management features in Stuart Smith Park to meet the storm water management needs of the CYTown Development Area, ISU agrees to locate any such storm water management features in such a manner as to preserve the existing shared-use path in that park. If the shared use path must be relocated in order to facilitate the installation of any storm water management features for the CYTown Development Area, ISU shall relocate the shared-use path at its sole expense, to a location satisfactory to the City of Ames.

IX. FLOOD PLAIN DEVELOPMENT PERMITTING

1. Prior to the initiation by ISU of any excavation, filling, grading, construction, or remodeling within the Special Flood Hazard Area, as that area is determined in the City's adopted Flood Plain Map, ISU shall apply to the City for a Flood Plain Development Permit. Approval of the Flood Plain Development Permit by the City shall not be unreasonably withheld.

X. BUILDING PERMITS AND FIRE CODE; INSPECTIONS

1. Construction within the CYTown Development Area will be governed by the building and fire code requirements administered by the Iowa State Fire Marshal, as is customary for other state-owned construction projects. However, prior to construction, ISU agrees to consult with the Ames Fire Chief or designee regarding the construction plans, to identify any potential impediments to the provision of effective fire or emergency medical services to the site by the Ames Fire Department.

XI. TRAFFIC SYSTEM IMPROVEMENTS

1. All roads and traffic improvements for internal traffic circulation within the CYTown Development Area shall be the responsibility of ISU to design, construct, own, and maintain. This includes any traffic improvements on Jack Trice Way between Beach Avenue and University Boulevard.
2. Any easements or private property to implement the improvements described in this Section (Section XI) shall be the responsibility of ISU to acquire. The City shall have no responsibility for any acquisition costs or condemnation proceedings related to the improvements described in this Section (Section XI).
3. The road and traffic improvements indicated in this Section are the same as those set forth in the CYTown-Parking and Infrastructure Improvements Traffic Study completed by Snyder & Associates and dated January 30, 2023 ("2023 Traffic Study"). The improvements described in this Section shall be constructed in the manner described in the 2023 Traffic Study, unless the City's Traffic Engineer approves an alternative, in writing, on the basis of changed roadway or traffic conditions in the time since the 2023 Traffic Study was completed.
4. Center Drive and University Boulevard Traffic Signal and Intersection Improvements:
 - a. ISU shall prepare plans and specifications for the installation of a traffic signal and related intersection improvements at the intersection of Center Drive and

University Boulevard ("University/Center Intersection Improvements"). These plans and specifications shall be prepared in accordance with the standards adopted by the City. ISU shall obtain approval from the City's Traffic Engineer for the plans and specifications of the University/Center Intersection Improvements prior to installation.

- b. ISU shall construct the University/Center Intersection Improvements prior to obtaining a certificate of occupancy for the first four buildings within Phase I of the CYTown Development Area.
- c. Deferral of Construction – The City shall defer the requirement for construction of the University/Center Intersection Improvements if, prior to construction, the City's Traffic Engineer determines that the intersection does not meet traffic signal warrant(s) as outlined in the Manual on Uniform Traffic Control Devices (MUTCD). When making this determination, the City's Traffic Engineer shall take into consideration any revised traffic impact study that exists. However, nothing in this paragraph shall be construed to require the City to undertake or pay for a revised traffic impact study. A deferral shall not be unreasonably withheld.

Any deferral granted by the City to ISU shall be accompanied by either: 1) a revised deadline by which the improvements are to be constructed, or 2) specific traffic conditions that, if evidenced, would require the improvements to be constructed. A deferred deadline is subject to subsequent deferral in the same manner as the original construction requirement.

- d. ISU shall be responsible for all costs to design and construct the University/Center Intersection Improvements. The traffic signal shall be dedicated to the City upon completion, and thereafter owned, operated, and maintained by the City. ISU shall be responsible for one-third of the future replacement costs of the traffic signal, when replacement is deemed warranted by the City's Traffic Engineer. Turn lane improvements at this intersection shall be owned and maintained by the City if on the south or north legs of the intersection, and owned and maintained by ISU if on the west leg of the intersection.

5. Beach Avenue and Jack Trice Way Traffic Signal and Intersection Improvements:

- a. ISU shall prepare plans and specifications for the installation of a traffic signal and related intersection improvements at the intersection of Beach Avenue and Jack Trice Way (referred to hereinafter as "Beach/Jack Trice Way Intersection Improvements"). These plans and specifications shall be prepared in accordance

with the standards adopted by the City. ISU shall obtain approval from the City's Traffic Engineer for the plans and specifications of the Beach/Jack Trice Way Intersection Improvements prior to installation.

- b. ISU shall construct the Beach/Jack Trice Way Intersection Improvements prior to obtaining a certificate of occupancy for either:
 - i. A hotel located within the CYTown Development Area; or,
 - ii. The first two buildings within Phase II of the CYTown Development Area, whichever occurs earlier.
- c. Deferral of Construction – The City shall defer the requirement for construction of the Beach/Jack Trice Way Intersection Improvements if, prior to construction, the City's Traffic Engineer determines that the intersection does not meet traffic signal warrant(s) as outlined in the Manual on Uniform Traffic Control Devices (MUTCD). When making this determination, the City's Traffic Engineer shall take into consideration any revised traffic impact study that exists. However, nothing in this paragraph shall be construed to require the City to undertake or pay for a revised traffic impact study. A deferral shall not be unreasonably withheld.

Any deferral granted by the City to ISU shall be accompanied by either: 1) a revised deadline by which the improvements are to be constructed, or 2) specific traffic conditions that, if evidenced, would require the improvements to be constructed. A deferred deadline is subject to subsequent deferral in the same manner as the original construction requirement.

- d. ISU shall be responsible for all costs to design and construct the Beach/Jack Trice Way Intersection Improvements. The traffic signal shall be dedicated to the City upon completion, and thereafter owned, operated, and maintained by the City. ISU shall be responsible for one-fourth of the future replacement costs of the traffic signal, when replacement is deemed warranted by the City's Traffic Engineer. Turn lane improvements at this intersection shall be owned and maintained by the City if on the south, west, or north legs of the intersection, and owned and maintained by ISU if on the east leg of the intersection.
6. Beach Avenue and Center Drive Traffic Improvements:
- a. ISU shall prepare plans and specifications for the realignment of the intersection of Center Drive, Beach Avenue, and Greeley Street ("Beach/Center Intersection Improvements"). These plans and specifications shall be prepared in accordance

with the standards adopted by the City. ISU shall obtain approval from the City's Traffic Engineer for the plans and specifications of the Beach/Center Intersection Improvements prior to installation.

- b. ISU shall construct the Beach/Center Intersection Improvements prior to obtaining a certificate of occupancy for either:
 - i. A hotel located within the CYTown Development Area; or,
 - ii. The first two buildings within Phase II of the CYTown Development Area, whichever occurs earlier.
- c. Deferral of Construction – The City shall defer the requirement for construction of the Beach/Center Intersection Improvements if, prior to construction, the City's Traffic Engineer determines that the intersection does not require realignment based on contemporary traffic engineering principles. When making this determination, the City's Traffic Engineer shall take into consideration any revised traffic impact study that exists. However, nothing in this paragraph shall be construed to require the City to undertake or pay for a revised traffic impact study. A deferral shall not be unreasonably withheld.

Any deferral granted by the City to ISU shall be accompanied by either: 1) a revised deadline by which the improvements are to be constructed, or 2) specific traffic conditions that, if evidenced, would require the improvements to be constructed. A deferred deadline is subject to subsequent deferral in the same manner as the original construction requirement.

