GRINNELL FINANCE COMMITTEE REGULAR SESSION MEETING
MONDAY, JULY 20, 2026, AT 8:00 AM
IN THE LARGE CONFERENCE ROOM ON THE 2ND FLOOR OF CITY HALL AND VIA ZOOM
HTTPS://ZOOM.US/J/95560470984?PWD=6CGED4CB1DALM5T9EPCWVDYMETDY8U.1

MEETING ID: 955 6047 0984
PASSCODE: 565935

TENTATIVE AGENDA

A. Roll Call:

B. Perfecting and Approval of Agenda:

C. Committee Business:

1. Discuss request for financial assistance for 821 Commercial Street.
2. Consider approval of a recreational lease agreement for the Bear Recreation and Athletic Center at Grinnell College (See Resolution No. 2026-106)
3. Consider approval of a resolution fixing date for a public hearing on the proposal to enter into a Development Agreement with 4th Avenue LLC and Prairie Hospitality Group LLC. (See Resolution No. 2026-107)
4. Consider approval of a resolution fixing date for a public hearing on the proposal to enter into a Development Agreement with Karma Hospitality, LLC. (See Resolution No. 2026-108)
5. Consider approval of an Audit Agreement with SpyGlass to review and audit recurring fees on monthly payables.
6. Review the June 2026 Investment and Treasurers Reports.

D. Inquiries: Public Comment

Visitors may address the Council/Board at this time; however, comments will be limited to 2 minutes. As per Iowa's Open Meetings Law, Council/Board can only listen during public comments and cannot take any action on items that are not posted on the agenda. Council may take issues under advisement and if needed refer them to a department head, Mayor's committee, or add them to a future agenda.

E. Adjourn:

Any person with a disability who requires a modification or accommodation in order to participate in the meeting, or any person with limited English proficiency (LEP) who requires language assistance to communicate with the City Council during the meeting, should contact the City Clerk, (641) 236-2600 or adevig@grinnelliowa.gov, no fewer than two business days prior to the meeting to enable the City of Grinnell to make reasonable arrangements to assure accessibility or language assistance for the meeting.

**Please note that this agenda may be changed up to 24 hours before the meeting time, as provided by Section 21.4(2) Code of Iowa.*

Downtown Grinnell Historic Restoration and Renovation Proposal 821 Commercial Street

Submitted to City of Grinnell July 13, 2026

Owners Robert and Nancy Clower (the "Owners") propose restoration and renovation of an historic building in downtown Grinnell, locally known as 821 Commercial Street (parcel ID 180-0516900) (the "Property"), and are requesting assistance with the project from the City of Grinnell (the "City").

Background

The historic Cass and Works building was constructed on the northwest corner of Broad and Commercial Streets in 1889. The Property, purchased by the Owners in 2023, constitutes the westernmost portion of the entire south (Commercial Street) portion of the Cass and Works building. The rest of the south portion, locally known as 819 Broad Street (parcel ID 180-0500900) (the "Corner Portion"), was purchased by the Owners in 2006, and comprises a corner commercial space (currently Jays Deli), a street level apartment, and two second-floor apartments. The northern (Broad Street) portion of the Cass and Works building is owned by Carabelli LLP (Family Dentistry with residential units above).

In 2016, the Owners participated in a major facade restoration project that embraced numerous properties in downtown Grinnell. This project resulted in substantial though not complete restoration of the Corner Portion facade, which included brick and stone replacement and repair, restoration of full-height street-level windows, new historically appropriate doors and windows, and interior ceiling reconfiguration to accommodate restored window height. Restoration of full-height second-floor windows was not included in this earlier project.

Work Proposed

The proposed project will result in nearly complete historically appropriate façade restoration on the entire north side of Commercial Street from Broad to Main, the only exceptions being 819 Commercial Street (one-story building between the Property and the Seaman's building), and the second-floor windows of the Corner Portion. As suggested by the City, the work covered in this proposal includes not only façade restoration, but also transition and interior work necessary for and ancillary to that restoration (including brick and stone replacement and repair, and ceiling reconfiguration for full-height windows), as well historically appropriate interior restoration (including 14-foot ceilings where appropriate, and refinished original fir and oak floors) and renovation (new wiring, plumbing, HVAC components, windows, kitchens, baths, drywall and paint).

When completed, the Property will comprise the following three units:

1) A street-level apartment (1460 square feet) with an eight-section, 160 square foot full glass street front approximating the original façade design, large open-plan living area, two bedrooms, two bathrooms, laundry room, and pantry. The large bedroom will include a lofted sitting area and clerestory admitting light from the front living area. Wiring and plumbing will be updated, including rerouting of upstairs services previously hidden by drop ceilings. Walls and ceilings common with adjoining or service spaces will be double sheet-rocked for fire safety, and the plan will preserve the emergency exit opening to the alley.

   At the time of purchase, this space long had shifted between residential and commercial use, and was in poor to very poor condition. Suspended drop ceilings, carpet on floors and walls, and poorly-conceived partitioning concealed the space's original scale and character.

2) An upstairs front apartment (510 square feet) with south and west facing windows, one bedroom, and one bathroom. All kitchen counters and appliances will be replaced, and a dishwasher added. Wiring and plumbing will be updated, including rewiring and replacement of baseboard heaters. In association with façade restoration, the main south windows in this unit will be restored to their full height, and the existing framed ceiling will be reconfigured to accommodate this change.

   At the time of purchase, this unit was in very poor to uninhabitable condition.

3) An upstairs back apartment (680 square feet) with west and north facing windows, one bedroom, and one bathroom. *(Work on this unit is <u>not</u> contemplated in this proposal.)*

   At the time of purchase, this unit was in fair condition, and now is in good to very good condition following window replacement, carpet replacement, and repainting throughout, all in 2022. This unit has been occupied since the completion of these improvements.

<u>Budget and Assistance Requested</u>

In the budget for the proposed project, costs are divided into two parts. Part 1 comprises materials and labor costs for historical façade restoration, and also transition and interior work directly necessary for and ancillary to that restoration. Given the direct contribution of such improvements to the coherent historic appearance strongly favored in downtown Grinnell, the Owners request City assistance of thirty-five percent (35%) of Part 1 total costs.

Part 2 comprises all other materials and labor costs for restoration and renovation of the Property. Such work is not as directly related to restoring the historical character of the Property viewed from the street, but does comport with the goal of achieving historical appropriateness throughout the interior as well. Accordingly, the Owners request City assistance of twenty-five percent (25%) of Part 2 total costs.

Work on the project began last summer and is approximately 45% complete, both in terms of expenditures and physical progress. It is the Owners' understanding that, especially given how recently work commenced, the City will "look back" and include past expenditures in calculating its contribution.

Of the enumerated line-item project costs below, some already have been incurred in full or in part, and others still are anticipated in full or in part. Most are included in the attached estimates for each space provided by Bri-Bre Construction LLC ("Bri-Bre") of Kellogg. Remaining line-item project costs are shown as allowances based on costs already incurred and still anticipated.

Local services and materials providers have been and will continue to be used extensively.

Part 1 – Historical façade restoration and ancillary work (35% assistance requested)

<u>Street level apartment</u>

Framing, drywall, mud, paint, trim (50% Bri-Bre estimate)	45,930
Front (street) wall windows (Pella Glass)	9435

<u>Second floor apartment</u>

Brickwork, framing, drywall, mud, paint, windows, trim (50% Bri-Bre estimate)	33,373
TOTAL	**88,738**
Assistance requested	**31,058**

Part 2 – Historically appropriate interior renovation (25% assistance requested)

<u>Street level apartment</u>

Framing, drywall, mud, paint, floors, doors, trim (50% Bri-Bre estimate)	45,930
Plumbing allowance (German)	5000
Electrical rewiring and reconfiguration (S&S)	15,430
Heating and cooling (Jensen)	2000
Appliances, bathroom fixtures, kitchen counter and cabinets	4000
Loft compact stairs and railing	3500
Lighting and front wall window blinds	2500

<u>Second floor apartment</u>

Framing, drywall, paint, floors, doors, trim (50% Bri-Bre estimate)	33,373
Electrical allowance	3000
HVAC (mini-split) allowance	5500
Appliances	3000
TOTAL	**123,233**
Assistance requested	**30,808**

Street level estimate

Bri-Bre Construction LLC

9112 Imperial Ave
Kellogg, IA 50135 US
brenda.scaletta@yahoo.com

Estimate

ADDRESS
Rob Clower
821 Commercial Stret
Street Level
Grinnell, IA 50111

ESTIMATE 1012
DATE 05/14/2025

DATE	SERVICE	DESCRIPTION	QTY	RATE	AMOUNT
	Services	Framing Transom/Loft Bedroom	1	5,300.00	5,300.00
	Services	2nd Bedroom/Hall, Framing Ceilings	1	3,200.00	3,200.00
	Services	Laundry Room, 2 new doors & Framing	1	4,550.00	4,550.00
	Services	Kitchen, setting cabinets, upper shelving,	1	10,450.00	10,450.00
	Services	Flooring, front room, repairs & sand - seal	1	17,350.00	17,350.00
	Services	Tile/baths/laundry	1	7,780.00	7,780.00
	Services	Framing St. Side Transom	1	13,180.00	13,180.00
	Services	Frame bulk heads, case in front room	1	2,100.00	2,100.00
	Services	Drywall and mud throughout property	1	14,700.00	14,700.00
	Services	Re-install existing doors and casings	1	2,800.00	2,800.00
	Services	New doors & trim front room, windows/doors	1	2,800.00	2,800.00
	Services	Painting allowance	1	7,650.00	7,650.00

This is an Estimate only.
Final costs may vary.
See more detailed descriptions on detailed estimate cost breakdown sheet

SUBTOTAL	91,860.00
TAX	0.00
TOTAL	**$91,860.00**

Second floor estimate

Rob Clower - 821 Commercial Street
Grinnell, IA

Up Stairs Remodel

Brick repair on street side	12000.00
Replace 2 windows on street side	7000.00
Replace windows in bedroom & bathroom	4870.00
Raise Ceiling to 12: - 11' x 14' area	
Hang, mud & tape 5/8" dry wall	18200.00
Refinish upstairs floor, 438 sq. ft.	3066.00
Closet - remove carpet and skim coat walls	
Replace paneling with finish grade plywood	2570.00
New countertops - granite	3200.00
Paint allowance	8200.00
Remove & replace 4 doors	2400.00
Install new trim on entry door	90.00
Lighting allowance	1800.00
Baseboard heat allowance	1200.00
Baseboard materials & labor	450.00
Plumbing allowance - to include...	
Tub, shower and sink	
Remove tile, back splash & install new dry wall and new sink	1700.00
Electrical allowance - TBD	
Install mini split - TBD	
TOTAL	66746.00

RESOLUTION NO. 2026-106

A RESOLUTION APPROVING THE RECREATIONAL LEASE AGREEMENT FOR THE CHARLES BENSON BEAR ’39 RECREATION AND ATHLETIC CENTER BETWEEN THE CITY AND GRINNELL COLLEGE

WHEREAS, the City Council has determined that it is in the best interest of the city to sign an agreement with Grinnell college for the Charles Benson Bear ’39 Recreation and Athletic Center; and

WHEREAS, it is the desire of the city to provide its citizens with substantial year-around recreation and it is the desire of the College to aid the City in providing such recreation

WHEREAS, the college agrees to grant to the City for a nominal cost, as license to occupy and use specific recreational facilities of the College located on the premises known as the “Charles Benson Bear ’39 Recreation and Athletic Center,” and located at 1201 10th Avenue, Grinnell, Iowa; and

WHEREAS, the terms of the lease are July 1, 2026, through June 30, 2027, which includes use of the Community locker rooms, swimming pool and wet classroom for payment of $6,600; and

WHEREAS, the City Council has reviewed and does hereby agree to the mutual promises contained in said agreement; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GRINNELL that the Mayor and City Clerk are hereby authorized to sign the license agreement on behalf of the city.

Passed and approved this 20th day of July 2026.

SAM COX, MAYOR

ATTEST:

ERIENNE DOLL, DEPUTY CITY CLERK

LEASE AGREEMENT
(CHARLES BENSON BEAR '39 RECREATION AND ATHLETIC CENTER)

This Lease Agreement ("Agreement") is made effective the date set forth in Exhibit A attached hereto by and between The Trustees of Grinnell College, hereinafter referred to as the "College" and the City of Grinnell, Iowa, hereinafter referred to as the "Licensee".

RECITALS

A. It is the desire of the College to promote the cultural, recreational and civic activities of the citizens of Grinnell, Iowa, by allowing the limited use of its facilities by the citizens of Grinnell, Iowa.

In consideration of the mutual promises herein contained, the parties agree as follows:

SECTION ONE
GRANT OF LICENSE

The College hereby grants to the Licensee a license to occupy and use, subject to all the terms and conditions hereof, the facilities set forth in Exhibit A attached hereto ("Facilities") as well as any services described in Exhibit A ("Services").

It is agreed that use by the Licensee will not interfere with the use by the College, its students, employees or guests. The College shall determine when use by the Licensee interferes with the use by the College and the Licensee shall abide by such determination.

Any maintenance, custodial, or security costs required during an event will be an additional, separately charged fee in addition to the fee within this Agreement.

SECTION TWO
DESCRIBED PURPOSES AND LIMITATIONS

The Licensee may occupy and use the listed Facilities solely for nonprofit, recreational purposes consistent with the nature of the specific spaces and for incidental related purposes, provided the Licensee's use of the specific Facilities does not interfere with the use by the College, its students, employees or guests.

