

**ECONMIC DEVELOPMENT REPORT
PURSUANT TO GOVERNMENT CODE SECTION 53083**

**FOR AN OPERATING COVENANT AGREEMENT
BY AND BETWEEN THE CITY OF DINUBA AND BESTBUY.COM, LLC**

Pursuant to Government Code Section 53083, the City Council of the City of Dinuba must hold a noticed public hearing and, prior to the public hearing, provide all of the following information in written form and available to the public and through the City's website, regarding a proposed economic development report provided by the City pursuant to and Operating Covenant Agreement by and between the City of Dinuba and the BestBuy.com, LLC ("Agreement"). Notice was published in a local newspaper for a public hearing to be held on December 8, 2015.

The purpose of this report is to provide the information required pursuant to Government Code Section 53083 in regards to the Agreement. The report shall remain available to the public and posted on the City's website until the end date of the operating covenant agreement, as further described in number 2 below.

1. The agreement is with BestBuy.com, LLC a Virginia LLC.

BestBuy.com, LLC
777 Monte vista Drive
Dinuba CA, 93618

2. The payment obligations are contingent on a computation quarter-to-quarter basis. The first computation quarter will commence on January 1, 2016 and will conclude the last day of computation quarter 160, or no later than June 30, 2056.
3. The payment obligation is calculated based on BestBuy.com, LLC's sale tax revenue. For the first computation year, the City will retain all of the BestBuy.com sales tax revenue for each quarter until the BestBuy.com sales tax revenue exceeds \$1,900,000. After the BestBuy.com sales tax revenue exceeds \$1,900,000 for the first computation year, BestBuy.com shall receive the incremental BestBuy.com sales tax revenue up to \$1,554,545. Once the total BestBuy.com sales tax revenue exceeds \$3,454,545, BestBuy.com shall receive payment equal to 45% of all BestBuy.com sales tax revenue above \$3,454,545. For the three years following the initial computation year, BestBuy.com shall receive payment equal to 45% of all BestBuy.com sales tax revenue, however, if the total amount of BestBuy.com sales tax revenue in any of the three years is less than \$1,900,000, than BestBuy.com will offset payment amounts in the subsequent quarters as necessary to provide the City with \$1,900,000 in total BestBuy.com Sales tax revenue for those 3 years. For the fourth computation year BestBuy.com will receive payments of 45% of the BestBuy.com sales tax revenues.
4. The City has received sales tax revenue due to sales at BestBuy.com since 2009. The public purpose of the agreement between the City of Dinuba and BestBuy.com is to preserve and to ensure the City continues to receive sales tax from Internet sales at BestBuy.com as well as grow

the sales tax revenue to include additional revenue streams related to Internet sales at BestBuy.com. The continued receipt and anticipated growth of sales tax will result in public improvements and services that might not otherwise be available to the City for many years.

5. As a result of the agreement, the City will continue to receive sales tax due to Internet sales at BestBuy.com. It is anticipated that the City will receive approximately \$1,900,000 annually for the first four years of the agreement. Growth in the revenue is anticipated over the remaining years of the agreement.
6. The BestBuy distribution center has been located in the City since 1998 and is the City's fifth largest employer in terms of number of employees. BestBuy currently employs approximately 285 temporary and permanent jobs.