7. Country Club Neighborhood Traffic Calming:

- a. Upon the occupancy of the first four buildings in Phase I of the CYTown Development Area, the City's Traffic Engineer shall evaluate the traffic conditions in the neighborhood located west of Beach Avenue (between Lincoln Way, Ash Avenue, Beach Avenue, and Cessna Street). Thereafter, if determined warranted by the City's Traffic Engineer, the City may install traffic calming improvements in that neighborhood.
- b. ISU shall reimburse the City for the actual costs to construct and/or install any traffic calming features consistent with contemporary standards of traffic engineering in the neighborhood west of Beach Avenue, provided that the City provides notification to ISU of the proposed measures prior to finalizing their design. Within thirty (30) days of receipt of notification, ISU may request a

conference with the City's Traffic Engineer to discuss the traffic calming measures and to propose alternatives. If the City elects not to proceed with an alternative as proposed by ISU, the City will provide a statement in writing detailing the reasons therefor. Upon completion of the installation of the traffic calming measures, ISU shall have no obligation for maintenance or repair of the traffic calming measures, and any future traffic calming measures or modifications shall be the responsibility of the City.

XII. EASEMENTS

1. Prior to completion by ISU and acceptance by the City of any Water System Improvements, Sanitary Sewer System Improvements, Electric System Improvements, or Traffic System Improvements in the CYTown Development Area as described in this Agreement, ISU shall grant to the City by executed instruments, without charge to the City, easements for the installation and maintenance of such improvements and any future related improvements as may be necessary to provide services to the CYTown Development Area. The easements shall be memorialized using the easement template approved by City and ISU staff on October 26, 2023, unless ISU and the City mutually agree otherwise.
2. Off-Site Electrical Improvements: The Parties understand that improvements to the City's electrical distribution infrastructure outside the CYTown Development Area will be necessary in order to reliably serve the anticipated needs of the CYTown Development Area. The City shall be responsible for obtaining any private property easements necessary to construct these off-site improvements. However, in locations where the City requires the installation of electrical distribution infrastructure across or under ISU property outside of the CYTown Development Area in order to serve the CYTown Development Area, ISU agrees to provide electrical easements to the City in mutually acceptable locations using the easement template approved by City and ISU staff on October 26, 2023, unless ISU and the City mutually agree otherwise.

XIII. UNDERGROUND FACILITY LOCATING

1. The City shall be responsible for locating and marking its underground facilities within the CYTown Development Area (water, sanitary sewer, electric, and traffic signal underground facilities) in accordance with Iowa Code Chapter 480. The City shall have no responsibility to locate or mark underground facilities that are the property of ISU, including but not limited to water corporation cocks, curb cocks and curb boxes, service lines, parking lot light electric lines or other utilities installed or operated by ISU within the CYTown Development Area. ISU shall be responsible for locating and marking any underground facilities owned by ISU.

XIV. LAW ENFORCEMENT

1. Law Enforcement operations within the CYTown Development Area shall be administered under the "Intergovernmental 28E Agreement for Combined Law Enforcement Services" filed May 17, 2018 with the Iowa Secretary of State, or any successor agreement thereto.

XV. FIRE PROTECTION

1. Fire protection services within the CYTown Development Area shall be administered under the "Agreement between the City of Ames and the Board of Regents, State of Iowa for Fire Services at Iowa State University" dated May 19, 1981, or any successor agreement thereto.

XVI. AMENDMENT

1. This Agreement represents the entire Agreement of the parties. Any amendment to this Agreement shall be in writing, approved by each party, and executed by the authorized representative of each party.

XVII. SEVERABILITY

1. In the event any part or paragraph of this Agreement is declared void as being contrary to Iowa law, the remaining provisions of this Agreement that are valid shall continue in full force and effect.

XVIII. INDEMNIFICATION

1. To the extent permitted by law, each party shall indemnify and hold harmless the other party and the other party's officers, agents and employees, against any and all claims, demands, damages, loss or liability incurred by the indemnified party, including reasonable legal fees, directly or indirectly resulting from or arising out of the negligent or wrongful acts or omissions of the indemnifying party, or its officers, agents or employees.

XIX. PRIOR AGREEMENTS

1. In the event any provision of this Agreement conflicts with a provision of another Agreement between the parties existing as of the Effective Date of this Agreement, the provisions of this Agreement shall control.

XX. TERMINATION

1. This Agreement shall remain in effect unless terminated by the mutual consent of the Parties hereto.

XXI. COUNTERPARTS

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

IN WITNESS WHEREOF, the Parties hereto have caused this instrument to be executed effective as of the date first above written.

