



City of Muscatine



AGENDA ITEM SUMMARY

DATE: 10-30-20

City Council

STAFF

Nancy A. Lueck, Finance Director

SUBJECT

Resolutions (7) for Annual Appropriation for Tax Increment Financing (TIF) Rebate Obligations for (1) Wal-View Developments Project #1, (2) Wal-View Developments Project #2, (3) Harrison Lofts, LLC, (4) Riverview Hotel Development, (5) HNI Corporation, (6) White Distribution & Supply LLC, and (7) Bush Development, LLC/Hershey Development, LLC

EXECUTIVE SUMMARY

Cities in Iowa are required to certify the amount of TIF funds claimed for each TIF district no later than December 1 of the year prior to the fiscal year for which the TIF funds will be collected. This includes TIF rebates that are subject to annual appropriation. The City has seven (7) development agreements that include provisions requiring annual appropriation of the TIF rebates.

There are seven resolutions approving annual appropriations for TIF rebates for this agenda item:

1. Resolution providing for the appropriation of an amount not to exceed \$318,000 for the Wal-View Developments Project #1 TIF rebate for the fiscal year beginning July 1, 2021.
2. Resolution providing for the appropriation of an amount not to exceed \$182,000 for the Wal-View Developments Project #2 TIF rebate for the fiscal year beginning July 1, 2021.
3. Resolution providing for the appropriation of an amount not to exceed \$29,000 for the Harrison Lofts, LLC TIF rebate for the fiscal year beginning July 1, 2021.
4. Resolution providing for the appropriation of an amount not to exceed \$680,000 for the Riverview Hotel Development TIF rebate for the fiscal year beginning July 1, 2021.
5. Resolution providing for the appropriation of an amount not to exceed \$80,000 for the HNI Corporation TIF rebate for the fiscal year beginning July 1, 2021.
6. Resolution providing for the appropriation of an amount not to exceed \$54,000 for the White Distribution & Supply LLC TIF rebate for the fiscal year beginning July 1, 2021.
7. Resolution providing for the appropriation of an amount not to exceed \$75,000 for the Bush Development, LLC/ Hershey Development LLC TIF rebate for the fiscal year beginning July 1, 2021.

STAFF RECOMMENDATION

Staff recommends the approval of the seven (7) resolutions for appropriation of the the annual TIF rebates for the fiscal year beginning July 1, 2021. These total to an amount not to exceed \$1,418,000.

BACKGROUND/DISCUSSION

The City entered into a Development Agreement with Wal-View Developments Limited Company/GSTC Logistics, Inc. on June 20, 2013. This agreement provides for ten years of TIF rebates to this Company in the percentages specified in the Agreement. The fiscal year 2021/2022 rebate will be the 7th annual rebate under this agreement.

The City entered into a 2nd Development Agreement with Wal-View Developments Limited Company/GSTC Logistics, Inc. on December 18, 2014. This agreement provides for ten years of TIF rebates to this Company in the percentages specified in the Agreement. The fiscal year 2021/2022 rebate will be the 5th annual rebate under this agreement.

The City entered into a Development Agreement with Harrison Lofts, LLC on October 20, 2016. This agreement provides for fifteen years of TIF rebates to this Company in the percentages specified in the Agreement. The fiscal year 2021/2022 rebate will be 3rd annual rebate under this agreement.

The City entered into a Development Agreement with Riverview Hotel Development on June 1, 2017. This agreement provides for twenty years of TIF rebates to this Company in the percentages specified in the Agreement. The fiscal year 2021/2022 rebate will be 3rd annual rebate under this agreement.

The City entered into a Development Agreement with HNI Corporation on February 9, 2017. This agreement provides for ten years of TIF rebates to this Company in the percentages specified in the Agreement. The fiscal year 2021/2022 rebate will be 3rd annual rebate under this agreement.

The City entered into a Development Agreement with White Distribution & Supply LLC on April 5, 2018. This agreement provides for ten years of TIF rebates to this Company in the percentages specified in the Agreement. The fiscal year 2021/2022 rebate will be 2nd annual rebate under this agreement.

The City entered into a Development Agreement with Bush Development, LLC/ Hershey Development LLC on May 2 2019 for the renovation of the Hershey Building. This agreement provides for ten years of TIF rebates to this Company in the percentages specified in the Agreement. The fiscal year 2021/2022 rebate will be the 1st annual rebate under this agreement

Per these agreements, these rebate payments are subject to annual appropriations to be approved by City Council each year.