The swimming pool hours are determined by the Natatorium Coordinator. Any pool use will be in accordance with the schedule set forth in Exhibit A. Any additional times shall result in an additional charges per this Agreement.

SECTION THREE
USE OF THE PIONEER-ONE CARD

All Charles Benson Bear '39 Recreation and Athletic Center users are required to present a Grinnell College Pioneer-One Card (P-Card) at the Welcome Desk each time before using the facility. Seventy-two (72) hours will be needed between signing up for a P-Card and having the P-Card issued.

SECTION FOUR
INDEMNIFICATION AND INSURANCE

Licensee agrees to indemnify and hold harmless the College from any claim, loss or liability or expense, including, without limitation, reasonable attorney fees, relating to the Licensee's use of the Facilities. The purpose of this provision is to allow the College to make the Facilities available to the Licensee at a nominal cost. This provision for the indemnification shall not apply to any claim, loss, or liability arising directly from the use of the Facilities by any College student, College employee, or guest of the College.

Licensee shall at all times maintain general liability insurance in the amount of no less than one million dollars ($1,000,000) per occurrence, for claims made at any time (whether during or after the term of this Agreement) on account of an incident, act or omission occurring during the term of this Agreement. Licensee will provide evidence of insurance coverage and premium payment to the College at the time of execution of this Agreement and from time to time as requested by the College.

SECTION FIVE
EQUIPMENT

The College shall not provide any equipment for use by the Licensee except that equipment that may be an integral part of the recreational spaces listed above. The Colorado Time system shall be operated only by the Natatorium Coordinator, or by the Natatorium Coordinator's trained appointee(s), either of whom shall be compensated by the Licensee at the applicable hourly rate for that individual, for all hours needed to set-up prior to a competition, operate the timing system during the competition, and tear down following the City competition.

Those persons trained to run the timing system and to do pool set-up and tear down in the short course formation, twenty-five (25) yards are as follows:

> Jack Eckstaine, Brad Lindberg, Steve Gant, Travis Smith, Heather Cox, John Cox, Whitney Jensen and Jamie Leonard.

The above named individuals are not trained to move the bulkheads.

SECTION SIX
SAFETY AND SUPERVISION

The Licensee and those persons using the Facilities by permission of the Licensee shall abide by all general rules of conduct of the College relating to the health and safety of those persons using the Facilities. The Licensee shall provide adequate supervision for the use by the Licensee and those persons using the Facilities by permission of the Licensee. In addition, the Licensee shall be responsible for ensuring that all students and their parents and guardians and other users of the Facilities fully understand and agree to the risks associated with the use of the Facilities.

SECTION SEVEN
CARE OF THE FACILITIES

The Licensee shall not permit or allow the Facilities to be damaged by any act of negligence of the Licensee or of any person on the Facilities by permission of the Licensee. The Licensee and those persons using the Facilities by permission of the Licensee shall abide by all rules of conduct of the College relating to the care of the Facilities.

SECTION EIGHT
ILLEGAL USE AND NONDISCRIMINATION

The Licensee, and all persons using the Facilities by permission of the Licensee, shall obey all laws, statutes, regulations and ordinances. The Licensee shall not discriminate against any person because of race, color, ethnicity, national origin, age, sex, gender, sexual orientation, gender identity or expression, marital status, veteran status, pregnancy, childbirth, religion, disability, creed or any other protected class, nor shall it permit the Facilities to be so used.

SECTION NINE
LICENSEE PAYMENT

The Licensee shall pay to the College the amount set forth in Exhibit A as reimbursement for the College's cost in providing and maintaining the Facilities for the Licensee's use. Payment in full is required within thirty (30) days of the date of the invoice.

SECTION TEN
INDEPENDENT CONTRACTORS

The parties understand and agree that in the performance of this Agreement, the College is at all times acting and performing as an independent contractor with respect to Licensee and not as an employee, agent, partner, or joint venturer of Licensee. Except as otherwise provided in this Agreement, neither party shall have authority to bind the other party or to transact any business in the name of the other or on its behalf, or to make any promises or representations on behalf of the other party.

SECTION ELEVEN
TERM AND TERMINATION

The term of this Agreement shall be as set forth in Exhibit A, which may be replaced upon written agreement of the parties.

This Agreement may be terminated by either Agreement with or without cause upon thirty (30) days advance written notice to the other party.

This Agreement also may be terminated by either party due to a breach of this Agreement by the other party if such breach remains uncured for a period of ten (10) days following receipt by the breaching party of written notice given by the non-breaching party specifying the breach; provided, that, if such breach is not reasonably capable of cure within such ten (10)-day period the non-breaching party may terminate this Agreement immediately upon notice to the breaching party.

In the event this Agreement is terminated by the College without cause prior to the end of the swimming season, the College will refund a pro rata amount of the Lease Payment for the period of time between the termination of this Agreement and the end of the applicable term.

SECTION TWELVE
NOTICES

Any notice or demand desired or required to be given hereunder shall be in writing and deemed given when personally delivered or when deposited in the United States mail, postage prepaid, sent certified or registered, and addressed as follows:

a. If to College, to:

Grinnell College
Old Glove Factory
733 Broad Street
Grinnell, IA 50112-1670
Attn: Procurement Manager

b. If to Licensee, to:

City of Grinnell, Iowa
520 4th Ave.
Grinnell, IA 50112
Attn: City Clerk/Finance Director

or to such other address or person as any party hereto may designate by notice given in accordance herewith.

SECTION THIRTEEN
MISCELLANEOUS

The rights and obligations of the parties to this Agreement may not be assigned or subcontracted unless such assignment or subcontract is in writing and consented to by the parties hereto. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, heirs, successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any party, other than the parties hereto (and their respective heirs, legal representatives, successors and permitted assigns), any rights, remedies, obligations or liabilities under or by reason of this Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all negotiations, preliminary agreements and all prior and contemporaneous discussions and understandings of the parties in connection with the subject matter hereof. No amendment, change or modification of any of the terms, provisions or conditions of this Agreement shall be effective unless made in writing and signed or initialed by all parties. Waiver of any provision of this Agreement shall not be deemed a waiver of future compliance therewith and such provision shall remain in full force and effect. In the event any provision of this Agreement is held invalid, illegal or unenforceable, in whole or in part, the remaining provisions of this Agreement shall not be affected thereby and shall continue to be valid and enforceable. This Agreement shall be governed by and construed in accordance with the laws of the State of Iowa and has been entered into in Grinnell, Poweshiek County, Iowa. In addition to any other remedies available at law or in equity to the parties hereto with respect to a breach hereof, the parties hereto each reserve the right to enforce this Agreement by specific performance. The titles or captions of paragraphs in this Agreement are provided for convenience of reference only, and shall not be considered a part hereof for purposes of interpreting or applying this Agreement and such titles or captions do not define, limit, extend, explain or describe the scope or extent of this Agreement or any of the terms or conditions. Words and phrases herein shall be construed as in the singular or plural number, and as masculine, feminine or neuter gender, according to the context. This Agreement shall not be construed more strongly against any party regardless of who was more responsible for its preparation. Sections Four, Six, Nine, Eleven, Twelve, and Thirteen shall survive any termination of this Agreement. **THE PARTIES HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.**

Dated: ________________

THE TRUSTEES OF GRINNELL COLLEGE

By:____________________________
Germaine Gross
Vice President for Finance and
Treasurer of the College

CITY OF GRINNELL, IOWA

By:__________________________________
Sam Cox
Mayor

By:__________________________________
Alyssa Devig
City Clerk/Finance Director

Exhibit A

Term: July 1, 2026 through June 30, 2027

Facilities and Services:

☒The indoor swimming and locker facilities located in the Charles Benson Bear ’39 Recreation and Athletic Center. The swimming pool hours will be published within three weeks of the beginning of each semester. Swimming pool hours may vary during the College’s Fall, Winter, and Spring Breaks

College provided lifeguards during the published pool hours.

Licensee has up to five lanes available during their practice times, including the diving well (if available based on usage and lifeguards).

The College reserves the right to change the pool hours during this contract, with a five (5) day notice to the Licensee.

The Licensee may host up to four (4) swim meets per agreement year without prior approval from the College. Any additional swim meets beyond four (4) must receive prior written approval from the College, which the College may withhold or condition on additional fees or terms in its sole discretion.

The City Recreation Department may conduct lifeguard training classes in the pool and wet classroom during one, three-day session per agreement year. Additional classes may be offered based on availability, provided that 30% of any and all class spots shall be reserved for Grinnell College students or prospective BEAR facility lifeguards until the class registration deadline. The Licensee will provide and pay for lifeguards as necessary for the class sessions based on the number of participants in the training classes. The person conducting the training classes will not be allowed to serve as a lifeguard during the training sessions.

There is a required 24-hour notice from the Licensee to the College for any new lifeguard orientation needs.

If the College can function in the regular hours while hosting your event (practice, meet, lifeguard training, etc.) then the College would have guards on site, paid for and scheduled by the College. If the event prevents the College from operating in regular hours (i.e., Meets that close the pool for open swim hours) then Licensee will be responsible for paying and scheduling the guards.

Licensee Payment: $6,600

The amount shall be paid $3,300 on January 5, 2027, and $3,300 on June 8, 2027

Other Requirements:

Going forward please note the Licensee Payments for the coming years:

- Fiscal Year 2028: 6,900

After this we anticipate a possible 3-5% increase year-over-year.

ITEM TO INCLUDE ON AGENDA

CITY OF GRINNELL, IOWA
July 20, 2026
7:00 P.M.

Grinnell Urban Renewal Plan

- Resolution fixing date for a public hearing on the proposal to enter into a Development Agreement with 4th Avenue LLC and Prairie Hospitality Group LLC.

IMPORTANT INFORMATION

1. The above agenda items should be included, along with any other agenda items, in the meeting agenda. The agenda should be posted on a bulletin board or other prominent place easily accessible to the public and clearly designated for that purpose at the principal office of the body holding the meeting. If no such office exists, the notice must be posted at the building in which the meeting is to be held.

2. If you do not now have a bulletin board designated as above mentioned, designate one and establish a uniform policy of posting your notices of meeting and tentative agenda.

3. Notice and tentative agenda must be posted at least 24 hours prior to the commencement of the meeting.

NOTICE MUST BE GIVEN PURSUANT TO CHAPTER 21,
CODE OF IOWA, AND THE LOCAL RULES OF THE CITY.

July 20, 2026

The City Council of the City of Grinnell in the State of Iowa, met in regular session, in the Council Chambers, City Hall, 520 4th Avenue, Grinnell, Iowa, at 7:00 P.M., on the above date. There were present Mayor Cox, in the chair, and the following named Council Members:

____

Absent: ____

Vacant: ____

* * * * * * * *

Council Member ____________________ then introduced the following proposed Resolution entitled "RESOLUTION FIXING DATE FOR A PUBLIC HEARING ON THE PROPOSAL TO ENTER INTO A DEVELOPMENT AGREEMENT WITH 4TH AVENUE LLC AND PRAIRIE HOSPITALITY GROUP LLC, AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF", and moved that the same be adopted. Council Member ____________________ seconded the motion to adopt. The roll was called, and the vote was:

AYES: ____

____

NAYS: ____

Whereupon, the Mayor declared the Resolution duly adopted as follows:

RESOLUTION NO. 2026-107

RESOLUTION FIXING DATE FOR A PUBLIC HEARING ON THE PROPOSAL TO ENTER INTO A DEVELOPMENT AGREEMENT WITH 4TH AVENUE LLC AND PRAIRIE HOSPITALITY GROUP LLC, AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF

WHEREAS, by Resolution No. 1687, adopted March 21, 1994, this Council found and determined that certain areas located within the City are eligible and should be designated as an urban renewal area under Iowa law, and approved and adopted the Grinnell Urban Renewal Plan (the "Urban Renewal Plan" or "Plan") for the Grinnell Urban Renewal Area (the "Urban Renewal Area" or "Area") described therein, which Plan has been amended nine times, most recently by Amendment No. 10 approved by Resolution No. 2025-184 adopted on October 20, 2025, and which Plan, as amended, is on file in the office of the Recorder of Poweshiek County; and

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

WHEREAS, the City has received a proposal from 4th Avenue LLC (the "Property Owner") and Prairie Hospitality Group LLC (the "Tenant"), in the form of a proposed Development Agreement (the "Agreement") by and among the City, the Property Owner, and the Tenant, pursuant to which, among other things, the Property Owner would agree to construct certain Property Owner Minimum Improvements and the Tenant would agree to construct certain Tenant Minimum Improvements (as those terms are defined in the Agreement) on certain real property located within the Urban Renewal Area as defined and legally described in the Agreement, together with all related site improvements, as outlined in the proposed Agreement; and

WHEREAS, the Agreement proposes that the City will make a one-time grant payment to the Property Owner in an amount equal to the lesser of (i) $28,823, or (ii) twenty percent (20%) of the actual cost of construction of the Property Owner Minimum Improvements ("Property Owner Grant"), under the terms and following satisfaction of the conditions set forth in the Agreement; and

WHEREAS, the Agreement further proposes that the City will make a one-time grant payment to the Tenant in an amount equal to the lesser of (i) $17,000, or (ii) twenty percent (20%) of the actual cost of construction of the Tenant Minimum Improvements ("Tenant Grant"), under the terms and following satisfaction of the conditions set forth in the Agreement; and

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

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

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

WHEREAS, neither the Urban Renewal Law nor any other Code provision sets forth any procedural action required to be taken before said blight remediation and economic development activities can occur under the Agreement, and pursuant to Section 364.6,Code of Iowa, it is deemed sufficient if the action hereinafter described be taken and the City Clerk publish notice of the proposal and of the time and place of the meeting at which the Council proposes to take action thereon and to receive oral and/or written objections from any resident or property owner of said City to such action.