CITY OF AMES, IOWA

IOWA STATE UNIVERSITY

By: _____
John Haila, Mayor

By: _____
Wendy Wintersteen, President

Attest: _____
Renee Hall, City Clerk

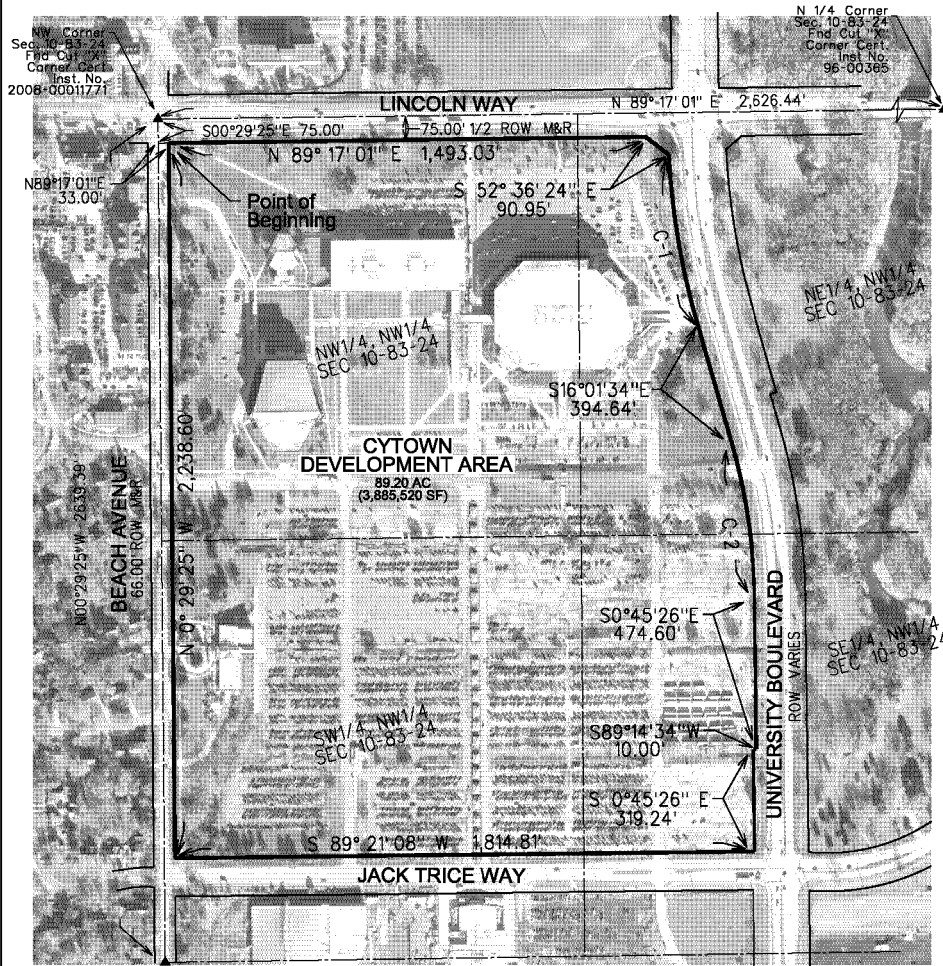
ATTACHMENT 1: CYTOWN DEVELOPMENT AREA BOUNDARIES

CYTOWN DEVELOPMENT AREA**PROPERTY DESCRIPTION:**

A PART OF THE NORTHWEST 1/4 OF SECTION 10, TOWNSHIP 83 NORTH, RANGE 24 WEST OF THE 6TH P.M., CITY OF AMES, STORY COUNTY, IOWA AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 10; THENCE SOUTH 00°29'25" EAST ALONG THE WEST LINE OF SAID NORTHWEST 1/4, A DISTANCE OF 75.00 FEET TO THE SOUTH RIGHT-OF-WAY LINE OF LINCOLN WAY; THENCE NORTH 89°17' 01" EAST ALONG SAID SOUTH RIGHT-OF-WAY LINE, 33.00 FEET TO THE EAST RIGHT-OF-WAY LINE OF BEACH AVENUE AND TO THE POINT OF BEGINNING; THENCE NORTH 89°17'01" EAST ALONG SAID SOUTH RIGHT-OF-WAY LINE, 1,493.03 FEET TO THE WEST RIGHT-OF-WAY LINE OF UNIVERSITY BOULEVARD; THENCE SOUTH 52°36'24" EAST ALONG SAID WEST RIGHT-OF-WAY LINE, 90.95 FEET ; THENCE SOUTHEASTERLY ALONG SAID WEST RIGHT-OF-WAY LINE AND ALONG A CURVE CONCAVE EASTERLY WHOSE RADIUS IS 2,371.83 FEET, WHOSE ARC LENGTH IS 537.80 FEET AND WHOSE CHORD BEARS SOUTH 08°31'49" EAST, 536.85 FEET; THENCE SOUTH 16°01'34" EAST CONTINUING ALONG SAID WEST RIGHT-OF-WAY LINE, 394.64 FEET; THENCE SOUTHERLY CONTINUING ALONG SAID WEST RIGHT-OF-WAY LINE AND ALONG A CURVE CONCAVE WESTERLY WHOSE RADIUS IS 1,829.88 FEET, WHOSE ARC LENGTH IS 487.64 FEET AND WHOSE CHORD BEARS SOUTH 08°23'30" EAST, 486.20 FEET; THENCE SOUTH 00°45'26" EAST CONTINUING ALONG SAID WEST RIGHT-OF-WAY LINE, 474.60 FEET; THENCE SOUTH 89°14'34" WEST CONTINUING ALONG SAID WEST RIGHT-OF-WAY LINE, 10.00 FEET; THENCE SOUTH 00°45'26" EAST CONTINUING ALONG SAID WEST RIGHT-OF-WAY LINE, 319.24 FEET; THENCE SOUTH 89°21'08" WEST, 1,814.81 FEET TO SAID EAST RIGHT-OF-WAY LINE OF BEACH AVENUE; THENCE NORTH 0°29'25" WEST ALONG SAID EAST RIGHT-OF-WAY LINE, 2,238.60 FEET TO THE POINT OF BEGINNING AND CONTAINING 89.20 ACRES (3,885,520 S.F.).

PROPERTY SUBJECT TO ANY AND ALL EASEMENTS OF RECORD.

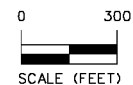


DATE OF SURVEY
AUGUST 16, 2023

W 1/4 Corner
Sec. 10-83-24
Fnd. Cut "X"
Corner Cert. Inst. No. 2021-13163

CURVE TABLE

CURVE NO.	DELTA	RADIUS	ARC LENGTH	TANGENT	CHORD BEARING/DISTANCE
C-1	12°59'29"LT	2,371.83'	537.80'	270.06'	S8°31'49"E 536.65'
C-2	15°16'08"RT	1,829.88'	487.64'	245.27'	S8°23'30"E 486.20'

**CYTOWN DEVELOPMENT AREA****EXHIBIT DRAWING**

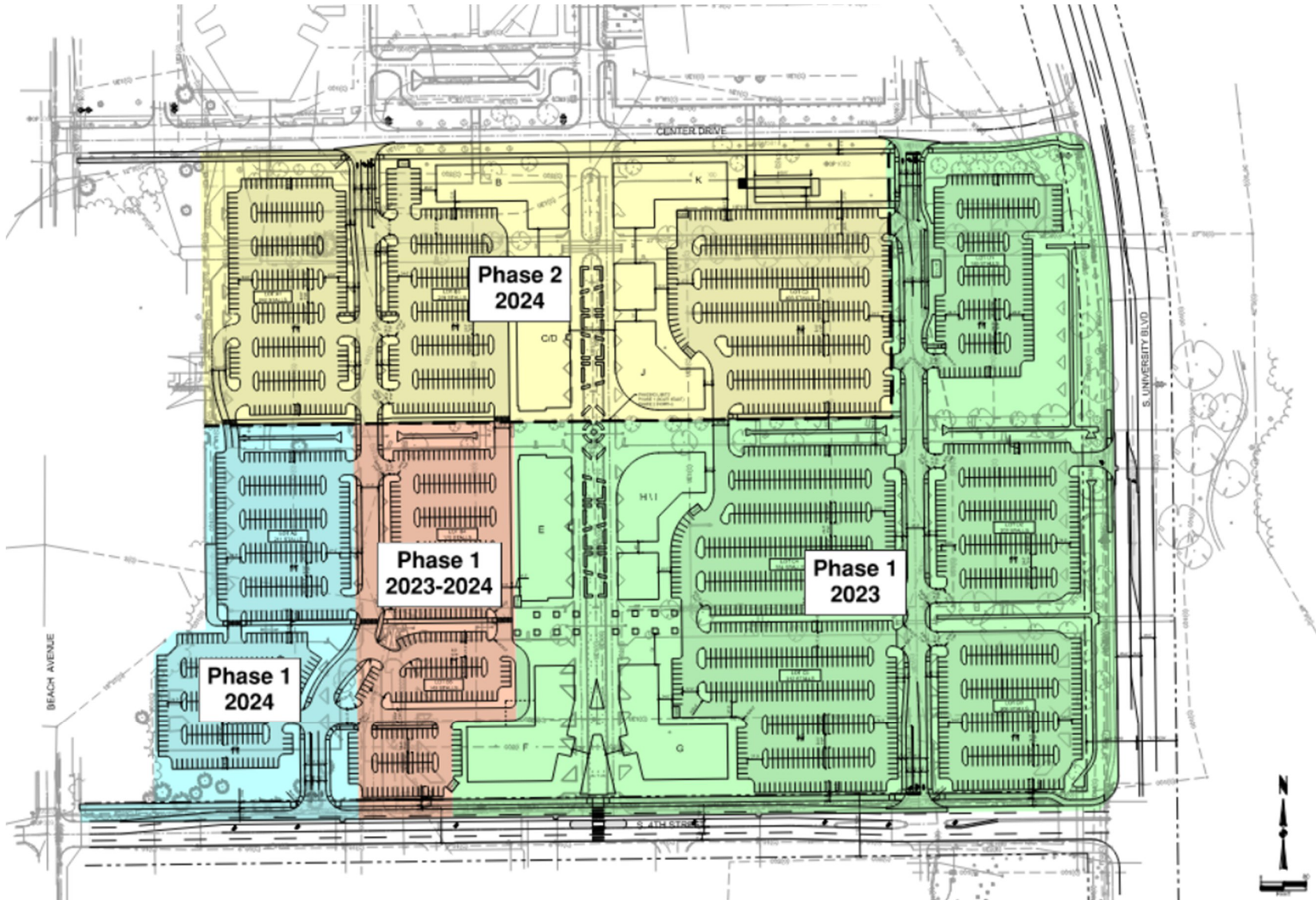
S SNYDER
& ASSOCIATES

2727 S.W. SNYDER BLVD.
ANKENY, IA 50023 (515) 964-2020

SHEET 1 OF 1
PN: 1220768
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ATTACHMENT 2: CYTOWN DEVELOPMENT AREA PHASING PLAN



