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CITY ADMINISTRATOR'S OFFICE MEMO

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319-393-1515 ext.523

To: Mayor and City Council

From: City Administrator, Kim Downs

Date: April 12, 2017

RE: Crystal Group State Financial Assistance Program Application-City Sponsorship

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For the past couple of months city staff has been working with Crystal Group in their desire to expand their footprint with a proposed $21M-105,500 square foot office and manufacturing to increase product capacity and drive continued growth while adding 45 new jobs over a two-year period. Crystal Group Inc., is a leading designer/manufacturer of rugged computer hardware. They are currently located at 850 Kacena Road and employee 155 people. There expansion will be located at 855 Metzger Drive in the Tower Commerce Center.

To assist in their expansion Crystal Group is applying for state financial assistance primarily in the form of State investment tax credits through sales, service & use tax refunds and research activity. One of the eligibility requirements of the State's program is to have the local municipality's financial support similar to what we have done in the past for Mobile Demand, CCB Packaging and most recently Go Daddy. The City is able to provide support through our tax increment financing program-development agreement. Crystal Group is asking the City to approve the resolution of support pending council's approval of the development agreement to meet the State's deadline of April 20th for application approval. The State understands this resolution of support is contingent upon the approval of the development agreement set for consideration at our June 7th meeting and is willing to accept the resolution based on those contingency. Between the State and the City the estimated tax credits and indirect financing totals $2,223,750 over a 5-year period.

We have reviewed the State application and the information provided regarding the Financial Assistance Program. At this time it is my recommendation to approve the attached resolution supporting Crystal Groups application contingent to your approval of the development agreement set for consideration at our June 7th council meeting.

DRAFT

RESOLUTION NO. 17-
City Council

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIAWATHA SUPPORTING THE APPLICATION OF CRYSTAL GROUP, INC. TO THE IOWA ECONOMIC DEVELOPMENT AUTHORITY STATE FIANCIAL ASSISTANCE PROGRAM

WHEREAS, the City of Hiawatha has received a request by Crystal Group to provide economic development assistance as well as sponsorship of a state financial assistance application for their expansion project, and

WHEREAS, the programs were established to promote economic development and job creation in the State of Iowa, and

WHEREAS, the City Council supports activities which promote and facilitate economic development within the city limits of Hiawatha, and

WHEREAS, Crystal Group, Inc., has indicated they will:

1. Create 45 new full-time or career positions.
2. Provide comprehensive health benefits to its employees.
3. Make a capital investment (includes remodeling of current building structure, computer hardware and furniture and fixtures) of approximately $21,000,000.00.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HIAWATHA, IOWA:

- The Hiawatha City Council agrees to provide sponsorship of the application-Crystal Group Inc., for the purpose of receiving Tax Credits and Direct Financial Assistance from the State of Iowa, and
- The Hiawatha City Council approves the local match policy requirement of the Iowa Economic Development Authority upon the approval of the TIF/Development Agreement which is a local match in the approximate amount not to exceed $342,000.00/annually in tax rebates over a 5-year period, and
- The Hiawatha City Council authorizes the Mayor and City Administrator/Clerk to take such further actions as deemed necessary in order to carry into effect the provisions of this Resolution.

AYES:
NAYS:

PASSED AND APPROVED this 19th day of April, 2017.

_____
Bill Bennett, Mayor

ATTEST: _____
Kelly Kornegor, City Clerk