NOW THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF GRINNELL IN THE STATE OF IOWA:

Section 1. That this Council meet in the Council Chambers, City Hall, 520 4th Avenue, Grinnell, Iowa, at 7:00 P.M. on August 3, 2026, for the purpose of taking action on the matter of the proposal to enter into a Development Agreement with 4th Avenue LLC and Prairie Hospitality Group LLC.

Section 2. That the City Clerk is hereby directed to cause at least one publication to be made of a notice of said meeting, in a legal newspaper, printed wholly in the English language, published at least once weekly, and having general circulation in said City, said publication to be not less than four (4) clear days nor more than twenty (20) days before the date of said public meeting.

Section 3. The notice of the proposed action shall be in substantially the following form:

(One publication required)

NOTICE OF PUBLIC HEARING OF THE CITY COUNCIL OF THE CITY OF GRINNELL IN THE STATE OF IOWA, ON THE MATTER OF THE PROPOSAL TO ENTER INTO A DEVELOPMENT AGREEMENT WITH 4TH AVENUE LLC AND PRAIRIE HOSPITALITY GROUP LLC, AND THE HEARING THEREON

PUBLIC NOTICE is hereby given that the Council of the City of Grinnell in the State of Iowa, will hold a public hearing on August 3, 2026, at 7:00 P.M. in the Council Chambers, City Hall, 520 4th Avenue, Grinnell, Iowa, at which meeting the Council proposes to take action on the proposal to enter into a Development Agreement (the "Agreement") with 4th Avenue LLC (the "Property Owner") and Prairie Hospitality Group LLC (the "Tenant").

The Agreement would obligate the Property Owner to construct certain Property Owner Minimum Improvements and the Tenant would be obligated to construct certain Tenant Minimum Improvements (as those terms are defined in the Agreement) on certain real property located within the Grinnell Urban Renewal Area as defined and legally described in the Agreement, together with all related site improvements, under the terms and following satisfaction of the conditions set forth in the Agreement. One of the obligations of Tenant relates to employment retention and/or creation.

The Agreement proposes that the City will make a one-time grant payment to the Property Owner in an amount equal to the lesser of (i) $28,823, or (ii) twenty percent (20%) of the actual cost of construction of the Property Owner Minimum Improvements ("Property Owner Grant"), under the terms and following satisfaction of the conditions set forth in the Agreement.

The Agreement further proposes that the City will make a one-time grant payment to the Tenant in an amount equal to the lesser of (i) $17,000, or (ii) twenty percent (20%) of the actual cost of construction of the Tenant Minimum Improvements ("Tenant Grant"), under the terms and following satisfaction of the conditions set forth in the Agreement.

A copy of the Agreement is on file for public inspection during regular business hours in the office of the City Clerk, City Hall, City of Grinnell, Iowa.

At the above meeting the Council shall receive oral or written objections from any resident or property owner of said City, to the proposal to enter into the Agreement with the Property Owner and Tenant. After all objections have been received and considered, the Council will at this meeting or at any adjournment thereof, take additional action on the proposal or will abandon the proposal to authorize said Agreement.

This notice is given by order of the City Council of the City of Grinnell in the State of Iowa, as provided by Section 364.6, Code of Iowa.

Dated this __________ day of _______________, 2026.

____
City Clerk, City of Grinnell in the State of Iowa

(End of Notice)

PASSED AND APPROVED this 20th day of July, 2026.

____

Mayor

ATTEST:

____

City Clerk

CERTIFICATE

STATE OF IOWA)
) SS
COUNTY OF POWESHIEK)

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

WITNESS my hand and the seal of the Council hereto affixed this __________ day of _______________, 2026.

____
City Clerk, City of Grinnell, State of Iowa

(SEAL)

4937-7625-0813-1\10542-187

AGREEMENT FOR PRIVATE DEVELOPMENT

THIS AGREEMENT FOR PRIVATE DEVELOPMENT ("Agreement"), is made on or as of ____________________, 2026 by and between the CITY OF GRINNELL, IOWA, a municipality (the "City"), established pursuant to the Code of Iowa and acting under the authorization of Chapters 15A and 403 ("Urban Renewal Act") of the Code of Iowa, 2025, as amended; 4TH AVENUE LLC, an Iowa limited liability company having offices for the transaction of business at 1022 Broad Street, Grinnell, Iowa ("Property Owner"); and PRAIRIE HOSPITALITY GROUP LLC, having offices for the transaction of business at 924 Main St., Grinnell, Iowa ("Tenant"). The City, Property Owner, and Tenant are the Parties to this Agreement.

WITNESSETH:

WHEREAS, in furtherance of the objectives of the Urban Renewal Act, the City has undertaken a program for the development of an economic development area in the City and is engaged in carrying out urban renewal project activities in an area known as the Grinnell Urban Renewal Area (the "Urban Renewal Area"), which is described in the Urban Renewal Plan approved for such area by Resolution No. 1687 on March 21, 1994 and which has been amended several times, lastly by Amendment No. 8 as approved by resolution on August 3, 2020 (the "Urban Renewal Plan"); and

WHEREAS, Property Owner owns certain real property within the Urban Renewal Area, legally described as follows:

> Unit A in 924 Main Street Condominiums located in the City of Grinnell, Poweshiek County, Iowa, as recorded in the Declaration of Condominium filed July 30, 2010, in Book 0875, Page 0154 in the office of the Poweshiek County Recorder.
>
> Known Locally as: 924 Main St., Grinnell, Iowa.

(which property as so described is hereinafter referred to as the "Development Property"); and

WHEREAS, Tenant leases the Development Property and owns and operates a restaurant business located within the Development Property ("Prairie Canary"); and

WHEREAS, the restaurant and building systems on the Development Property are showing the effects of substantial demands on kitchen equipment, exhaust and ventilation systems, refrigeration, plumbing, electrical systems, flooring, walls, ceilings, and related infrastructure; and

WHEREAS, to preserve Prairie Canary's long-term viability and maintain its role as a downtown destination, the Property Owner and Tenant are willing to cause certain Minimum Improvements on the Development Property (the "Project"); and

WHEREAS, Chapter 15A of the Code of Iowa provides that cities may provide forgivable loans and other financial assistance to private persons and businesses to advance economic development; and

WHEREAS, to ensure the Prairie Canary remains a viable downtown destination, to prevent the emergence of blighted conditions, to ensure that assessed valuations do not decline, to ensure job opportunities remain available, and in consideration of the Property Owner and Tenant's obligations under this Agreement, the City is willing to provide grants under the terms and conditions of Article II of this Agreement (the "Development Incentives"); and

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

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

ARTICLE I
REPRESENTATIONS AND COVENANTS OF PROPERTY OWNER AND TENANT

Section 1.1. Representations and Covenants of the Property Owner. Property Owner makes the following representations and covenants:

a. Minimum Improvements. Property Owner shall cause the Minimum Improvements described as "Property Owner Improvements" in Exhibit A-1 (the "Property Owner Minimum Improvements") to be constructed in accordance with the terms of this Agreement and with all local, State, and federal laws and regulations. The Property Owner Minimum Improvements shall be and remain on the Development Property for the duration of this Agreement.

b. No Violations or Claims. To its knowledge and with respect to the Project, the Property Owner is not in material violation of any local, state, or federal environmental law or regulation and is not aware of any pending or threatened claim against the Property Owner with respect to such laws.

c. Total Investment. Property Owner represents that its total investment in the Development Property for the Project will be not less than $131,115 (including contingency), and that without the Development Incentives contemplated herein, Property Owner would not undertake the Project.

d. Completion of Improvements. Property Owner expects that the Property Owner Minimum Improvements will be completed by December 31, 2027., barring delays resulting from acts or occurrences outside its reasonable control, including but not limited to storms, floods, fires, explosions, or other casualty losses, unusual weather conditions, strikes, boycotts, lockouts, or other labor disputes, delays in transportation or delivery of material or equipment, litigation commenced by third parties, or the acts of any federal, state, or local governmental unit (other than the City)

e. Insurance. Property Owner agrees during construction of the Property Owner Minimum Improvements and thereafter until the Termination Date, as that term is defined in Section 6.10, to maintain builder's risk, property damage, and liability insurance coverages with respect to the Property Owner Minimum Improvements in such amounts as are customarily carried by like organizations engaged in activities of comparable size and liability exposure with insurance companies reasonably satisfactory to the City, together with such additional coverages as the City may reasonably request, and shall provide evidence of such coverages to the City upon request.

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

g. Compliance with Laws. Property Owner will comply with all state, federal, and local laws, rules, and regulations relating to the Development Property, including laws prohibiting discrimination against any applicant, employee, or tenant because of age, color, creed, gender identity, national origin, race, religion, sexual orientation, marital status, sex, physical disability, or familial status.

h. Available Information. Upon request, Property Owner shall promptly provide the City with copies of information requested by City that are related to this Agreement so that City can determine compliance with the Agreement.

i. Inspection. Property Owner agrees that it shall permit designated representatives of the City, upon reasonable notice (which does not have to be written), to enter upon the Development Property during the construction of the Property Owner Minimum Improvements to inspect such construction and the progress thereof.

j. Real Property Taxes and Assessments. Property Owner agrees that prior to the Termination Date of this Agreement, Property Owner shall pay all property taxes on the Development Property when due, and Property Owner:

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

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

iii. will not seek to change the current land assessment or zoning classification of the Development Property or the Minimum Improvements.

k. Tenant Lease. Property Owner shall allow Tenant to lease the Development Property pursuant to a written lease agreement ("Lease") until at least the Termination Date of this Agreement. If the Lease terminates and/or the Tenant ceases its operations on the

Development Property prior to the Termination Date, such event shall constitute an Event of Default under this Agreement

Section 1.2. Representations and Covenants of Tenant. Tenant makes the following representations and covenants:

a. Minimum Improvements. Tenant shall cause the improvements described as "Tenant Improvements" in Exhibit A-2 to this Agreement (the "Tenant Minimum Improvements") to be constructed in accordance with the terms of this Agreement and all local, State, and federal laws and regulations. The Tenant Minimum Improvements shall remain on the property for the duration of this Agreement.

b. Employment. The Tenant shall maintain at least five (5) Full-Time Equivalent Employees at the Development Property through the Termination Date of this Agreement, as that term is defined in Section 6.10. For purposes of this Agreement, "Full Time Equivalent Employees" shall mean either (i) a "full time" employee who works at least 40 hours per week or 2,000 hours per year or (ii) any combination of "part time" employees, who, in the aggregate, work at least 2,000 hours per year.

c. No Violations or Claims. To its knowledge and with respect to the Project, the Tenant is not in material violation of any local, state, or federal environmental law or regulation and is not aware of any pending or threatened claim against the Tenant with respect to such laws.

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

e. Total Investment. Tenant represents that its total investment in the Development Property for the Project will be not less than $85,000, and that without the Development Incentives contemplated herein, Tenant would not undertake the Project.

f. Completion of Improvements. Tenant expects that the Tenant Minimum Improvements will be completed by December 31, 2027, barring delays resulting from acts or occurrences outside its reasonable control, including but not limited to storms, floods, fires, explosions, or other casualty losses, unusual weather conditions, strikes, boycotts, lockouts, or other labor disputes, delays in transportation or delivery of material or equipment, litigation commenced by third parties, or the acts of any federal, state, or local governmental unit (other than the City).

g. Insurance. Property Owner agrees during construction of the Minimum Improvements and thereafter until the Termination Date to maintain builder's risk, property damage, and liability insurance coverages with respect to the Minimum Improvements in such amounts as are customarily carried by like organizations engaged in activities of comparable size and liability exposure with insurance companies reasonably satisfactory to the City, together with such additional coverages as the City may reasonably request, and shall provide evidence of such coverages to the City upon request.

h. Operation of Minimum Improvements. Tenant will occupy the Development Property until at least the Termination Date.

i. Compliance with Laws. Tenant will comply with all state, federal, and local laws, rules, and regulations relating to the Minimum Improvements, including laws prohibiting discrimination against any applicant, employee, or tenant because of age, color, creed, gender identity, national origin, race, religion, sexual orientation, marital status, sex, physical disability, or familial status.

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

k. Inspection. Tenant agrees that it shall permit designated representatives of the City, upon reasonable notice (which does not have to be written), to enter upon the Development Property during the construction of the Minimum Improvements to inspect such construction and the progress thereof.