Memorandum of Understanding Between Iowa State University and The City of Ames, Iowa

This Memorandum and Understanding ("MOU" or "Agreement") entered this ____ day of _____, 2024, by and between the CITY OF AMES, IOWA ("City"), and IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY ("Iowa State University" or "ISU"),

RECITALS

Iowa State University is the owner of property located between Lincoln Way and Jack Trice Way, South University Boulevard to Beach Avenue ("CYTown Development Area"); and,

Iowa State University intends to develop the CYTown Development Area to create a multi-use district, which may contain uses including retail, office, residential, medical, entertainment, event space, hotel, research, academic, administrative, and other similar activities and related supporting infrastructure; and,

The existing major facilities located within the boundaries of the CYTown Development Area, including C.Y. Stephens Auditorium, Fisher Theater, Hilton Coliseum, and the Scheman Building, have been art and cultural anchors of the Ames and ISU community since the first facility was opened in 1969; and,

The City and ISU agree that a prosperous local arts and entertainment community improves the welfare, comfort, and convenience of Ames' citizens, promotes economic development and tourism, and enhances the community identity; and,

The existence of quality facilities and equipment is necessary to achieve these objectives; and,

The existing facilities require substantial financial investments in maintenance and enhancements, and insufficient funding exists to complete these investments; and,

The development of complementary facilities and attractions within the vicinity creates the opportunity to both finance those investments and regain the status of these facilities as a premier performing arts, visitor, events, and entertainment center of the community and state; and,

The City and ISU have a long history of cooperating together for the benefit of both the Ames Community and the University.

Accordingly, it is the mutual desire of ISU and the City to realize the development of a premier performing arts, visitor, events, and entertainment area, and the parties have committed to mutual understanding regarding the cooperation between them as provided for in this MOU to achieve this development.

I. DESCRIPTION OF DEVELOPMENT GOALS

A. The parties intend that the CYTown Development Area (which area is described in Article IV of this Agreement) will achieve the following:

1. Rehabilitate and enhance the performing arts, visitor, and events facilities within the CYTown Development Area, for the benefit of Iowa State University and the community of Ames; and,
2. Develop new Convention and Hotel space and rehabilitate existing Convention space; and,
3. Attract and retain students, visitors, employees, and businesses to Iowa State University and the City of Ames; and,
4. Develop a "destination" to attract individuals to the community to work, play, and live; and,
5. Generate revenues to achieve the rehabilitation and enhancement efforts as described above.

II. PURPOSE OF MEMORANDUM OF UNDERSTANDING

A. It is the purpose of this MOU to:

1. Establish the Principles and General Understanding between the parties regarding their cooperative relationship to establish the goals set forth above; and,
2. Identify mutually beneficial funding sources to help accomplish the rehabilitation and enhancement of the performing arts, visitor, and events facilities within the CYTown Development Area; and,
3. Develop a framework to resolve issues that may arise between the Parties pertaining to taxability and other legal provisions that may jointly impact ISU and the City.

III. DEFINITIONS:

As used in this MOU, the following terms have the meanings outlined below:

Convention – Conferences, seminars, trade shows, meetings, trainings, or symposia, generally of an educational or professional nature, where indoor open space is necessary to facilitate an assembly of people with a common interest.

CYTown Suites – Apartment-style dwelling units, access to which is made available to certain donors to ISU.

Events – Scheduled activities that provide opportunity for interaction in a social setting, including banquets, galas, balls, or lectures.

Food and Drink Establishments – Restaurants, bars, breweries, distilleries, and other places serving food or beverages, providing service to visitors to the CYTown Development Area.

Hotel - Any number of buildings or portions thereof providing lodging or rooming to transient members of the public.

Medical – A facility providing medical or surgical care to patients where overnight care is not provided.

Office – A facility containing activities conducted in an office setting and primarily focusing on administrative, business, government, professional, medical, or financial services.

Performing Arts – Creative arts performed in front of an audience, including music, dance, comedy performances, and theater.

Retail – A facility containing uses that involve the sale, lease, or rental of new or used consumer products, including prepared foods, to the general public and uses providing services involving predominantly personal or business services, including repair of consumer and business goods. Retail shall not include service stations, motor vehicle, truck, or equipment sales.

Tenant - Any non-ISU person or entity charged rent, or where any other consideration is required in exchange for a right to occupy the premises by a non-ISU person or entity.

Visitor – A person who travels to the CYTown Development area to enjoy an event, food and drink establishment, performing art, or entertainment activity.

IV. CYTOWN DEVELOPMENT AREA COMPONENTS:

The extent of the CYTown Development Area is depicted on Attachment 1 to this Agreement. The CYTown Development Areas consists of the land and improvements located south of Lincoln Way, north of Jack Trice Way, west of South University Boulevard, and east of Beach Avenue, in Ames, Iowa, excluding:

1. The Alumni Center building,
2. Any traditional research, academic, or administrative building servicing solely ISU within the boundaries of the CYTown Development Area, and
3. The existing facilities in the CYTown Development Area including ("Existing Facilities"):
 - a. C.Y. Stephens Auditorium
 - b. Fisher Theater
 - c. Scheman Building
 - d. Hilton Coliseum
 - e. Campbell Transit Center

A. PROPOSED FACILITIES:

BLDG.	PHASE	USE	PLAN AREA (sq. ft.)
A	II	University Use	20,300
B	II	Retail / Event	15,000
C	II	L1: Office / L2-3: Office / Suites	9,500
D	I	L1: Office / L2-3: Office / Suites	7,000
E	I	L1: Office / L2-3: Office / Suites	24,050
F	I	Medical Clinic	16,667
G	I	Restaurant / Event	15,823
H	I	Retail / Event	12,025
I	I	Retail / Event	12,025
J	II	Retail / Event	17,000
K	II	Retail / Event	15,000
L	II	Convention / Hotel	55,000

- B. The proposed facilities and their configuration as described in the table above are preliminary and conceptual in nature, and the parties understand that the facilities to be constructed and operated may not be built to these exact specifications of square footage or locations. The configuration, timing of the construction, and opening of the

proposed facilities described in this MOU is within the sole discretion of Iowa State University.

- C. In general, however, for purposes of this MOU only, the CYTown Development Area is described in the following two phases:
 - 1. Phase I - the facilities located in the portion of the CYTown Development Area bounded on the south by Jack Trice Way and on the north by an east-west line 700 feet north of the centerline of Jack Trice Way (Buildings E, F, G, H, and I as depicted on Attachment 2)
 - 2. Phase II - any facility not included in Phase I.
- D. As part of the development expenses of the CYTown Development Area, the Campbell Transit Center has been demolished and will be reconstructed by ISU in another portion of the CYTown Development Area to facilitate the construction of the overall CYTown Development Area. For purposes this MOU, the relocated Campbell Transit Center is not part of Phase I or Phase II.

V. ISSUES OF STATE LAW

- A. The Parties understand that there are areas of State law including taxation and competition with private enterprises that may impact the development. While recognizing that this MOU does not supersede State law, the Parties agree, to the extent allowed by State law, to work together where appropriate to attempt to address and resolve issues that arise relating to any aspect of the CYTown Development that implicates issues of governmental competition with private enterprise or taxation.
- B. The City and ISU agree that to the fullest extent allowed by law, from the revenue generated through the CYTown Development, an amount equivalent to the normal property tax collection attributable/payable to the City for similar private developments will be invested back into the CYTown Development as described in this MOU Section VII. The City and ISU agree to take all action within their legal authority to facilitate this intent. The parties agree not to take any formal affirmative action within their legal authority inconsistent with this intent.
- C. The agreements described in this section and the provisions of this MOU apply exclusively to the CYTown Development Area and shall not establish a precedent with respect to the Parties' relationship on other development projects.