CITY FINANCIAL IMPACT

Since 2013, the City has been including annual appropriation provisions in all development agreements which provide for TIF rebates. The full amounts of the TIF rebates under each agreement that is subject to annual appropriations are not required to be included as debt in the computation of the City's legal debt margin; only the payments for the fiscal year after the annual appropriations are approved are included in this computation. This allows for more of the City's legal debt margin to be reserved for emergency or other purposes.

ATTACHMENTS

Resolutions (7) for Annual Appropriation of Fiscal Year 2021/2022 TIF rebates.

RESOLUTION 2020-0370

Obligating funds from the Urban Renewal Tax Revenue Fund for appropriation to the payment of annual appropriation tax increment financed obligations which shall come due in the next succeeding fiscal year – Bush Development, LLC/Hershey Development, LLC - for the Hershey Building Project

WHEREAS, the City of Muscatine, Iowa (the “City”), pursuant to and in strict compliance with all laws applicable to the City, and in particular the provisions of Chapter 403 of the Code of Iowa, has adopted an Urban Renewal Plan for the City of Muscatine Hershey Building Urban Renewal Area (the “Urban Renewal Area”); and

WHEREAS, this Council has adopted an ordinance providing for the division of taxes levied on taxable property in the Urban Renewal Area pursuant to Section 403.19 of the Code of Iowa and establishing the fund referred to in Subsection 2 of Section 403.19 of the Code of Iowa (the “Urban Renewal Tax Revenue Fund”), which fund and the portion of taxes referred to in that subsection may be irrevocably pledged by the City for the payment of the principal and interest on indebtedness incurred under the authority of Section 403.9 of the Code of Iowa to finance or refinance in whole or in part projects in the Urban Renewal Area; and

WHEREAS, the City has scheduled payments in the amount not to exceed \$75,000 (the “Annual Payment”) which shall come due in the fiscal year beginning July 1, 2021 with respect to the City’s Development Agreement with Bush Development, LLC/Hershey Development, LLC, dated May 2, 2019; and

WHEREAS, it is now necessary for the City Council to obligate for appropriation to the Annual Payment, funds anticipated to be received in the Urban Renewal Tax Revenue Fund in the fiscal year beginning July 1, 2021;

NOW, THEREFORE, It Is Resolved by the City Council of the City of Muscatine, Iowa, as follows:

Section 1. The City Council hereby obligates an amount not to exceed \$75,000 for appropriation from the Urban Renewal Tax Revenue Fund to the Annual Payment in the fiscal year beginning July 1, 2021.

Section 2. The City Clerk is hereby directed to certify the amount obligated for appropriation in Section 1 above, on the City’s December 1, 2020 certification of debt payable from the Urban Renewal Tax Revenue Fund and to reflect such amount in the City’s budget for the next succeeding fiscal year.

Section 3. All resolutions or parts of resolutions in conflict herewith are hereby repealed.

Passed and approved November 5, 2020.

Mayor

Attest:

City Clerk

RESOLUTION 2020-0371

Obligating funds from the Urban Renewal Tax Revenue Fund for appropriation to the payment of annual appropriation tax increment financed obligations which shall come due in the next succeeding fiscal year – HNI Corporation

WHEREAS, the City of Muscatine, Iowa (the “City”), pursuant to and in strict compliance with all laws applicable to the City, and in particular the provisions of Chapter 403 of the Code of Iowa, has adopted an Urban Renewal Plan for the City of Muscatine North University Urban Renewal Area (the “Urban Renewal Area”); and

WHEREAS, this Council has adopted an ordinance providing for the division of taxes levied on taxable property in the Urban Renewal Area pursuant to Section 403.19 of the Code of Iowa and establishing the fund referred to in Subsection 2 of Section 403.19 of the Code of Iowa (the “Urban Renewal Tax Revenue Fund”), which fund and the portion of taxes referred to in that subsection may be irrevocably pledged by the City for the payment of the principal and interest on indebtedness incurred under the authority of Section 403.9 of the Code of Iowa to finance or refinance in whole or in part projects in the Urban Renewal Area; and

WHEREAS, the City has scheduled payments in the amount not to exceed \$80,000 (the “Annual Payment”) which shall come due in the fiscal year beginning July 1, 2021 with respect to the City’s Development Agreement with HNI Corporation dated February 9, 2017; and

WHEREAS, it is now necessary for the City Council to obligate for appropriation to the Annual Payment, funds anticipated to be received in Urban Renewal Tax Revenue Fund in the fiscal year beginning July 1, 2021;

NOW, THEREFORE, It Is Resolved by the City Council of the City of Muscatine, Iowa, as follows:

Section 1. The City Council hereby obligates an amount not to exceed \$80,000 for appropriation from the Urban Renewal Tax Revenue Fund to the Annual Payment in the fiscal year beginning July 1, 2021.