ARTICLE II
DEVELOPMENT INCENTIVES

Section 2.1. Payment of Development Incentives to Property Owner

a. For and in consideration of the obligations of the Property Owner as set forth herein, and as a necessary means of achieving the goals and objectives of the Urban Renewal Plan, the City agrees to provide Property Owner with a one-time grant ("Property Owner Grant") to be paid on June 1, 2028, subject to the Property Owner's satisfaction of the following conditions precedent:

i. The completion of all of the Property Owner Minimum Improvements, consistent with the terms and conditions of this Agreement; and
ii. Property Owner has submitted a certification to the City, in substantially the form of Exhibit B-1 attached hereto, certifying the amount of costs and expenses incurred by Property Owner and related to the design and construction of the Property Owner Minimum Improvements.

b. The amount of the Property Owner Grant shall be equal to the lesser of (i) $23,823, or (ii) twenty percent (20%) of the actual cost of construction of the Property Owner Minimum Improvements that are reasonably verified by the City.

c. Notwithstanding the provisions of Section 2.1 above, the obligation of the City to make the Property Owner Grant payment shall be subject to and conditioned upon (i) the Property Owner and Tenant being in compliance with the terms of this Agreement at the time of payment and (ii) the City having sufficient un-allocated funds to make the payment from either the City's General Fund or Grinnell Urban Renewal Area TIF Fund (but only if the City has previously certified the Property Owner Grant payment as a financial obligation eligible for payment from the Grinnell Urban Renewal Area TIF Fund, consistent with Iowa Code Section 403.19).

d. In the event that an Event of Default has occurred and has not been cured or cannot reasonably be cured before the payment of the Property Owner Grant, then the City shall have no obligation to make the Property Owner Grant payment, in addition to having the remedies set forth in Section 5.2.

Section 2.2. Payment of Development Incentives to Tenant

a. For and in consideration of the obligations of the Tenant as set forth herein, and as a necessary means of achieving the goals and objectives of the Urban Renewal Plan, the City agrees to provide Tenant with a one-time grant ("Tenant Grant") to be paid on June 1, 2028, subject to the Tenant's satisfaction of the following conditions precedent:

i. The completion of all of the Tenant Minimum Improvements, consistent with the terms and conditions of this Agreement; and
ii. Tenant has submitted a certification to the City, in substantially the form of Exhibit B-2 attached hereto, certifying the amount of costs and expenses incurred by Tenant and related to the design and construction of the Tenant Minimum Improvements.

b. The amount of the Tenant Grant shall be equal to the lesser of (i) 17,000, or (ii) twenty percent (20%) of the actual cost of construction of the Tenant Minimum Improvements that are reasonably verified by the City.

c. Notwithstanding the provisions of Section 2.1 above, the obligation of the City to make the Tenant Grant payment shall be subject to and conditioned upon (i) the Property Owner and Tenant being in compliance with the terms of this Agreement at the time of payment and (ii) the City having sufficient un-allocated funds to make the payment from either the City's General Fund or Grinnell Urban Renewal Area TIF Fund (but only if the City has previously certified the Tenant Grant payment as a financial obligation eligible for payment from the Grinnell Urban Renewal Area TIF Fund, consistent with Iowa Code Section 403.19).

d. In the event that an Event of Default has occurred and has not been cured or cannot reasonably be cured before the payment of the Tenant Grant, then the City shall have no obligation to make the Tenant Grant payment, in addition to having the remedies set forth in Section 5.2.

Section 2.3. Limitations on Payment.

a. The Property Owner Grant and Tenant Grant (collectively referred to as the "Development Incentives") shall be payable solely and only from funds in the City's General Fund not previously allocated for another purpose or from funds in the Grinnell Urban Renewal Area TIF Fund (but only if the City has previously certified the Development Incentive payments as a financial obligation eligible for payment from the Grinnell Urban Renewal Area TIF Fund, consistent with Iowa Code Section 403.19). The City intends to advance the payment of the Development Incentives from the City's General Fund as an advancement for an urban renewal project cost, and subsequently certify the advancement for reimbursement pursuant to Iowa Code Section 403.19, unless the City has certified the Development Incentive payments as a financial obligation eligible for payment from the Grinnell Urban Renewal Area TIF Fund, consistent with Iowa Code Section 403.19, prior to payment.

b. The Development Incentive payments are subject to annual appropriation by the City Council. The right of non-appropriation reserved to the City in this Section is intended by the parties, and shall be construed at all times, so as to ensure that the City's obligation to make future payment of the Development Incentives shall not constitute a legal indebtedness of the City within the meaning of any applicable constitutional or statutory debt limitation prior to the adoption of a budget which appropriates funds for the payment of that installment or amount. In the event that any of the provisions of this Agreement are determined by a court of competent jurisdiction to create, or result in the creation of, such a legal indebtedness of the City, the enforcement of the said provision shall be suspended, and the Agreement shall at all times be construed and applied in such a manner as will preserve the foregoing intent of the parties, and no Event of Default by the City shall be deemed to have occurred as a result thereof. If any provision of this Agreement or the application thereof to any circumstance is so suspended, the suspension shall not affect other provisions of this Agreement which can be given effect without the suspended provision. To this end the provisions of this Agreement are severable.

c. Notwithstanding the provisions of Sections 2.1 and 2.2 hereof, the City shall have no obligation to pay the Development Incentives if at any time during the term hereof the City fails to appropriate funds for payment, or receives an opinion from its legal counsel to the effect that the use of City funds to pay the Development Incentives, as contemplated under said Section 2.1, is not authorized or otherwise an appropriate activity permitted to be undertaken by the City under applicable provisions of the Iowa Code, as then constituted or under controlling decision of any Iowa Court having jurisdiction over the subject matter hereof. Upon receipt of any such legal opinion or non-appropriation, the City shall promptly forward notice of the same to Property Owner and Tenant, and the City may terminate this Agreement, without penalty or other liability to the City, by written notice to Property Owner and Tenant.

2.4. Reimbursement of City Costs. Property Owner and Tenant shall each pay to the City an amount equal to fifty percent (50%) the actual costs incurred by the City in connection with the negotiation, drafting and adoption of this Agreement, including, but not limited to, publication fees for legal notices, actual costs associated with City Council meetings, and reasonable legal fees of the City. Such payment will be made by the Property Owner and Tenant to the City within 30 days of the date on which the City presents a statement to the Property Owner and Tenant demonstrating such costs, or if not previously paid, the costs shall be deducted proportionally from the first Development Incentive paid to each.

ARTICLE III
INDEMNIFICATION

Section 3.1. Release and Indemnification. Property Owner and Tenant each release the City and the governing body members, officers, agents, servants, and employees thereof (hereinafter, for purposes of this Article III, the "Indemnified Parties") from, covenants and agrees that the Indemnified Parties shall not be liable for, and agrees to indemnify, defend, and hold harmless the Indemnified Parties against, any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Minimum Improvements or Development Property.

Except to the extent arising from any willful misrepresentation, gross negligence, or any willful or wanton misconduct or any unlawful act of the Indemnified Parties, Property Owner and Tenant each agree to protect and defend the Indemnified Parties, now or forever, and further agrees to hold the Indemnified Parties harmless, from any claim, demand, suit, action, or other proceedings whatsoever by any person or entity whatsoever arising or purportedly arising from: (i) any violation of any agreement or condition of this Agreement (except with respect to any suit, action, demand or other proceeding brought by the Property Owner or Tenant against the City to enforce its rights under this Agreement); (ii) the acquisition and condition of the Development Property and the construction, installation, Property Ownership, and operation of the Minimum Improvements or Development Property; or (iii) any hazardous substance or environmental contamination located in or on the Development Property.

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

The provisions of this Article III shall survive the termination of this Agreement.

ARTICLE IV
PROHIBITION AGAINST ASSIGNMENT AND TRANSFER

Section 4.1. Status of Property Owner and Tenant; Transfer of Substantially All Assets; Assignment. As security for the obligations of Property Owner and Tenant under this Agreement, Property Owner and Tenant each represent and agree that, prior to the Termination Date, Property Owner and Tenant each will maintain its existence as a company and will not wind up or otherwise dispose of all or substantially all of its assets or transfer, convey, or assign its interests in the Development Property, Minimum Improvements, or this Agreement to any other party unless: (i) the transferee partnership, corporation, limited liability company, or individual assumes in writing all of the then-outstanding obligations of Property Owner and Tenant under this Agreement; and (ii) the City consents thereto in writing in advance thereof.

Section 4.2. Prohibition Against Use as Non-Taxable or Centrally Assessed Property. During the term of this Agreement, Property Owner and Tenant, and each of their successors and assigns, agree that the Development Property cannot be transferred or sold to a non-profit entity or used for a purpose that would exempt the Development Property or Minimum Improvements from property tax liability, excepting any transfer of a portion of the Development Property to the City to be owned as public property. Nor can the Development Property or Minimum Improvements be used as centrally assessed property (including but not limited to, Iowa Code § 428.24 to 428.29 (Public Utility Plants and Related Personal Property); Chapter 433 (Telegraph and Telephone Company Property); Chapter 434 (Railway Property); Chapter 437 (Electric Transmission Lines); Chapter 437A (Property Used in the Production, Generation, Transmission or Delivery of Electricity or Natural Gas); and Chapter 438 (Pipeline Property)).

ARTICLE V
DEFAULT AND REMEDIES

Section 5.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean, whenever it is used in this Agreement, any one or more of the following events during the Term of this Agreement:

a. Failure by Property Owner or Tenant to cause the Minimum Improvements to be completed pursuant to the terms and conditions of this Agreement;

b. The Development Property is put up for tax sale by the County;

c. Failure by Property Owner or Tenant to substantially observe or perform any covenant, condition, or obligation under this Agreement;

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

e. Property Owner or Tenant shall:

i. file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended, or under any similar federal or state law; or
ii. make an assignment for the benefit of its creditors; or
iii. admit in writing its inability to pay its debts generally as they become due; or
iv. be adjudicated as bankrupt or insolvent; or if a petition or answer proposing the adjudication of Property Owner or Tenant as bankrupt or either entity's reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within ninety (90) days after the filing thereof; or a receiver, trustee or liquidator of Property Owner or Tenant or the Minimum Improvements, or part thereof, shall be appointed in any proceedings brought against Property Owner and Tenant and shall not be discharged within ninety (90) days after such appointment, or if Property Owner or Tenant shall consent to or acquiesce in such appointment; or

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

Section 5.2. Remedies on Default. If an Event of Default occurs, and Property Owner or Tenant fails to cure said Event of Default within thirty (30) days after written notice from the City to the Property Owner and Tenant, the City shall be entitled to do any one or more of the following: (i) suspend its performance under this Agreement; (ii) terminate this Agreement upon written notice to the Property Owner and Tenant; (iii) suspend payment of the Development Incentives; (iv) demand repayment of the Development Incentives; and/or (v) take any other legal or equitable action deemed appropriate to enforce the Property Owner and/or Tenant's obligations under this Agreement.

Section 5.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 5.4 No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 5.5. Enforcement Costs. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of Property Owner or Tenant herein contained, Property Owner and Tenant agrees that it shall, on demand therefor, pay to the City the reasonable fees of such attorneys and such other expenses as may be reasonably and appropriately incurred by the City in connection therewith.

ARTICLE VI
MISCELLANEOUS

Section 6.1. Conflict of Interest. Property Owner and Tenant each represent and warrants that, to its best knowledge and belief after due inquiry, no officer or employee of the City, or their designees or agents, nor any consultant or member of the governing body of the City, and no other public official of the City who exercises or has exercised any functions or responsibilities with respect to the Project during his or her tenure, or who is in a position to participate in a decision-making process or gain insider information with regard to the Project, has had or shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work or services to be performed in connection with the Project, or in any activity, or benefit therefrom, which is part of the Project at any time during or after such person's tenure.

Section 6.2. Notices. Notices, demands, or other communications under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

a. In the case of the Property Owner, to 4th Avenue L.L.C., 1022 Broad St., P.O. Box 655, Grinnell, IA 50112, Attn: Thomas Lacina;

b. In the case of the Tenant, to Prairie Hospitality Group LLC, 833 Broad St., Grinnell, IA 50112, Attn: Patrick J. Mahaffey;

c. In the case of the City, is addressed to or delivered personally to the City of Grinnell at City Hall, 520 4th Avenue, Grinnell, Iowa 50112, Attn: City Clerk;

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

Section 6.3. Iowa Law Controlling. This Agreement shall be governed and construed under the laws of the State of Iowa.

Section 6.4. Entire Agreement. This Agreement and the Exhibits here referenced shall constitute the entire agreement between the City and the Property Owner and Tenant and supersedes all other written and oral agreements, discussions, and negotiations.

Section 6.5. Amendments. This Agreement may not be amended or assigned by either party without the express written permission of the other party.

Section 6.6. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute one and the same instrument.

Section 6.7. Severability. In the event any term or provision of this Agreement is held to be unenforceable by a court of competent jurisdiction, the remainder shall continue in full force and effect, to the extent the remainder can be given effect without the invalid provision.

Section 6.8. Successors and Assigns. This Agreement is intended to and shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

Section 6.9. No Third-Party Beneficiaries. No rights or privileges of either party hereto shall inure to the benefit of any landowner, contractor, subcontractor, material supplier, or any other person or entity, and no such contractor, landowner, subcontractor, material supplier, or any other person or entity shall be deemed to be a third-party beneficiary of any of the provisions contained in this Agreement.

Section 6.10. Termination. This Agreement shall terminate and be of no further force or effect on and after December 31, 2028 (the "Termination Date"), unless terminated earlier under the provisions of this Agreement.