VI. CYTOWN ADVISORY COMMITTEE

A. The Parties agree to create a "CYTown Advisory Committee" consisting of:

1. An individual appointed by the Iowa State University President
2. The Iowa State University Research Park President
3. The City Manager of the City of Ames

B. The purpose of the CYTown Advisory Committee is to:

1. Provide input to the Iowa State University President on the overall development of the CYTown Development Area. To that end, the Committee will perform an annual financial review of the Development Area and make recommendations regarding a plan for the investments in, and a schedule for, the planned improvements.
2. Discuss any issues pertaining to the CYTown Development Area which are not disposed of by this Agreement.

VII. PROPERTY TAX AND PROPERTY TAX EQUIVALENTS COLLECTED IN LIEU OF TAXES (MOU PILOT)

A. ISU agrees to collect from Tenants in buildings in the CYTown Development Area (as described and subject to the exclusions in Section IV of this Agreement) an amount in addition to any charges for rent or common area maintenance, which amount shall be a Payment in Lieu of Tax (PILOT).

B. The amount of PILOT to be collected for each building in a given year shall be calculated in a manner similar to the assessment of property and the collection of property taxes in the City of Ames, per the procedures described below:

1. Upon receipt of approval for occupancy of a building by the State Fire Marshal, ISU shall notify the Ames City Assessor and request that an assessment value be established for that building as required by Iowa Code Section 427.1(18). It is understood that an assessment value provided by the Ames City Assessor is to be used by the Parties for the purpose of determining value to fulfill the provisions of this Agreement, and that the assessment value is not a tax statement.

The assessment value shall be considered the "Building Value" for the purposes of this Agreement. The Building Value is subject to revision by the City Assessor

from time to time through normal assessment processes (e.g., revaluation in odd-numbered years; changes due to additions, demolition, renovations, etc.). The most recently established Building Value shall be the value used for the calculation of PILOT for a given building. Nothing in this paragraph restricts in any way the rights of ISU or any other qualified party to protest the Building Value established by the Ames City Assessor as provided in Iowa law, in which case the assessment value established through the protest process and any applicable appeals shall be the considered the Building Value.

- i. In the event the Ames City Assessor fails to furnish a Building Value to ISU in an assessment notice mailed on or before April 1 of the year following initial occupancy or in any odd-numbered year thereafter, then the Building Value for that year shall be established through an independent appraisal prepared in accordance with the Uniform Standards of Professional Appraisal Practice. The appraisal report shall be completed on or before June 1. The selection of an appraiser and the costs therefor shall be the responsibility of ISU. Upon receipt of the independent appraiser report, ISU shall provide a copy to the City. Annually thereafter, the Building Value shall be as calculated by the Ames City Assessor per Paragraph VII(B)(1) above, or through the provisions of this Paragraph VII(B)(1)(i).
2. The Building Value, as established in accordance with Paragraphs VII(B)(1) and VII(B)(1)(i) above, is not required to be determined for any building(s) for which property tax has been otherwise assessed and collected by any taxing authority.
3. ISU shall cooperate with reasonable requests by the Ames City Assessor to review construction documents, lease agreements, and/or conduct site inspections for the purpose of establishing value in the initial and subsequent years. Because building code compliance on State property is under the jurisdiction of the State Fire Marshal rather than the City of Ames, ISU agrees to notify the Ames City Assessor of any alterations, additions, renovations, demolition, or other building modifications that occur to any building after it becomes initially occupied.
4. On or before June 1 each year, ISU shall furnish the City with land values for each building as of January 1 of that year for the purpose of calculating PILOT.
5. On or before July 1 each year, the City shall furnish ISU with statements for each building for which a value has been established, which shall describe the following:

- i. The most recent Building Value.
- ii. The most recent land value as furnished by ISU.
- iii. Amounts calculated by multiplying that Building Value and that land value by the most recent assessment limitation percentage (rollback) certified by the Iowa Department of Revenue as applicable to the type of use for that building.
- iv. The amounts calculated in Paragraph VII(B)(5)(iii) then divided by \$1,000 and multiplied by the adopted Ames City/Ames Community School District (Tax District Number 850067) Consolidated Levy Rate ("CLR-850067") for the period beginning July 1 of that year. This amount is the total amount of Payment in Lieu of Tax ("PILOT") for that building.
- v. The PILOT calculated in Paragraph VII(B)(5)(iv) is to be divided into two portions:
 - 1. The MOU PILOT - an amount equivalent to the proportion of the City's levy rate as compared to the CLR-850067 for that year, as applied to the Building Value only, and
 - 2. The Remainder PILOT – the portion of the collected PILOT that remains after subtracting the amount of the MOU PILOT.
- 6. ISU shall collect the PILOT from Tenants not later than June 30 each year for PILOT calculated as of the preceding July 1.

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7. An example of a statement to be furnished to ISU, demonstrating the calculations described in Paragraph VII(B)(5), is shown below:

2027 CYTown PILOT Statement - EXAMPLE					
Retail Building XYZ			THIS IS NOT A TAX BILL		
Approved for Occupancy 10/12/2026					
	January 1, 2027	w/Commercial Property Assessment Limitation (Rollback) for July 1, 2027 (90%)			
Building Value (Per Assessor)	\$ 1,750,000	Building Value			\$ 1,575,000
Land Value (Per ISU)	\$ 625,000	Land Value			\$ 562,500
TOTAL	\$ 2,375,000	TOTAL			\$ 2,137,500
July 1, 2027 Adopted Levies:		Rate per \$1,000	Times Rolled Back Value:	Amount to be Collected On or Before June 30, 2028:	
				Building	Land
Ames City Levy		9.29336	MOU PILOT:	\$14,637.04	0.00
Sum of All Other Levies		21.52286	Remainder PILOT:	\$33,898.50	\$17,334.12
			Subtotal:	\$48,535.54	\$17,334.12
TOTAL (CLR-850067)		30.81622	Total PILOT:	\$65,869.66	

- C. ISU may dedicate all or a portion of the Remainder PILOT to a specific purpose.
- D. Phase I MOU PILOT revenues and Phase II MOU PILOT revenues shall be accounted for separately.
- E. ISU agrees that MOU PILOT revenues collected from Tenants will be used only for the following purposes:
1. Remittance to the City – Not later than December 31 each year, ISU shall remit all eligible MOU PILOT revenues, as described below, collected in the previous fiscal year to the City, and the City may use such revenues for any lawful purpose.