Section 2. The City Clerk is hereby directed to certify the amount obligated for appropriation in Section 1 above, on the City’s December 1, 2020 certification of debt payable from the Urban Renewal Tax Revenue Fund and to reflect such amount in the City’s budget for the next succeeding fiscal year.

Section 3. All resolutions or parts of resolutions in conflict herewith are hereby repealed.

Passed and approved November 5, 2020.

Mayor

Attest:

City Clerk

RESOLUTION 2020-0372

Obligating funds from the Urban Renewal Tax Revenue Fund for appropriation to the payment of annual appropriation tax increment financed obligations which shall come due in the next succeeding fiscal year – Riverview Hotel Development

WHEREAS, the City of Muscatine, Iowa (the “City”), pursuant to and in strict compliance with all laws applicable to the City, and in particular the provisions of Chapter 403 of the Code of Iowa, has adopted an Urban Renewal Plan for the City of Muscatine Iowa Reinvestment District Urban Renewal Area (the “Urban Renewal Area”); and

WHEREAS, this Council has adopted an ordinance providing for the division of taxes levied on taxable property in the Urban Renewal Area pursuant to Section 403.19 of the Code of Iowa and establishing the fund referred to in Subsection 2 of Section 403.19 of the Code of Iowa (the “Urban Renewal Tax Revenue Fund”), which fund and the portion of taxes referred to in that subsection may be irrevocably pledged by the City for the payment of the principal and interest on indebtedness incurred under the authority of Section 403.9 of the Code of Iowa to finance or refinance in whole or in part projects in the Urban Renewal Area; and

WHEREAS, the City has scheduled payments in the amount not to exceed \$680,000 (the “Annual Payment”) which shall come due in the fiscal year beginning July 1, 2021 with respect to the City’s Development Agreement with Riverview Hotel Development dated June 1 2017; and

WHEREAS, it is now necessary for the City Council to obligate for appropriation to the Annual Payment, funds anticipated to be received in the Urban Renewal Tax Revenue Fund in the fiscal year beginning July 1, 2021;

NOW, THEREFORE, It Is Resolved by the City Council of the City of Muscatine, Iowa, as follows:

Section 1. The City Council hereby obligates an amount not to exceed \$680,000 for appropriation from the Urban Renewal Tax Revenue Fund to the Annual Payment in the fiscal year beginning July 1, 2021.

Section 2. The City Clerk is hereby directed to certify the amount obligated for appropriation in Section 1 above, on the City’s December 1, 2020 certification of debt payable from the Urban Renewal Tax Revenue Fund and to reflect such amount in the City’s budget for the next succeeding fiscal year.

Section 3. All resolutions or parts of resolutions in conflict herewith are hereby repealed.

Passed and approved November 5, 2020.

Mayor

Attest:

City Clerk

RESOLUTION 2020-0373

Obligating funds from the Urban Renewal Tax Revenue Fund for appropriation to the payment of annual appropriation tax increment financed obligations which shall come due in the next succeeding fiscal year – Harrison Lofts, LLC

WHEREAS, the City of Muscatine, Iowa (the “City”), pursuant to and in strict compliance with all laws applicable to the City, and in particular the provisions of Chapter 403 of the Code of Iowa, has adopted an Urban Renewal Plan for the City of Muscatine Highway 38 Northeast Urban Renewal Area as Amended (the “Urban Renewal Area”); and

WHEREAS, this Council has adopted an ordinance providing for the division of taxes levied on taxable property in the Urban Renewal Area pursuant to Section 403.19 of the Code of Iowa and establishing the fund referred to in Subsection 2 of Section 403.19 of the Code of Iowa (the “Urban Renewal Tax Revenue Fund”), which fund and the portion of taxes referred to in that subsection may be irrevocably pledged by the City for the payment of the principal and interest on indebtedness incurred under the authority of Section 403.9 of the Code of Iowa to finance or refinance in whole or in part projects in the Urban Renewal Area; and