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

[Remainder of page intentionally left blank; signature pages follow]

(SEAL) CITY OF GRINNELL, IOWA

By: ________________________________
Sam Cox, Mayor

ATTEST:

By: ________________________________
Alyssa Devig, City Clerk

STATE OF IOWA)
) SS
COUNTY OF POWESHIEK)

On this ________ day of ________________________, 2026, before me a Notary Public in and for said State, personally appeared Sam Cox and Alyssa Devig, to me personally known, who being duly sworn, did say that they are the Mayor and City Clerk, respectively, of the City of Grinnell, Iowa, a Municipality created and existing under the laws of the State of Iowa, and that the seal affixed to the foregoing instrument is the seal of said Municipality, and that said instrument was signed and sealed on behalf of said Municipality by authority and resolution of its City Council, and said Mayor and City Clerk acknowledged said instrument to be the free act and deed of said Municipality by it voluntarily executed.

____
Notary Public in and for the State of Iowa

[Signature page to Agreement – City of Grinnell]

4TH AVENUE LLC,
an Iowa limited liability company

By: ________________________________

Print Name: _________________________

Its: _________________________________

STATE OF _________________)
) SS
COUNTY OF ________________)

This record was acknowledged before me on this ______ day of _________________, 2026, by ______________________ as the _____________________ of ________________.

____
Notary Public in and for said state

My commission expires: ________________

[Signature page to Agreement – Property Owner]

PRAIRIE HOSPITALITY GROUP LLC
an Iowa limited liability company

By: ________________________________

Print Name: _________________________

Its: _________________________________

STATE OF _________________)
) SS
COUNTY OF ________________)

This record was acknowledged before me on this ______ day of _________________, 2026, by ______________________ as the _____________________ of ________________.

____
Notary Public in and for said state

My commission expires: ________________

[Signature page to Agreement – Tenant]

EXHIBIT A
MINIMUM IMPROVEMENTS

Minimum Improvements includes modernization of kitchen equipment, ventilation and make-up air systems, refrigeration, lighting, sound reduction, and related building infrastructure. Improvements also include energy efficiency measures recommended by Property Owner and Tenant's consultants.

EXHIBIT A-1
PROPERTY OWNER MINIMUM IMPROVEMENTS

Energy Saving Scope Items						
Facade work						
Replace folding doors with windows						$6,300
Frame, insulate and Sheetrock above outdoor seating						$4,300
Kitchen						
Flooring		Protect-All Vinyl				$17,600
Plumbing						
Overhead Kitchen Copper Pipe needs replacement estimate for total						$4,000
Drains for kitchen floor						$2,400
Drain for serving station condensate pump						$1,000
Ceiling	Kitchen ceiling R and R					$2,500
Exhaust						
	Repair and rehab					$5,000
	Make up Air furnace rehab					$3,000
HVAC						
Basement A/C Return air needs clean and rehal				Repair and rehab		$200
Back door Weatherstripping RR						$1,000
Dining Room						
Flooring	Sand and refinish		1860 Sq Ft.			$14,378
Walls	Patch					$1,420
	Paint					$4,300
Sound	**10 Acoustic Panels (1"Class-A 0.85-NRC Fabric Wrapped Fiberglass; RT60<2 S**					**$10,000**
Move out	All furniture Cand K transfer					$2,500
2 Large Capacity Water Heaters (Replaces Outdated, Inefficient 80 Gal						$15,000
Back Stairs						
Tread replacement		Luther Quote				$4,897
Basement						
New light and switch at base of stairs						$400
LED high effiency lighting in the kitchen						$3,500
Roof Drain Back South Corner: Fix Flooding						**$2,500**
Roof Access Door						$1,000
Contingency		**11.0%**				**$12,000**
						$119,195
GC Fee		**10%**				**$11,920**
Total						**$131,115**

EXHIBIT A-2
TENANT MINIMUM IMPROVEMENTS

KitchenEquipment	
1. 48” Sandwich Prep Cooler – True TSSU-48 / Delfield	$6,000
2. 70” Sandwich Prep Cooler – Refrigerated rail + under storage; True TSSU-72 / Delfield	$8,500
3. 36” Flat Top Grill / Griddle – Vulcan / Garland / Wolf	$5,500
4. Double Well Fryer – 50 lb Capacity – Henny Penny / Vulcan	$9,000
5. 8-Burner Range w/ Raised Back Burners & Refrigerated Base – Garland / Jade / Montague	$14,000
6. 36” Salamander Broiler – Vulcan / Garland	$5,000
7. Upright Combo Freezer/Cooler Reach-In – Traulsen / True	$10,000
8. Dual-temp Combo Units – 36” Chef Base; True / Delfield / Randell	$7,000
9. Heavy-duty Refrigerated Drawers + Double Stack Convection Oven – Blodgett / Vulcan / Garland	$20,000
TOTAL	**$85,000**

EXHIBIT B-1
CERTIFICATION OF PROPERTY OWNER COSTS OF MINIMUM IMPROVEMENTS

4TH AVENUE LLC (the "Property Owner") certifies that the expenses shown on the table below were/are the actual expenses incurred by the Property Owner for the Property Owner Minimum Improvements that are the subject of a Development Agreement entered into as of ____________, 2026 between the City of Grinnell, Iowa and the Property Owner and Prairie Hospitality, LLC(the "Agreement").

Invoice Description	Description of Relevant Portion of Minimum Improvements	Cost
	Total Cost:	

If you need additional space please attach another table.
Attach actual receipts and invoices

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

4TH AVENUE LLC

By: ___________________________________

Print Name: ______________________________

STATE OF _____________________, COUNTY OF _____________________) ss

This record was acknowledged before me on this ______ day of ________________, 2026, by ______ as ______ of _________.

____
Notary Public in and for said state

My commission expires: _______________

EXHIBIT B-2
CERTIFICATION OF TENANT COSTS OF MINIMUM IMPROVEMENTS

PRAIRIE HOSPITALITY, LLC (the "Tenant") certifies that the expenses shown on the table below were/are the actual expenses incurred by the Tenant for the Tenant Minimum Improvements that are the subject of a Development Agreement entered into as of ____________, 2026 between the City of Grinnell, Iowa and the Tenant and 4th Avenue, LLC (the "Agreement").

Invoice Description	**Description of Relevant Portion of Minimum Improvements**	**Cost**
	Total Cost:	

If you need additional space please attach another table.
Attach actual receipts and invoices

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

PRAIRIE HOSPITALITY, LLC

By: ___________________________________

Print Name: _____________________________

STATE OF ____________________, COUNTY OF ____________________) ss

This record was acknowledged before me on this ______ day of _______________, 2026, by ______ as ______ of _________.

____
Notary Public in and for said state

My commission expires: _______________

4911-9878-4701-1\10542-187

ITEM TO INCLUDE ON AGENDA

CITY OF GRINNELL, IOWA
July 20, 2026
7:00 P.M.

Grinnell Urban Renewal Plan

- Resolution fixing date for a public hearing on the proposal to enter into a Development Agreement with Karma Hospitality, LLC.

IMPORTANT INFORMATION

1. The above agenda items should be included, along with any other agenda items, in the meeting agenda. The agenda should be posted on a bulletin board or other prominent place easily accessible to the public and clearly designated for that purpose at the principal office of the body holding the meeting. If no such office exists, the notice must be posted at the building in which the meeting is to be held.
2. If you do not now have a bulletin board designated as above mentioned, designate one and establish a uniform policy of posting your notices of meeting and tentative agenda.
3. Notice and tentative agenda must be posted at least 24 hours prior to the commencement of the meeting.

NOTICE MUST BE GIVEN PURSUANT TO CHAPTER 21,
CODE OF IOWA, AND THE LOCAL RULES OF THE CITY.

July 20, 2026

The City Council of the City of Grinnell in the State of Iowa, met in regular session, in the Council Chambers, City Hall, 520 4th Avenue, Grinnell, Iowa, at 7:00 P.M., on the above date. There were present Mayor Cox, in the chair, and the following named Council Members:

____

Absent: ____

Vacant: ____

* * * * * * * *

Council Member ____________________ then introduced the following proposed Resolution entitled "RESOLUTION FIXING DATE FOR A PUBLIC HEARING ON THE PROPOSAL TO ENTER INTO A DEVELOPMENT AGREEMENT WITH KARMA HOSPITALITY, LLC, AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF", and moved that the same be adopted. Council Member ____________________ seconded the motion to adopt. The roll was called, and the vote was:

AYES: ____

____

NAYS: ____

Whereupon, the Mayor declared the Resolution duly adopted as follows:

RESOLUTION NO. 2026-108

RESOLUTION FIXING DATE FOR A PUBLIC HEARING ON THE PROPOSAL TO ENTER INTO A DEVELOPMENT AGREEMENT WITH KARMA HOSPITALITY, LLC, AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF

WHEREAS, by Resolution No. 1687, adopted March 21, 1994, this Council found and determined that certain areas located within the City are eligible and should be designated as an urban renewal area under Iowa law, and approved and adopted the Grinnell Urban Renewal Plan (the "Urban Renewal Plan" or "Plan") for the Grinnell Urban Renewal Area (the "Urban Renewal Area" or "Area") described therein, which Plan has been amended nine times, most recently by Amendment No. 10 approved by Resolution No. 2025-184 adopted on October 20, 2025, and which Plan, as amended, is on file in the office of the Recorder of Poweshiek County; and

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

WHEREAS, the City has received a proposal from Karma Hospitality, LLC (the "Developer"), in the form of a proposed Development Agreement (the "Agreement") by and between the City and the Developer, pursuant to which, among other things, the Developer would agree to construct certain Minimum Improvements (as defined in the Agreement) on certain real property located within the Urban Renewal Area as defined and legally described in the Agreement, together with all related site improvements, as outlined in the proposed Agreement; and

WHEREAS, the Agreement proposes that the City will make up to three (3) consecutive annual payments of Economic Development Grants to the Developer in an amount equal to the lesser of (i) $400,000, or (ii) twenty percent (20%) of the total verified cost of construction of the Minimum Improvements, under the terms and following satisfaction of the conditions set forth in the Agreement; and

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

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

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

WHEREAS, neither the Urban Renewal Law nor any other Code provision sets forth any procedural action required to be taken before said blight remediation and economic development activities can occur under the Agreement, and pursuant to Section 364.6,Code of Iowa, it is deemed sufficient if the action hereinafter described be taken and the City Clerk publish notice of the proposal and of the time and place of the meeting at which the Council proposes to take action thereon and to receive oral and/or written objections from any resident or property owner of said City to such action.

NOW THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF GRINNELL IN THE STATE OF IOWA:

Section 1. That this Council meet in the Council Chambers, City Hall, 520 4th Avenue, Grinnell, Iowa, at 7:00 P.M. on August 3, 2026, for the purpose of taking action on the matter of the proposal to enter into a Development Agreement with Karma Hospitality, LLC.

Section 2. That the City Clerk is hereby directed to cause at least one publication to be made of a notice of said meeting, in a legal newspaper, printed wholly in the English language, published at least once weekly, and having general circulation in said City, said publication to be not less than four (4) clear days nor more than twenty (20) days before the date of said public meeting.

Section 3. The notice of the proposed action shall be in substantially the following form:

(One publication required)

NOTICE OF PUBLIC HEARING OF THE CITY COUNCIL OF THE CITY OF GRINNELL IN THE STATE OF IOWA, ON THE MATTER OF THE PROPOSAL TO ENTER INTO A DEVELOPMENT AGREEMENT WITH KARMA HOSPITALITY, LLC, AND THE HEARING THEREON

PUBLIC NOTICE is hereby given that the Council of the City of Grinnell in the State of Iowa, will hold a public hearing on August 3, 2026, at 7:00 P.M. in the Council Chambers, City Hall, 520 4th Avenue, Grinnell, Iowa, at which meeting the Council proposes to take action on the proposal to enter into a Development Agreement (the "Agreement") with Karma Hospitality, LLC (the "Developer").

The Agreement would obligate the Developer to construct certain Minimum Improvements (as defined in the Agreement) on certain real property located within the Grinnell Urban Renewal Area as defined and legally described in the Agreement, together with all related site improvements, under the terms and following satisfaction of the conditions set forth in the Agreement. One of the obligations of Developer relates to employment retention and/or creation.

The Agreement proposes that the City will make up to three (3) consecutive annual payments of Economic Development Grants to the Developer in an amount equal to the lesser of (i) $400,000, or (ii) twenty percent (20%) of the total verified cost of construction of the Minimum Improvements, under the terms and following satisfaction of the conditions set forth in the Agreement.

A copy of the Agreement is on file for public inspection during regular business hours in the office of the City Clerk, City Hall, City of Grinnell, Iowa.

At the above meeting the Council shall receive oral or written objections from any resident or property owner of said City, to the proposal to enter into the Agreement with the Developer. After all objections have been received and considered, the Council will at this meeting or at any adjournment thereof, take additional action on the proposal or will abandon the proposal to authorize said Agreement.

This notice is given by order of the City Council of the City of Grinnell in the State of Iowa, as provided by Section 364.6, Code of Iowa.

Dated this __________ day of _______________, 2026.

____

City Clerk, City of Grinnell in the State of Iowa

(End of Notice)

PASSED AND APPROVED this 20th day of July, 2026.

Mayor

ATTEST:

City Clerk

CERTIFICATE

STATE OF IOWA)
) SS
COUNTY OF POWESHIEK)

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

WITNESS my hand and the seal of the Council hereto affixed this 20th day of July, 2026.