The amount of the MOU PILOT revenues eligible to be remitted to the City from each Phase, each year, is limited in accordance with the schedules below:

PHASE I MOU PILOT REVENUES:

Years After the First Building Constructed in <u>Phase I</u> is Approved for Occupancy by the State Fire Marshal	Portion of Phase I MOU PILOT Revenues Collected by ISU That Year <u>Eligible</u> to be Remitted to the City
0-19	0%
20-24	25%
25-29	50%
30 and thereafter	75%

PHASE II MOU PILOT REVENUES:

Years After the First Building Constructed in <u>Phase II</u> is Approved for Occupancy by the State Fire Marshal	Portion of Phase II MOU PILOT Revenues Collected by ISU That Year <u>Eligible</u> to be Remitted to the City
0-19	0%
20-24	25%
25-29	50%
30 and thereafter	75%

- i. Notwithstanding the foregoing, in the event ISU transfers or expends any of the Remainder PILOT revenues for a university or governmental purpose other than that which is specifically described in Paragraph VIII(A)(1)(ii) of this Agreement, then the City may, at its option, elect to collect from MOU PILOT revenues in that year and subsequent years as necessary, an amount equal to such transfer or expenditure.
- ii. The City may, at its option, waive its right to collect any or all MOU PILOT revenues it is eligible to receive from ISU in any given year if the City chooses to further fund improvements in the CYTown Development Area.
- iii. If any taxing authority determines that a portion of the CYTown Development Area, but not the CYTown Development Area in its entirety, is subject to the payment of property taxes to the City, the Parties agree that: 1) the nontaxable portion of the CYTown Development Area will remain subject to the terms of this MOU, and 2) for the portion of the CYTown Development Area for which property taxes have been collected and remitted by any taxing authority to the City, ISU will not be obligated to continue collecting or paying the City MOU PILOT for that portion of the CYTown Development Area so long as that portion of the CYTown Development Area remains taxable.

2. Contribution to Performing Arts, Visitor, and Events Enhancements – ISU agrees that any MOU PILOT revenues not remitted to the City in accordance with Paragraph VII(E)(1) above will be deposited in the CYTown Development Area Capital Improvements Fund (“Capital Improvements Fund”).

- i. Any funds in the Capital Improvements Fund are to be used exclusively for:

1. Enhancements to and renovations of any of the following:

- a. C.Y. Stephens Auditorium,
- b. Fisher Theater,
- c. The Scheman Building,
- d. Hilton Coliseum. Enhancements to Hilton Coliseum are limited to improvements to the building envelope (roof, windows, doors), mechanical systems, or seating; or,

2. Construction of new flat space or Convention space, not including construction of a Hotel, provided that no further enhancements and renovations are planned or needed for the facilities listed in Paragraph VII(E)(2)(i)(1) above.

- ii. Enhancements and renovations to be financed by the Capital Improvements Fund are non-operational activities which include, but are not limited to, restroom renovations and expansion, replacement of carpet and interior finishes, replacement theater seating, patron amenity improvements, building system deferred maintenance, technology upgrades, skywalk connection expansion, theater production improvements, and event space construction and renovation.

- iii. However, the Capital Improvements Fund may not be used to finance:

1. Any improvement to Hilton Coliseum other than improvements to the building envelope (roof, windows, doors), mechanical systems, or seating; or,
2. Decorations, sculptures, landscaping, or other ornamental fixtures within the CYTown Development Area.

VIII. ACCOUNTING FOR CYTOWN FINANCES

A. ISU agrees to operate the finances of the CYTown Development Area as an enterprise (i.e., an isolated, business-like activity). ISU shall create and manage an Operating Fund and a Capital Improvements Fund for the CYTown Development Area.

1. Revenues and expenses shall be assigned to the Operating Fund as follows:

i. Revenues:

1. Donations and/or fundraising related to the CYTown Suites or other improvements,
2. Land rents or leases for commercial spaces,
3. Common area maintenance fees,
4. Hotel/convention revenues,
5. Remainder PILOT revenues, except those Remainder PILOT revenues which, through an agreement with another property taxing authority, are either remitted to that authority or dedicated to a specific purpose, and
6. All other revenues, excluding MOU PILOT revenues.

ii. Expenses:

1. Operating expenses for CYTown,
2. Common area maintenance and development expenses,
3. Construction costs and/or Debt service payments for the "Proposed Facilities," infrastructure, and common areas generally described in Paragraph IV(A) of this Agreement, and
4. Developer rebates.

2. Revenues and expenses shall be assigned to the Capital Improvements Fund as follows:

i. Revenues:

1. Those MOU PILOT revenues not remitted to the City,
2. A transfer of any unencumbered balance, as determined by ISU, remaining in the Operating Fund at the conclusion of each fiscal year.

ii. Expenses:

1. Debt service or cash for improvements or construction as described in Paragraph VII(E)(2)(ii) of this Agreement.

- B. It is the intent of ISU to utilize the Capital Improvements Fund from the CYTown Development Area to finance improvements to the Existing Facilities as soon as practicable after sufficient income has been collected to do so. To achieve this goal, ISU shall contract for construction of the first improvements to C.Y. Stephens Auditorium, Fisher Theater, and the Scheman Building prior to the accumulation of any balance in the Capital Improvements Fund exceeding \$4,000,000.
- C. Not later than December 31 each year, ISU will provide the City with audited financial statements prepared in accordance with Generally Accepted Accounting Principles, which statements include itemized reports of all revenues, operating expenditures, MOU PILOT, debt service, and capital improvements related to the CYTown Development Area Capital Improvements and Operating Funds for the preceding fiscal year. The CYTown Development Area fiscal year will be July 1 through June 30.

IX. ISU RESPONSIBILITIES:

- A. All facilities within the CYTown Development Area shall be under the administration, management, governance, and control of Iowa State University. By way of specification but not limitation, all rules, policies, purchases, and contracts pertaining to the construction and operation of the CYTown Development Area shall be the sole prerogative of Iowa State University, except that ISU shall, in general, charge market-based land rents, as reasonably determined by ISU, to all Tenants leasing commercial space within the CYTown Development Area, with the exception of any portion of any building used as "CYTown Suites."

X. CONSTRUCTION, UTILITIES, AND TRAFFIC

- A. Responsibilities regarding construction, ownership, and operation of electric, water, sanitary sewer, storm water, and traffic infrastructure to serve the CYTown Development area, and other responsibilities for permitting and certain public services, are described in a separate agreement between the Parties ("CYTown Development Area Construction, Utilities, Traffic, and Related Services Memorandum of Understanding").

XI. NO ENTITY CREATED

- A. No separate legal entity or agency is created under this Agreement.

XII. AMENDMENT

- A. This Agreement represents the entire Agreement of the parties. Except as provided in Paragraphs B-C of this Section, any amendment to this Agreement shall be in writing, approved by each party, and executed by the authorized representative of each party.
- B. If ISU, after the effective date of this Agreement, enters into or thereafter amends a similar agreement with another taxing authority, then the City may elect to substitute any of the following provisions in this Agreement with the same provision(s) of the agreement between ISU and the other taxing authority:
 - a. The duration as set forth in Section XVI(A) of this Agreement,
 - b. The calculation method of the PILOT for that other taxing authority (e.g., a calculation of PILOT that is not based on the proportion of the taxing authority's adopted levy rate as compared to the consolidated levy rate as described in Section VII of this Agreement), and/or
 - c. The portion of PILOT that is eligible to be remitted to the taxing authority in a given year of the Agreement (e.g., the tables set forth in Section VII(E)(1) of this Agreement).
- C. Any substitution elected in writing by the City as described in Paragraph XII(B) above shall be considered an amendment as described in this Section and shall be effective on the date notice is received by ISU.

XIII. SEVERABILITY

- A. In the event any part or paragraph of this Agreement is declared void as being contrary to Iowa law, the remaining provisions of this Agreement that are valid shall continue in full force and effect.

XIV. INDEMNIFICATION

- A. The Parties covenant and agree to indemnify and hold harmless each other, to the extent allowed by Iowa law, their officers, and employees, against any loss or liability whatsoever, including reasonable attorney's fees, pertaining to any and all claims by any and all persons, resulting from or arising out of this Agreement.

XV. PRIOR AGREEMENTS

- A. In the event any provision of this Agreement conflicts with a provision of another Agreement between the parties existing as of the Effective Date of this Agreement, the provisions of this Agreement shall control.

