

Sample Development Agreement

Reproduced below are fragments of a development agreement between the city of Harrisonville, Missouri and Wal-Mart for a new distribution center. As you can see, the deal involves a remarkable array of subsidies.

THIS AGREEMENT is made as of the 17th day of July, 2000, by an between the City of Harrisonville, Missouri, with a mailing address of 300 East Pearl Street, Harrisonville, Missouri 64701, (the "City") and Wal-Mart Stores East, Inc., (the "Company").

NOW THEREFORE, for and in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration hereinafter specified of which is hereby acknowledged, the parties agree as follows:

I. UTILITY SERVICES

A. Sanitary Sewer Main Extension: Subject to Article VI herein, the City agrees to provide a wastewater treatment plan adjacent to the Property to be designated by the Company. Said plant shall have the capacity to receive an average of 15,000 gallons per day of outfall sewer flow from the proposed facility. The City agrees to provide this service, including but not limited to, gravity mains, engineering design, force mains, lift stations, and other . . .

II. INFRASTRUCTURE IMPROVEMENTS AND SERVICE GUARANTEES

A. Roads and Signals: Subject to Article VI herein, as an incentive to the Company to locate a distribution center south of Harrisonville, the City shall, by the dates indicated below, provide at its own expense, or SHALL HAVE PROVIDED AT THE EXPENSE OF SOME PARTY OTHER THAN THE COMPANY, the following road work not later than February 28, 2001, or such later date as mutually agreed by parties:

The City agrees to make all improvements to 275th Street and SW Outer Road and the construction of an access road from SW Outer Road. The upgrades to 275th Street and SW Outer

Road will provide two 15-foot lanes with curbs and gutters.

II. PLAN REVIEWS, PERMITTING, AND FEES

D. Fees:

1. Review and Permit Fees: The City and the Company acknowledge that there are various plan review and construction building permit fees required by the City; including site plan review, mechanical permit, building and sign permit, electrical permit, and plumbing permit. For this project, the City agrees that the above listed local plan review and construction and building permit fees, as well as any other local fees associated with these functions, shall be waived.

V. TEMPORARY OFFICE SPACE

The City will provide temporary office space of approximately 5,000 square feet (3,000 square feet of office and 2,000 square feet of storage) for a period of approximately 140 days. The location of such space shall be determined by the City. The Company shall pay all utilities for such space and shall maintain insurance. The City shall not charge rent to the Company. The space shall be available beginning January 1, 2001.

VI. FINANCIAL ASSISTANCE

Notwithstanding anything to the contrary herein, the parties hereto acknowledge and agree that this Agreement, and the City's obligation to install and construct the sanitary sewer system and the roads and signals as described herein is subject to the city obtaining a CDBG grant from the State of Missouri in the amount of \$1 million for such work. The Company and the City will each pay 50% of the total cost exceeding \$1 million for the sewer plant and roads. The City agrees to apply for CDBG funding from the State. If the City does not receive CDBG funding, the City has no obligation to construct the sewer plant and roads at its own cost, the City agrees to adjust the PILOT discussed in Article VII to reimburse the Company over the term of the Agreement

VII. IRB'S

The City and the Company acknowledge that the Project is expected to be exempt from ad valorem property taxes while owned by the City. The Company agrees to make a payment in lieu of taxes (PILOT) to the City of \$456,000 each year for a period of twenty (20) years. Allocation of this payment to the various taxing authorities shall be in the sole discretion of the city and shall be the sole responsibility of the City.

VIII. TAXES

After the property is transferred to the City and until the end of the assessment year in which facility construction is complete and the distribution center is ready for operation, there will be no taxes levied on the incomplete facility or on the any improvements to the Property. For assessment years ending between purchase time of the Property by the Company and the facility's operational readiness, the land will be taxed at the "current s" rate which will be that rate which was in effect at the time the and was acquired by the Company.