____

City Clerk, City of Grinnell, State of Iowa

(SEAL)

4905-3058-9885-1\10542-188

AGREEMENT FOR PRIVATE DEVELOPMENT

THIS AGREEMENT FOR PRIVATE DEVELOPMENT ("Agreement"), is made on or as of ____________________, 2026 by and between the CITY OF GRINNELL IOWA, a municipality (the "City"), established pursuant to the Code of Iowa and acting under the authorization of Chapters 15A and 403 ("Urban Renewal Act") of the Code of Iowa, 2025, as amended, and KARMA HOSPITALITY, LLC, an Iowa limited liability company having offices for the transaction of business at 1307 Lindenbrook Ln, Marion, IA 52302 ("Developer"). The City and Developer are the Parties to this Agreement.

WITNESSETH:

WHEREAS, in furtherance of the objectives of the Urban Renewal Act, the City has undertaken a program for the development of an economic development area in the City and is engaged in carrying out urban renewal project activities in an area known as the Grinnell Urban Renewal Area (the "Urban Renewal Area"), which is described in the Urban Renewal Plan approved for such area by Resolution No. 1687 on March 21, 1994 and which has been amended several times, lastly by Amendment No. 10 as approved by resolution on October 20, 2025 (the "Urban Renewal Plan"); and

WHEREAS, Developer owns certain real property within the Urban Renewal Area, legally described as follows:

> Lot One in Grinnell Industrial Park – Plat 6, according to the Plat thereof appearing or record in Plat Book G at Page 59, Poweshiek County, Iowa
>
> Known Locally as: 1630 West Street South, Grinnell, Iowa

(which property as so described is hereinafter referred to as the "Development Property"); and

WHEREAS, the Developer has proposed to cause the construction of certain Minimum Improvements, as described on the attached Exhibit A, to undertake the redevelopment of an existing hotel on the Development Property, and thereafter Developer will operate its business at the Development Property and commit to hire and retain employees in the community (hereinafter the "Project"); and

WHEREAS, the redevelopment of the existing hotel on the Development Property would create an upper midscale hotel along I-80 between the cities of Iowa City and Des Moines, and is expected to generate an influx of overnight visitors to the City, which, in turn, would generate visitor spending at other commercial businesses located in the Urban Renewal Area and in the City; and

WHEREAS, in consideration of Developer's obligations under this Agreement, the City is willing to provide grants to Developer under the terms and conditions of Article II of this Agreement (the "Economic Development Grants"); and

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

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

ARTICLE I
DEVELOPER REPRESENTATIONS AND COVENANTS

Section 1.1. Completion of Minimum Improvements. Developer shall complete certain "Minimum Improvements," as more particularly described in Exhibit A attached hereto and made a part hereof, on the Development Property on or before October 1, 2027. Developer shall have obtained or caused to be obtained, in a timely manner, all required permits, licenses, and approvals, if any, and shall have met, in a timely manner, all requirements of all applicable local, state, and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully completed. Developer anticipates that the Minimum Improvements will require an investment of at least $2,000,000.

Section 1.2. Operation of Development Property. Following completion of construction of the Minimum Improvements, Developer shall continually operate its business on the Development Property, maintaining at least 60 hotel rooms as part of the hotel operations. Until at least the Termination Date of this Agreement, Developer shall retain a total Monthly Average of at least 2 Jobs in its operations on the Development Property. The Annual Certifications submitted pursuant to Section 1.8 shall show a Monthly Average of at least 2 Jobs have been maintained in Developer's operations on the Development Property.

For the purposes of this Agreement, a "Job" means the full-time employment of one natural person, and "Monthly Average" means the average number of Jobs employed as of October 1 of each year and as of the first day of each of the preceding eleven (11) months, as shown in the Annual Certifications (submitted pursuant to Section 1.8).

Section 1.3. No Violations or Claims. To Developer's knowledge and with respect to the Project, the Development Property and the Minimum Improvements, the Developer is not in material violation of any local, state, or federal environmental law or regulation and is not aware of any pending or threatened claim against the Developer with respect to such laws.

Section 1.4. Insurance. The Developer agrees, until at least the Termination Date, to maintain builder's risk, property damage, and liability insurance coverages with respect to the Development Property and all improvements thereon in such amounts as are customarily carried by like organizations engaged in activities of comparable size and liability exposure with insurance companies reasonably satisfactory to the City, together with such additional coverages as the City may reasonably request, and shall provide evidence of such coverages to the City upon request.

Section 1.5. Compliance with Laws. Developer shall comply with all state, federal, and local laws, rules, and regulations relating to the Project, including laws prohibiting discrimination against any applicant, employee, or tenant because of age, color, creed, national origin, race, religion, marital status, sex, physical disability, or familial status.

Section 1.6. Available Information. Upon request, Developer shall promptly provide the City with copies of information requested by City that are related to this Agreement and the Project so that City can determine compliance with the Agreement.

Section 1.7. Real Property Taxes. Developer, or its successors shall pay or cause to be paid, when due, all real property taxes and assessments payable with respect to all and any parts of the Development Property. Developer and its permitted successors and assigns agree that, prior to the Termination Date:

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

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

Section 1.8. Annual Certification. To assist the City in monitoring the Agreement and performance of Developer hereunder, duly authorized officer of Developer shall provide an Annual Certification to the City in the form of Exhibit C attached to this Agreement. As part of the Annual Certification, Developer shall annually provide to the City: (i) proof that all ad valorem taxes on the Development Property have been paid for the prior fiscal year and any taxes due and payable for the current fiscal year as of the date of certification; (ii) the date the Minimum Improvements were first fully assessed and the current assessed value of the Development Property; (iii) a certification of the number of Jobs employed by Developer at the Development Property as of October 1 and as of the first day of each of the preceding eleven (11) months; and (iv) a certification that the executing officer is familiar with the terms and provisions of this Agreement and that at the date of such certification, there is no Event of Default by Developer hereunder, or if the signer is aware of any such Event of Default, said officer shall disclose in such statement the nature thereof, its period of existence and what action, if any, has been taken or is proposed to be taken with respect thereto.

The Annual Certification shall be provided not later than October 15 of each year, commencing October 15, 2027 and ending on October 15, 2031, both dates inclusive. Developer shall provide supporting information germane to the Annual Certification upon request of the City.

ARTICLE II
ECONOMIC DEVELOPMENT GRANTS

Section 2.1. Economic Development Grants. For and in consideration of the obligations being assumed by Developer as set forth herein, and as a necessary means of achieving the goals and objectives of the Urban Renewal Plan, the City agrees, subject to Developer being and remaining in compliance with the terms of this Agreement, to make up to three (3) consecutive annual payments of Economic Development Grants (or "Grants") to Developer, subject to the satisfaction of the following conditions precedent:

i. The completion of the Minimum Improvements, consistent with the terms and conditions of this Agreement; and

ii. Developer has submitted a certification to the City, in substantially the form of Exhibit D attached hereto, certifying the amount of costs and expenses incurred by Developer and related to the design and construction of the Minimum Improvements.

The Economic Development Grants shall be paid using only incremental tax revenues, collected pursuant to Iowa Code Section 403.19, and deposited into Grinnell Urban Renewal Tax Increment Revenue Fund of the City (the "Tax Increments").

a. Maximum Amount of Grants. Following completion of construction of the Minimum Improvements and the Developer's submission of Exhibit D, the City shall reasonably verify the submitted costs as accurate and related to the Minimum Improvements. Following such review by the City, the City shall determine a total amount of the verified, certified costs for construction of the Minimum Improvements (the "Total Verified Costs"). The total amount payable as Economic Development Grants under this Agreement shall not exceed **the lesser of**: (i) 20% of the Total Verified Costs, or (ii) $400,000 (the "Aggregate Maximum Amount").

b. Calculation of Annual Grant Amount. Each annual payment shall be equal in amount to one-third (1/3) of the calculated Aggregate Maximum Amount, provided that there is sufficient available Tax Increments in the Grinnell Urban Renewal Tax Increment Revenue Fund to fund the payment amount, and subject to the limitations described in this Article. The City makes no guarantee that the Developer will receive the Aggregate Maximum Amount.

c. Schedule of Grants. Assuming the completion of the Minimum Improvements by October 1, 2027, and the Developer's continued compliance with the terms of this Agreement, then the City shall include a request for Tax Increments for the Economic Development Grants under this Agreement on the City's TIF debt certification by the City to the Auditor prior to December 1, 2027, the Economic Development Grants shall commence on June 1, 2029 and end on June 1, 2031, under the following schedule:

Date	Amount of Economic Development Grants
June 1, 2029	One-third (1/3) of the Aggregate Maximum Amount
June 1, 2030	One-third (1/3) of the Aggregate Maximum Amount

June 1, 2031 One-third (1/3) of the Aggregate Maximum Amount

Section 2.2. <u>Compliance with Agreement.</u> Notwithstanding the provisions of Section 2.1 above, the obligation of the City to make an Economic Development Grant in any year shall be subject to and conditioned upon the Developer being in compliance with the terms of this Agreement at the time of payment, including timely filing of the Annual Certifications required under Section 1.8 hereof. In the event that an Event of Default (as hereinafter defined) occurs or any Annual Certification (or other information) discloses the existence of an Event of Default that was not has occurred and has not been cured or cannot reasonably be cured within the applicable cure period, then the City shall have no obligation to make further Economic Development Grant payments, in addition to having the remedies set forth in Section 5.2.

Each Annual Certification filed by Developer under Section 1.8 hereof shall be considered separately in determining whether the City shall make an Economic Development Grant payment available to Developer under this Section. Under no circumstances shall the failure by Developer to qualify for an Economic Development Grant in any year serve to extend the term of this Agreement beyond the Termination Date or the years during which Economic Development Grants may be awarded to Developer or the total amount thereof, it being the intent of parties hereto to provide Developer with an opportunity to receive Economic Development Grants only if Developer fully complies with the provisions hereof and the Developer becomes entitled thereto, up to the Aggregate Maximum Amount set forth in Section 2.1(a).

Section 2.3. <u>Source of Grant Funds Limited</u>.

a. The Economic Development Grants shall be payable from and secured solely and only by Tax Increments collected pursuant to Iowa Code Section 403.19 and deposited and held in the Grinnell Urban Renewal Tax Increment Revenue Fund of the City. The City hereby covenants and agrees to apply the appropriate portion of Tax Increments collected and allocated to pay the Economic Development Grants for such payment, as and to the extent set forth in this Article. The Economic Development Grants shall not be payable in any manner by other tax increment revenues or by general taxation or from any other City funds. Any commercial and industrial property tax replacement monies that may be received under Iowa Code Chapter 441.21A shall not be included in the calculation to determine the amount of Economic Development Grants for which Developer is eligible, and any monies received back under Iowa Code Chapter 426C relating to the Business Property Tax Credit shall not be included in the calculation to determine the amount of Economic Development Grants for which Developer is eligible.

b. Each Economic Development Grant is subject to annual appropriation by the City Council. The right of non-appropriation reserved to the City in this Section is intended by the parties, and shall be construed at all times, so as to ensure that the City's obligation to make future Economic Development Grants shall not constitute a legal indebtedness of the City within the meaning of any applicable constitutional or statutory debt limitation prior to the adoption of a budget which appropriates funds for the payment of that installment or amount. In the event that any of the provisions of this Agreement are determined by a court of competent jurisdiction to create, or result in the creation of, such a legal indebtedness of the City, the enforcement of the said provision shall be suspended, and the Agreement shall at all times be construed and applied in such a manner as will preserve the foregoing intent of the parties, and no Event of Default by the City shall be deemed to have occurred as a result thereof. If any provision of this Agreement or the application thereof to any circumstance is so suspended, the suspension shall not affect other provisions of this Agreement which can be given effect without the suspended provision. To this end the provisions of this Agreement are severable.

c. Notwithstanding the provisions of Section 2.1 hereof, the City shall have no obligation to make an Economic Development Grant to Developer if at any time during the term hereof the City fails to appropriate funds for payment, the City's ability to collect Tax Increment from the Urban Renewal Area terminates under Iowa Code Chapter 403, as may be amended, or the City receives an opinion from its legal counsel to the effect that the use of Tax Increments to fund an Economic Development Grant to Developer, as contemplated under said Section 2.1, is not, based on a change in applicable law or its interpretation since the date of this Agreement, authorized or otherwise an appropriate urban renewal activity permitted to be undertaken by the City under the Urban Renewal Act or other applicable provisions of the Code, as then constituted or under controlling decision of any Iowa Court having jurisdiction over the subject matter hereof. Upon receipt of any such legal opinion, non-appropriation, or termination of the ability to collect Tax Increment, the City shall promptly forward notice of the same to Developer. If the non-appropriation or circumstances or legal constraints giving rise to the decision continue for a period during which two (2) annual Economic Development Grants would otherwise have been paid to Developer under the terms of Section 2.1, then the City may terminate this Agreement, without penalty or other liability to the City, by written notice to Developer.

Section 2.4. Use of Other Tax Increments. The City shall be free to use any and all Tax Increments above and beyond the amount to be given to Developer in this Agreement, or any available Tax Increments resulting from the suspension or termination of the Economic Development Grants as provided in this Agreement, for any purpose for which the Tax Increments may lawfully be used pursuant to the provisions of the Urban Renewal Act (including an allocation of all or any portion thereof to the reduction of any eligible City costs), and the City shall have no obligations to Developer with respect to the use thereof.