XVI. TERMINATION

- A. DURATION: This MOU shall remain in effect for thirty-five (35) years from the date the first building in Phase II is approved for occupancy by the State Fire Marshal, unless the Agreement is terminated prior to that date by the mutual consent of the Parties hereto, or through the termination provisions of this Section XVI.
- B. This MOU may be terminated by ISU with 90 days' notice if the final determination of any taxing authority requires the payment of any property taxes to the City contrary to the provisions of this Agreement.
- C. Upon termination of this MOU, ISU agrees that any balance remaining in the Capital Improvements Fund shall remain subject to the provisions of Paragraphs VII(E)(2)(i-iii) and Article VIII of this MOU, which describe the permitted uses of funds. The obligations described in this paragraph shall survive the termination of this MOU and ISU shall be relieved of these obligations only when the balance in the Capital Improvements Fund is exhausted.

XVII. COUNTERPARTS

- A. This MOU may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. The parties acknowledge that this Agreement is subject to Ames City Council and Iowa Board of Regents approval.

IN WITNESS WHEREOF, the Parties hereto have caused this instrument to be executed effective as of the date first above written.

CITY OF AMES, IOWA

IOWA STATE UNIVERSITY

By: _____
John Haila, Mayor

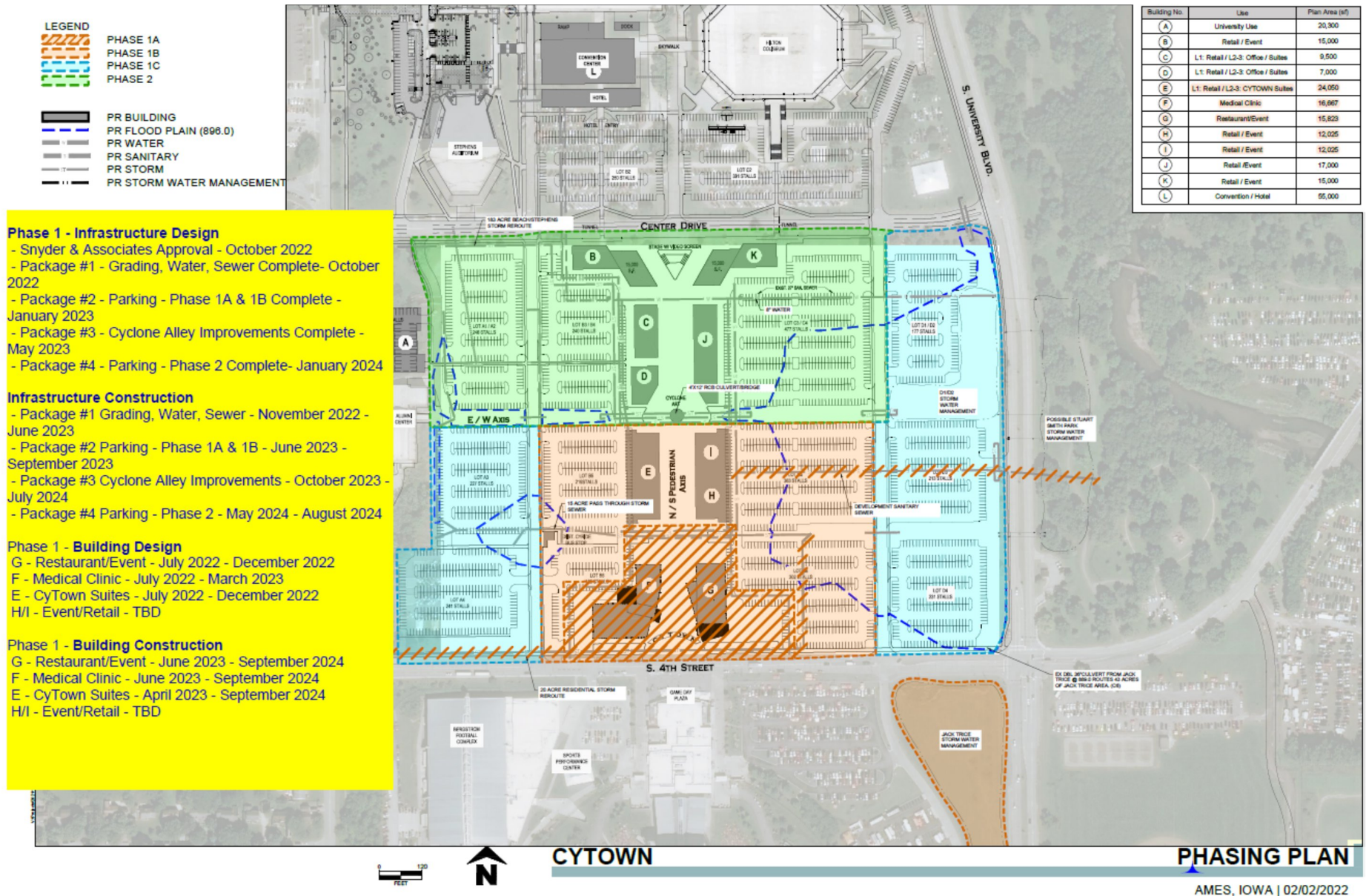
By: _____
Wendy Wintersteen, President

Attest: _____
Renee Hall, City Clerk

ATTACHMENT 1: CYTOWN DEVELOPMENT AREA BOUNDARIES



ATTACHMENT 2: CYTOWN DEVELOPMENT AREA PHASING PLAN



STAFF REPORT ON CYTOWN DEVELOPMENT: City Manager Steve Schainker and Assistant City Manager Brian Phillips presented the Staff Report and answered questions from the City Council. City Manager Schainker noted that discussions with Iowa State University (ISU) staff had been taking place over the last year, and emphasized that staff were not seeking approval of this item, rather staff wanted to bring the information on proposed agreements to the City Council so that citizens would have the opportunity to provide feedback. He shared that there would be an easement coming to the City Council at a future meeting as well.

He shared that a fundamental philosophy guiding these discussions about the needed improvements at the Iowa State Center is the belief of City Staff that the Iowa State Center buildings are an asset to the entire Ames community, towards which no City investment has been previously made. He stated that the Iowa State Center supported the City Council's value for Ames to be a fun, vibrant, and healthy community that attracts and retains people. City Manager Schainker explained that CYTown and the Iowa State Center are connected, as CYTown provides an innovative strategy to finance the needed improvements for the original four buildings at the Iowa State Center. Through the leases with tenants, ISU would create a revenue stream that can be used to pay the debt needed to fund improvements at the Iowa State Center, thereby rejuvenating those original facilities and safeguarding an arts and cultural center for the Ames community.

However, City Manager Schainker stated that although there was agreement among staffs about the merits of investing in these facilities, there still is disagreement regarding the issues of ISU being required to pay property taxes for the improvements constructed in CYTown and the ability of the CYTown university development to compete with the private sector. ISU staff focused on a section of the Iowa Code that declares property owned by the state to be exempt from local property taxes. However, City staff relies on a different section of the Iowa Code that imposes restrictions on ISU's ability to compete with the private sector.

City Manager Schainker stated that in order to avoid prolonged disputes, the administrative staff from the City and ISU have designed an agreement that calls for a Payment in Lieu of Taxes (PILOT), which would allow the improvements to move ahead without delay, generate revenue to finance the needed capital improvements for the four original buildings, and set aside any differences of opinion that may exist about the issues of competition and taxation. A separate agreement addressed infrastructure and services for the development, which would be elaborated on by Assistant City Manager Phillips. City Manager Schainker emphasized that it should be noted that although City staff reached an understanding with ISU regarding these issues as they relate to CYTown, the question of taxability is one that is determined by the City Assessor and the Iowa Department of Revenue. Additionally, he stated that both of those authorities are independent of the City of Ames. In addition, although the City would set aside its concerns regarding competition with private enterprise, these agreements would not prevent other entities from raising the same concern. Further, this unique arrangement would only apply to the CYTown development. It would not imply the City's approval or cooperation with any future land developments ISU might undertake at other locations.