Section 2.5. Reduction of First Grant. Developer shall pay to the City an amount equal to the actual costs incurred by the City in connection with the negotiation, drafting and adoption of this Agreement, including, but not limited to, publication fees for legal notices, actual costs associated with City Council meetings, and reasonable legal fees of the City. Such payment will be made by the Developer to the City within 30 days of the date on which the City presents a statement to the Developer demonstrating such costs, or if not previously paid, the costs shall be deducted from the first Economic Development Grant.

ARTICLE III
INDEMNIFICATION

Section 3.1. Release and Indemnification. Developer releases the City and the governing body members, officers, agents, servants, and employees thereof (hereinafter, for purposes of this Article III, the "Indemnified Parties") from, covenants and agrees that the Indemnified Parties shall not be liable for, and agrees to indemnify, defend, and hold harmless the Indemnified Parties against, any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Minimum Improvements or Development Property.

Except to the extent arising from any willful misrepresentation, gross negligence, or any willful or wanton misconduct or any unlawful act of the Indemnified Parties, Developer agrees to protect and defend the Indemnified Parties, now or forever, and further agrees to hold the Indemnified Parties harmless, from any claim, demand, suit, action, or other proceedings whatsoever by any person or entity whatsoever arising or purportedly arising from: (i) any violation of any agreement or condition of this Agreement (except with respect to any suit, action, demand or other proceeding brought by Developer against the City to enforce its rights under this Agreement); (ii) the acquisition and condition of the Development Property and the construction, installation, ownership, and operation of the Minimum Improvements or Development Property; or (iii) any hazardous substance or environmental contamination located in or on the Development Property.

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

The provisions of this Article III shall survive the termination of this Agreement.

ARTICLE IV
PROHIBITION AGAINST ASSIGNMENT AND TRANSFER

Section 4.1. Status of Developer; Transfer of Substantially All Assets; Assignment. As security for the obligations of Developer under this Agreement, Developer represents and agrees that, prior to the Termination Date, Developer will maintain its existence as a company and will not wind up or otherwise dispose of all or substantially all of its assets or transfer, convey, or assign its interests in the Development Property, Minimum Improvements, or this Agreement to any other party unless: (i) the transferee partnership, corporation, limited liability company, or individual assumes in writing all of the then-outstanding obligations of Developer under this Agreement; and (ii) the City consents thereto in writing in advance thereof.

Section 4.2. Prohibition Against Use as Non-Taxable or Centrally Assessed Property. During the term of this Agreement, Developer, or its successors or assigns, agree that the Development Property cannot be transferred or sold to a non-profit entity or used for a purpose that would exempt the Development Property or Minimum Improvements from property tax liability, excepting any transfer of a portion of the Development Property to the City to be owned as public property. Nor can the Development Property or Minimum Improvements be used as centrally assessed property (including but not limited to, Iowa Code § 428.24 to 428.29 (Public Utility Plants and Related Personal Property); Chapter 433 (Telegraph and Telephone Company Property); Chapter 434 (Railway Property); Chapter 437 (Electric Transmission Lines); Chapter

437A (Property Used in the Production, Generation, Transmission or Delivery of Electricity or Natural Gas); and Chapter 438 (Pipeline Property)).

ARTICLE V
DEFAULT AND REMEDIES

Section 5.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean, whenever it is used in this Agreement, any one or more of the following events during the Term of this Agreement:

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

b. The Development Property is put up for tax sale by the County;

c. Failure by Developer to substantially observe or perform any covenant, condition, or obligation under this Agreement;

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

e. Developer shall:

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

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

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

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

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

Section 5.2. Remedies on Default. Whenever any Event of Default referred to in Section 5.1 of this Agreement occurs and is continuing, and fails to cure said breach within thirty (30) days after written notice from the City to the Developer of the Event of Default, then the City may (i) suspend its performance under this Agreement; (ii) terminate this Agreement upon written notice to the Developer; (iii) suspend payment of the Economic Development Grants; (iv) demand repayment of the Economic Development Grants; and/or (v) take any other legal or equitable action deemed appropriate to enforce the Developer's obligations under this Agreement.

Section 5.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 5.4 No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 5.5. Enforcement Costs. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of Developer herein contained, Developer agrees that it shall, on demand therefor, pay to the City the reasonable fees of such attorneys and such other expenses as may be reasonably and appropriately incurred by the City in connection therewith.

ARTICLE VI
MISCELLANEOUS

Section 6.1. Conflict of Interest. Developer represents and warrants that, to its best knowledge and belief after due inquiry, no officer or employee of the City, or their designees or agents, nor any consultant or member of the governing body of the City, and no other public official of the City who exercises or has exercised any functions or responsibilities with respect to the Project during his or her tenure, or who is in a position to participate in a decision-making process or gain insider information with regard to the Project, has had or shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work or services to be performed in connection with the Project, or in any activity, or benefit therefrom, which is part of the Project at any time during or after such person's tenure.

Section 6.2. Notices. Notices, demands, or other communications under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

a. In the case of Developer, is addressed or delivered personally to Karma Hospitality, LLC at 1307 Lindenbrook Ln, Marion, IA 52302, Attn: Vic Kalia; and

b. In the case of the City, is addressed to or delivered personally to the City of Grinnell at City Hall, 520 4th Avenue, Grinnell, Iowa 50112, Attn: City Clerk;

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

Section 6.3. Iowa Law Controlling. This Agreement shall be governed and construed under the laws of the State of Iowa.

Section 6.4. Entire Agreement. This Agreement and the Exhibits here referenced shall constitute the entire agreement between the City and the Developer and supersedes all other written and oral agreements, discussions, and negotiations.

Section 6.5. Amendments. This Agreement may not be amended or assigned by either party without the express written permission of the other party.

Section 6.6. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute one and the same instrument.

Section 6.7. Severability. In the event any term or provision of this Agreement is held to be unenforceable by a court of competent jurisdiction, the remainder shall continue in full force and effect, to the extent the remainder can be given effect without the invalid provision.

Section 6.8. Successors and Assigns. This Agreement is intended to and shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

Section 6.9. No Third-Party Beneficiaries. No rights or privileges of either party hereto shall inure to the benefit of any landowner, contractor, subcontractor, material supplier, or any other person or entity, and no such contractor, landowner, subcontractor, material supplier, or any other person or entity shall be deemed to be a third-party beneficiary of any of the provisions contained in this Agreement.

Section 6.10. Termination. This Agreement shall terminate and be of no further force or effect on and after December 31, 2031 (the "Termination Date"), unless terminated earlier under the provisions of this Agreement.

Section 6.11. Memorandum of Agreement. The parties agree to execute and record a Memorandum of Agreement for Private Development, in substantially the form attached as Exhibit B, to serve as notice to the public of the existence and provisions of this Agreement, and the rights and interests held by the City by virtue hereof. The City shall pay for all costs of recording.

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

(SEAL)

CITY OF GRINNELL, IOWA

By: ________________________________
Sam Cox, Mayor

ATTEST:

By: ________________________________
Alyssa Devig, City Clerk

STATE OF IOWA)
) SS
COUNTY OF POWESHIEK)

On this ________ day of ________________________, 2026, before me a Notary Public in and for said State, personally appeared Sam Cox and Alyssa Devig, to me personally known, who being duly sworn, did say that they are the Mayor and City Clerk, respectively, of the City of Grinnell, Iowa, a Municipality created and existing under the laws of the State of Iowa, and that the seal affixed to the foregoing instrument is the seal of said Municipality, and that said instrument was signed and sealed on behalf of said Municipality by authority and resolution of its City Council, and said Mayor and City Clerk acknowledged said instrument to be the free act and deed of said Municipality by it voluntarily executed.

____
Notary Public in and for the State of Iowa

[Signature page to Agreement – City of Grinnell]

DEVELOPER:
KARMA HOSPITALITY, LLC,
an Iowa limited liability company

By: ________________________________

Print Name: _________________________

Its: _________________________________

STATE OF _________________)
) SS
COUNTY OF ________________)

This record was acknowledged before me on this ______ day of _________________, 2026, by ______________________ as the _____________________ of Karma Hospitality, LLC.

____
Notary Public in and for said state

My commission expires: ________________

[Signature page to Agreement – Developer]

EXHIBIT A
MINIMUM IMPROVEMENTS

The Minimum Improvements include all construction work reasonably necessary to complete the redevelopment of an existing hotel and all related site improvements on the Development Property. As part of the redevelopment, the Developer shall secure a rebranding of the hotel as a “Holiday Inn Express” or equivalent tier hotel brand. The construction of the Minimum Improvements will be completed by October 1, 2027 and is expected to cost at least $2,000,000.

Prepared by: Jenna H.B. Sabroske, Ahlers Cooney, 100 Court Ave, Ste 600, Des Moines, IA 50309 515-243-7611
Return to: City Clerk, City of Grinnell, 520 4th Avenue, Grinnell, IA 50112

EXHIBIT B
MEMORANDUM OF AGREEMENT FOR PRIVATE DEVELOPMENT

WHEREAS, the City of Grinnell, Iowa ("City") and Karma Hospitality, LLC, an Iowa limited liability company ("Developer") did on or about _______________, 2026, make, execute and deliver, each to the other, an Agreement for Private Development (the "Agreement"), wherein and whereby Developer agreed, in accordance with the terms of the Agreement, to develop certain real property located within the City and within the Grinnell Urban Renewal Area, which real property is legally described as follows:

Lot One in Grinnell Industrial Park – Plat 6, according to the Plat thereof appearing or record in Plat Book G at Page 59, Poweshiek County, Iowa

Known Locally as: 1630 West Street South, Grinnell, Iowa

(the "Development Property"); and

WHEREAS, the term of the Agreement commenced on or about the date first set forth above and terminates on December 31, 2031, unless otherwise terminated as set forth in the Agreement; and

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

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

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

2. That all of the provisions of the Agreement and any subsequent amendments thereto, if any, even though not set forth herein, are by the filing of this Memorandum of

Agreement for Private Development made a part hereof by reference, and that anyone making any claim against any of said Development Property in any manner whatsoever shall be fully advised as to all of the terms and conditions of the Agreement, and any amendments thereto, as if the same were fully set forth herein.

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

IN WITNESS WHEREOF, the City and Developer have executed this Memorandum of Agreement for Private Development on the ______ day of ___________________, 2026.

[Remainder of page intentionally left blank; signature pages follow]

(SEAL)

CITY OF GRINNELL, IOWA

By: _________________________________
Sam Cox, Mayor

ATTEST:

By: _________________________________
Alyssa Devig, City Clerk

STATE OF IOWA)
) SS
COUNTY OF POWESHIEK)

On this ________ day of ________________________, 2026, before me a Notary Public in and for said State, personally appeared Sam Cox and Alyssa Devig, to me personally known, who being duly sworn, did say that they are the Mayor and City Clerk, respectively, of the City of Grinnell, Iowa, a Municipality created and existing under the laws of the State of Iowa, and that the seal affixed to the foregoing instrument is the seal of said Municipality, and that said instrument was signed and sealed on behalf of said Municipality by authority and resolution of its City Council, and said Mayor and City Clerk acknowledged said instrument to be the free act and deed of said Municipality by it voluntarily executed.

____
Notary Public in and for the State of Iowa

[Signature page to Memorandum of Agreement – City of Grinnell]

DEVELOPER:
KARMA HOSPITALITY, LLC,
an Iowa limited liability company

By: ________________________________

Print Name: _________________________

Its: _________________________________

STATE OF ________________)
) SS
COUNTY OF _______________)

This record was acknowledged before me on this ______ day of ________________, 2026, by ______________________ as the _____________________ of Karma Hospitality, LLC.

____
Notary Public in and for said state

My commission expires: _______________

[Signature page to Memorandum of Agreement – Developer]

EXHIBIT C

ANNUAL CERTIFICATION

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

Developer certifies that, during the time period covered by this Certification, each of them is and was in compliance with the Agreement as follows:

(i) Attached hereto is proof that all ad valorem taxes on the Minimum Improvements and Development Property have been paid for the prior fiscal year and any taxes due and payable for the current fiscal year as of the date of certification;

(ii) The Minimum Improvements were first fully assessed on January 1, 20___, and the Development Property is currently assessed at $_________________;

(iii) The number of Jobs employed by Developer at the Development Property as of October 1, 20___ and as of the first day of each of the preceding eleven (11) months are follows:

October 1, 20____:______	April 1, 20____:______
September 1, 20___:______	March 1, 20____:______
August 1, 20____:______	February 1, 20____:______
July 1, 20____:______	January 1, 20____:______
June 1, 20____:______	December 1, 20____:______
May 1, 20____:______	November 1, 20____:______

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

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

DEVELOPER: Karma Hospitality, LLC, an Iowa limited liability company

By: ______________________________	By: ______________________________
Print Name: _______________________	Print Name: _______________________
Its: ______________________________	Its: ______________________________
Date: ____________________	Date: ____________________

EXHIBIT D
DEVELOPER CERTIFICATION OF COSTS OF MINIMUM IMPROVEMENTS

Karma Hospitality, LLC (the "Developer") certifies that the expenses shown on the table below were/are the actual expenses incurred by the Developer for the Minimum Improvements that are the subject of a Development Agreement entered into as of _______________, 2026 between the City of Grinnell, Iowa and the Developer (the "Agreement").

Invoice Description	Description of Relevant Portion of Minimum Improvements	Cost
	Total Cost:	

If you need additional space please attach another table.

Attach actual receipts and invoices

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

KARMA HOSPITALITY, LLC

By: ___________________________________

Print Name: _____________________________

STATE OF _____________________, COUNTY OF _____________________) ss

This record was acknowledged before me on this ______ day of ________________, 2026, by _____________________ as the _________________________ of Karma Hospitality, LLC.