Assistant Manager Phillips presented the map of development as well as the phasing plan. He explained that site was divided into two sections, with the original four buildings making up Phase I of the development. He clarified for the City Council that any development beyond the original four buildings would be considered Phase II. Assistant City Manager Phillips then gave a summary of the first agreement, a Memorandum of Understanding (MOU) that outlined the financial arrangements and the manner in which funds would be collected and re-invested into the Iowa State Center facilities. The City Assessor's role in the process was discussed, as the City Assessor would be responsible for calculating the value of the properties. The agreement reached by both staffs relied on the City Assessor to establish the value that will be the basis for the PILOT. Assistant City Manager Phillips stated that the process to collect PILOT funds would function similarly to the valuation and taxing procedure for commercial properties in the community. Once ISU completes a new building and the building would become certified for occupancy by the State Fire Marshall, it would become subject to the proposed agreement. He presented the proposed timeline detailed in the agreement, noting that ISU would be responsible for collecting PILOT funds from CYTown tenants, as well obtaining a private appraisal if State Code deems the City Assessor is not able to do so. Any remittance owed to the City would be collected by ISU, with those funds being used to support improvements at the Iowa State Center. Assistant City Manager Phillips clarified that ISU would be entitled to contest the assessment in the same manner as any other taxpayer, with the standard procedure for a disputed property value.

Assistant City Manager Phillips detailed the two pots of funds available, as well as the utilization of each one. CYTown would have an operating fund, with the second fund consisting of any surplus from the CYTown operating fund the previous year and the City's portion of the PILOT funds to be utilized for Capital Improvement Projects (CIP). This second fund would be used to finance improvements outlined in the agreement. City Manager Schainker noted that only the City portion of PILOT funds would be designated for the fund, as the City did not negotiate on behalf of other taxing entities. Assistant City Manager Phillips stated that once all planned improvements are made, the CIP fund could be utilized to finance new space, except for the construction of a hotel.

The MOU PILOT revenue schedule was reviewed as well, with Assistant City Manager Phillips noting that after 19 years the City would be eligible for 25% of the PILOT funds. He explained that there was a different schedule for each phase of the agreement, with the maximum amount being 75% of the PILOT funds coming back to the City after 30 years to be placed in the General Fund. Additionally, Phase I and Phase II have separate remittance schedules. The Phase I PILOT funds, initiated when the first building in Phase I is built, would be on the 30 year scale. If no buildings in Phase II were built, the Phase I agreement would stand in perpetuity. However, when the first building in Phase II is built, a 35-year term will begin, which once completed ends both agreements unless action is taken to renew the agreements ahead of time. Assistant City Manager Phillips explained that the Phase II 35 year term is continuous once it begins. Mayor Haila noted the incentive that is available to ISU to construct as many builds as possible while ISU is entitled to the entirety of the generated PILOT funds. Assistant City Manager Phillips stated that the building assessments would follow the procedures of the private sector and commercial property.

Next, conversation between staff and the City Council centered on provisions in the agreement to ensure the four original buildings in the Iowa State Center are retained. City Manager Schainker noted that there was no prohibition in the agreement to prevent any buildings being torn down, but that staff could explore alternatives for if the original buildings were no longer in existence. The members of the City Council expressed the desire for there to be a plan for PILOT funds to still be utilized in a manner acceptable to both parties if the buildings under the agreement were removed. The City Council affirmed the value the Iowa State Center brings to the community that the City Council wanted to protect.

Moved by Beatty-Hansen, seconded by Gartin, to direct staff to negotiate how PILOT funds would be used in the event that any of the original four buildings are removed.

Vote on Motion: 6-0. Motion declared carried unanimously.

Assistant City Manager Phillips described how the CYTown Advisory Committee would function. Consisting of the City Manager, President of the Research Park, and designee of the President of ISU, the committee would evaluate the finances on an annual basis, make recommendations on improvements to be made, and provide an opportunity for the City to provide feedback. He also stated that if other local taxing entities negotiate a more favorable agreement with ISU regarding PILOT funds from CYTown, a provision exists in the agreement that the City has the chance to match those terms. Council Member Betcher questioned the rationale of not having the option for the City Manager to appoint a designee if necessary for flexibility. City Manager Schainker stated that that change could be added.

Moved by Betcher, seconded by Gartin, to direct staff to add “and/or the City Manager’s designee” to the language of the to the CYTown Advisory Committee.

Vote on Motion: 6-0. Motion declared carried unanimously.

City Manager Schainker highlighted provisions in the agreement such as, if PILOT funds are used in a different fund than the two specified, the City would be entitled to payment in the same amount to be added to the City’s General Fund. The City negotiated only for itself, not any of the other taxing entities in the community. He reiterated the provision that allowed the City to match any more beneficial agreement ISU may make with the other taxing entities and that if the ISU property that is a part of CYTown is deemed to be a taxable entity by the courts, that the MOU will end. Assistant City Manager Phillips stated that this was a completely unique agreement in regards to the purpose of the funds and the uses allowed by the agreements, with no examples from peer cities available for reference. City Manager Schainker noted that this agreement is possible because both staffs agree that the funds are being used for a common interest. He elaborated that if in the future, the buildings were determined to be taxable, that decision would also bring those buildings under the jurisdiction of the City’s building codes, noise ordinances, design codes, storm sewer requirements, and parking codes.

The second agreement functioned in place of a developer agreement, explained Assistant City Manager Brian Phillips. He further explained that this agreement takes the place of a Tax Increment Financing (TIF) agreement. Council Member Gartin raised the possibility of adding

an alternative dispute clause added to the agreement and expressed his concern that District Court would not be in the best interests of either party in case of disagreement. City Manager Schainker pointed to the history of agreements and relationship with ISU as to why such a clause was not necessary. Assistant City Manager Phillips noted that part of the role of the CYTown Advisory Committee was to mediate resolution of any conflict that may arise after the agreements were entered into.

Moved by Gartin to direct staff to explore the merits of an alternative dispute mediation process.

Motion failed due to a lack of a second.

City Manager Schainker asked if anyone had questions regarding the infrastructure components of the agreement. Council Member Betcher emphasized that the community should understand that City staff would be engaging with the affected neighborhoods. Assistant City Manager Phillips clarified the role of ISU and the City in addressing traffic calming alternatives, as well as who was responsible for the design, installation, and maintenance. He elaborated that traffic calming measures were triggered by stages of development as detailed in the agreement and that there was no means available to accelerate the triggers as they were based on traffic studies. Council Member Betcher shared her concerns with stormwater runoff as well and asked Assistant City Manager Phillips to speak to that issue. He stated that there was originally the possibility of ISU needing to utilize Stuart Smith Park in order to manage stormwater, but he believed that was planned to be handled on site now. He also shared that the detention basins that were planned had greater capacity than what was previously in place, and staff anticipated improvements.

Mayor Haila noted that the report referenced an additional easement that would be brought to the City Council and requested an update on the timeline for City Council to be able to review it before adopting the agreement. City Manager Schainker noted that staff hoped to bring the easement back to the City Council on April 9, 2024, with an amendment to include it. He extended thanks to Assistant City Manager Phillips, ISU Research Park President Rick Sanders, and ISU General Counsel Michael Norton for their work in bringing the agreement to its current form.

Mayor Haila stated that pending the completion of the remaining easement the agreements would be on the April 9, 2024, agenda for further discussion and citizen input. Mayor Haila also noted again that the proposed agreement applied only to the City.