____
Notary Public in and for said state

My commission expires: _______________

4938-3534-9686-2\10542-188

SpyGlass Snapshot Audit Agreement

This agreement, effective as of the later of the dates of signature below ("Effective Date"), is between City of Grinnell ("Company"), and The SpyGlass Group, LLC, an Ohio limited liability company ("Auditor").

1. **Primary Audit Services**. Company is engaging Auditor as an independent contractor to analyze its primary telecommunications service accounts (Voice, Data, Internet, Cloud Services and Mobility/Cellular) to seek cost recovery, service elimination and cost reduction recommendations. Company will provide Auditor with the materials required to perform its analysis and Auditor will conduct a Kickoff meeting with Company to review the materials provided and introduce Auditor's personnel assigned to the project. Auditor will deliver the recommendations to Company at a Summary of Findings meeting, implement recommendations that Company elects for Auditor to implement, and deliver a complete telecommunications inventory to Company. Upon completion of implementation, Auditor will conduct an Industry Benchmark Analysis ("IBA") Meeting to compare Company's spending and audit results against industry peers as well as all SpyGlass clients, officially bringing closure to the engagement.

While Auditor is performing its analysis, Company will not make changes or perform internal cost reduction analysis with respect to provider accounts which Company has included within the scope of Auditor's review.

2. **Fees**. Company will pay Auditor the applicable fee set forth below ONLY for Auditor recommendations implemented within twelve (12) months of Auditor delivering the recommendation to Company:

- 50% of any "Cost Recovery", as defined below
- 12 times any "Service Elimination Savings", as defined below
- 12 times any "Cost Reduction Savings", as defined below

"Cost Recovery" is any refund, credit or compensation received by Company relating to past services or charges.

"Service Elimination Savings" is any monthly cost reduction received by Company relating to cancellation of any service, including monthly usage cost reduction (calculated as the average of the last 2 months of usage costs associated with the cancelled service).

"Cost Reduction Savings" is any monthly cost reduction received by Company relating to the modification, consolidation or negotiation of any service, account or contract, including post discount usage rate improvement (calculated as the (a) decrease in post discount per unit pricing realized by Company for any service, times (b) the average of Company's last two (2) months usage levels measured in such units for the modified service).

3. **Invoicing and Payment**. Fees for Cost Recovery are due as a one-time payment within 10 days of verification that Company has been issued the refund, credit or compensation resulting in such fees. Fees for Service Elimination Savings and Cost Reduction Savings are due as a one-time payment within 10 days of verification that the cancellation or other activity resulting in the Service Elimination Savings or Cost Reduction Savings has been completed. Auditor may issue separate invoices as different fees are earned.

4. **Miscellaneous.** This agreement is governed by the laws of the State of Iowa, without regard to principles of conflicts of law, and may be executed by facsimile and simultaneously in multiple counterparts. Company agrees that Auditor does not warranty the overall performance, Company satisfaction, or data accuracy of any telecommunications related carrier, provider, software manufacturer or vendor at any time whatsoever during or after the term of this agreement. Each person signing this agreement on behalf of a party represents that he or she has been duly authorized to sign this agreement and to bind the party on whose behalf this agreement is being signed by that signatory. AUDITOR SHALL NOT BE LIABLE TO THE COMPANY FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST PROFITS OR BUSINESS INTERRUPTION, WHETHER SUCH LIABILITY IS ASSERTED ON THE BASIS OF CONTRACT, TORT OR OTHERWISE, EVEN IF EITHER PARTY HAS BEEN WARNED OF THE POSSIBILITY OF ANY SUCH LOSS OR DAMAGE IN ADVANCE. IN ADDITION, IN NO EVENT SHALL AUDITOR'S LIABILITY TO COMPANY EXCEED THE FEES ACTUALLY PAID BY COMPANY TO AUDITOR.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the Effective Date.

COMPANY

City of Grinnell

Signature: Dan F. Agnew

Print Name: Dan F. Agnew

Date: 4/17/2023

AUDITOR

The SpyGlass Group, LLC

Signature:________________________________

Print Name: Edward M. DeAngelo

Date:__________________

INVESTMENT	INTEREST RATE	MATURES	BEGINNING CASH BALANCE	INVESTMENT AMOUNT	INTEREST/ DIVIDENDS JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	ENDING CASH BALANCE
GRINNELL STATE BANK MONEY MARKET*	3.70%		11,315,161.89		14,892.75	15,291.19	10,507.43	17,117.03	17,678.27	20,100.61	24,839.33	20,143.90	23,145.41	28,174.24	33,431.99	18,113.75	7,240,146.10
GRINNELL STATE BANK CD (PERPETUAL CARE)	3.90%	6/14/2028	500,000.00	500,000.00	0.00	0.00	4,916.12	0.00	0.00	4,862.17	0.00	0.00	4,808.74	0.00	0.00	4,916.10	500,000.00
GRINNELL STATE BANK CD	3.86%	12/3/2026	10,000,000.00	10,000,000.00	NA	NA	NA	NA	NA	0.00	0.00	0.00	95,178.08	0.00	0.00	97,303.22	10,000,000.00
GRINNELL STATE BANK CD (FORBES FUND)	3.90%	1/15/2027	10,000.00	10,000.00	97.23	0.00	0.00	98.30	0.00	0.00	98.86	0.00	0.00	91.23	0.00	0.00	10,000.00
IPAIT	3.58%		4,405,395.66	3,000,000.00	50,587.40	50,768.45	48,073.42	48,006.09	43,775.86	20,145.86	12,665.67	11,487.70	12,736.04	12,532.50	12,987.45	12,605.70	4,418,001.36
TOTAL INVESTMENTS			**26,230,557.55**		**65,577.38**	**66,059.64**	**63,496.97**	**65,221.42**	**61,454.13**	**45,108.64**	**37,603.86**	**31,631.60**	**135,868.27**	**40,797.97**	**46,419.44**	**132,938.77**	**22,168,147.46**

*Interest rate was 5.10% in Sept, 4.45% in Oct., 4.17% in Nov, 3.99% in Dec, 3.81% in Jan, and 3.70% in Feb.

IPAIT INTEREST DECREASED TO 3.98 9/1/25
IPAIT INTEREST DECREASED TO 3.73 11/1/25
IPAIT INTEREST DECREASED TO 3.58 12/1/25

CITY OF GRINNELL
MONTH TO DATE TREASURERS REPORT
AS OF: JUNE 2026

FUND	BEGINNING CASH BALANCE	MONTH TO DATE RECEIPTS	MONTH TO DATE DISBURSEMENTS	ENDING CASH BALANCE
GENERAL FUNDS				
001-GENERAL FUND	1,020,050.21	245,630.94	513,504.50	752,176.65
002-VETERANS MEM - GENERAL FUND	369,149.55	228,650.80	597,756.66	43.69
003-LIBRARY - GENERAL FUND	418.32	61,823.43	62,241.75	0.00
004-CITY HALL RES - GENERAL	477,123.94	1,249.95	0.00	478,373.89
010-BUILDING & PLANNING - GEN	453,647.69	6,929.76	19,362.57	441,214.88
011-UTILITY FRANCHISE - GEN	25,967.65	0.00	4,767.77	21,199.88
012-ALLIANT SOLAR LEASE - GEN	215,154.78	8,216.00	0.00	223,370.78
102-FORBES FUND - GENERAL*	12,625.71	0.00	0.00	12,625.71
103-LIBRARY FUND STATE - GENERAL	1,192.30	0.00	1,192.30	0.00
104-STAYING WELL - GENERAL	8,680.41	0.00	0.00	8,680.41
105-COMM DEV/COMMUNICAT - GENERAL	110,880.62	270.81	7,507.03	103,644.40
TOTAL GENERAL FUNDS	**2,694,891.18**	**552,771.69**	**1,206,332.58**	**2,041,330.29**
110-ROAD USE FUND - SPEC REV	1,224,934.39	142,671.52	76,841.31	1,290,764.60
112-T&A EMP BEN- SPEC REV	1,561,883.34	32,145.64	120,928.75	1,473,100.23
121-LOCAL OPTION SALES TAX	1,839,958.49	130,097.95	59,406.50	1,910,649.94
133-T-A RES UNEMP - SPEC REV	16,142.70	42.29	0.00	16,184.99
136-INSURANCE DED -SPEC REV	918,437.45	15,205.14	1,372.58	932,270.01
138-MED INS RESERVE - SPEC RV	937,573.51	18,514.62	4,784.99	951,303.14
140-HEALTH INS ESC-SPEC REV	1,193,165.14	11,643.13	1,381.27	1,203,427.00
145-HOTEL/MOTEL TAX - SPC REV	448,046.73	30,817.90	26,327.72	452,536.91
166-CAMPBELL FUND	58,351.46	0.00	14,856.83	43,494.63
167-LIBRARY GIFTS - SPEC REV	106,293.42	2,004.83	599.99	107,698.26
177-FORFEITURE FUND	32,682.85	86.76	0.00	32,769.61
490-FIRE EQMT REP FUND - SP R	33,290.13	87.21	0.00	33,377.34
491-GEN EQMT REP FUND- SP RV	87,618.20	229.54	0.00	87,847.74
492-WA EQMT REV FUND - SP RV	64,523.13	169.03	0.00	64,692.16
493-SEW EQMT REV FUND- SP RV	328,990.48	861.87	0.00	329,852.35
494-SANITATION EQMT REP FUND-SP RV	692,060.63	1,754.35	22,400.00	671,414.98
495-EMS EQMT REP FUND-SP RV	78,396.54	205.38	0.00	78,601.92
498-OFFICE EQMT REP FD - SR	7,717.52	0.00	0.00	7,717.52
499-REC EQMT REP FD- SP RV	3,002.49	1,411.53	0.00	4,414.02
TOTAL SPECIAL REVENUE FUNDS	**9,633,068.60**	**387,948.69**	**328,899.94**	**9,692,117.35**
TAX INCREMENT FINANCING FUNDS				
125-URBAN REN - TIF SPEC REV	761,646.02	138,537.86	14,098.80	886,085.08
TOTAL TIF FUNDS	**761,646.02**	**138,537.86**	**14,098.80**	**886,085.08**
DEBT SERVICE FUNDS				
200-DEBT SERV - SPEC REV	145,239.68	1,706.13	0.00	146,945.81
TOTAL DEBT SERVICE FUNDS	**145,239.68**	**1,706.13**	**0.00**	**146,945.81**
CAPITAL PROJECT FUNDS				
302 - WASHINGTON AVE - SRTS	57,079.98	0.00	0.00	57,079.98
307 - LEAD SERVICE LINES	21,497.67	0.00	3,889.03	17,608.64
310 - CENTRAL PARK PROJECT	10,511.13	0.00	0.00	10,511.13
322 - LAKES PROJECTS	238,961.60	106,523.81	111,443.23	234,042.18

CITY OF GRINNELL
MONTH TO DATE TREASURERS REPORT
AS OF: JUNE 2026

FUND	BEGINNING CASH BALANCE	MONTH TO DATE RECEIPTS	MONTH TO DATE DISBURSEMENTS	ENDING CASH BALANCE
350 - AIRPORT DEVELOPMENT	198,753.69	157,811.14	6,549.75	350,015.08
363 - 4TH AVE PROJECTS	535,761.07	0.00	1,733.75	534,027.32
368 - BROAD ST PROJECTS	5,426.30	0.00	875.00	4,551.30
369 - REINVESTMENT PROJECT	358,182.02	0.00	0.00	358,182.02
373 - 8TH AVE PROJECTS	56,936.26	0.00	0.00	56,936.26
377 - 16TH AVE PROJECTS	579,848.57	0.00	1,239.57	578,609.00
382 - 11 11TH AVE PROJECT	214,119.45	0.00	5,242.08	208,877.37
CAPITAL PROJECT FUNDS	**2,277,077.74**	**264,334.95**	**130,972.41**	**2,410,440.28**
PERMANENT FUNDS				
500 - PERP CARE FD - PERMANENT**	559,003.62	832.83	0.00	559,836.45
TOTAL PERMANENT FUNDS	**559,003.62**	**832.83**	**0.00**	**559,836.45**
PROPRIETARY FUNDS				
141 - WATER DEP FUND - PROP	83,510.34	4,200.00	5,250.00	82,460.34
610 - WATER FUND	1,653,617.26	263,379.56	143,116.77	1,773,880.05
371 - WATER TOWER PROJECT	107,658.04	0.00	225.00	107,433.04
372 - WATER PLANT STREETS	0.00	5,000.00	4,791.63	208.37
381 - WATER PLANT	1,271,677.51	1,739,976.09	1,837,875.76	1,173,777.84
385 - WELLS	8,861.54	3,353.75	5,916.25	6,299.04
620 - SEWER OPERATION AND MAINT	698,840.70	203,563.20	146,456.36	755,947.54
630 - STORM SEWER FUND	452,101.54	41,239.48	52,152.83	441,188.19
670 - SOLID WASTE	1,752,311.41	154,092.89	123,933.33	1,782,470.97
TOTAL PROPRIETARY FUNDS	**6,028,578.34**	**2,414,804.97**	**2,319,717.93**	**6,123,665.38**
TOTAL FUND BALANCES	**22,099,505.18**	**3,760,937.12**	**4,000,021.66**	**21,860,420.64**