WHEREAS, the City has scheduled payments in the amount not to exceed \$29,000 (the “Annual Payment”) which shall come due in the fiscal year beginning July 1, 2021 with respect to the City’s Development Agreement with Harrison Lofts, LLC dated October 20, 2016; and

WHEREAS, it is now necessary for the City Council to obligate for appropriation to the Annual Payment, funds anticipated to be received in the Urban Renewal Tax Revenue Fund in the fiscal year beginning July 1, 2021;

NOW, THEREFORE, It Is Resolved by the City Council of the City of Muscatine, Iowa, as follows:

Section 1. The City Council hereby obligates an amount not to exceed \$29,000 for appropriation from the Urban Renewal Tax Revenue Fund to the Annual Payment in the fiscal year beginning July 1, 2021.

Section 2. The City Clerk is hereby directed to certify the amount obligated for appropriation in Section 1 above, on the City’s December 1, 2020 certification of debt payable from the Urban Renewal Tax Revenue Fund and to reflect such amount in the City’s budget for the next succeeding fiscal year.

Section 3. All resolutions or parts of resolutions in conflict herewith are hereby repealed.

Passed and approved November 5, 2020.

Mayor

Attest:

City Clerk

RESOLUTION 2020-0374

Obligating funds from the Urban Renewal Tax Revenue Fund for appropriation to the payment of annual appropriation tax increment financed obligations which shall come due in the next succeeding fiscal year - Wal-View Developments Limited Company/GSTC Logistics, Inc. (Project #1)

WHEREAS, the City of Muscatine, Iowa (the "City"), pursuant to and in strict compliance with all laws applicable to the City, and in particular the provisions of Chapter 403 of the Code of Iowa, has adopted an Urban Renewal Plan for the City of Muscatine Southend Urban Renewal Area (the "Urban Renewal Area"); and

WHEREAS, this Council has adopted an ordinance providing for the division of taxes levied on taxable property in the Urban Renewal Area pursuant to Section 403.19 of the Code of Iowa and establishing the fund referred to in Subsection 2 of Section 403.19 of the Code of Iowa (the "Urban Renewal Tax Revenue Fund"), which fund and the portion of taxes referred to in that subsection may be irrevocably pledged by the City for the payment of the principal and interest on indebtedness incurred under the authority of Section 403.9 of the Code of Iowa to finance or refinance in whole or in part projects in the Urban Renewal Area; and

WHEREAS, the City has scheduled payments in the amount not to exceed \$318,000 (the "Annual Payment") which shall come due in the fiscal year beginning July 1, 2021 with respect to the City's Development Agreement with Wal-View Developments Limited Company/GSTC Logistics, Inc. dated June 20, 2013; and

WHEREAS, it is now necessary for the City Council to obligate for appropriation to the Annual Payment, funds anticipated to be received in the Urban Renewal Tax Revenue Fund in the fiscal year beginning July 1, 2021;

NOW, THEREFORE, It Is Resolved by the City Council of the City of Muscatine, Iowa, as follows:

Section 1. The City Council hereby obligates an amount not to exceed \$318,000 for appropriation from the Urban Renewal Tax Revenue Fund to the Annual Payment in the fiscal year beginning July 1, 2021.

Section 2. The City Clerk is hereby directed to certify the amount obligated for appropriation in Section 1 above, on the City's December 1, 2020 certification of debt payable from the Urban Renewal Tax Revenue Fund and to reflect such amount in the City's budget for the next succeeding fiscal year.

Section 3. All resolutions or parts of resolutions in conflict herewith are hereby repealed.

Passed and approved November 5, 2020.

Mayor

Attest:

City Clerk

RESOLUTION 2020-0375

Obligating funds from the Urban Renewal Tax Revenue Fund for appropriation to the payment of annual appropriation tax increment financed obligations which shall come due in the next succeeding fiscal year - Wal-View Developments Limited Company/GSTC Logistics, Inc. (Project #2)

WHEREAS, the City of Muscatine, Iowa (the "City"), pursuant to and in strict compliance with all laws applicable to the City, and in particular the provisions of Chapter 403 of the Code of Iowa, has adopted an Urban Renewal Plan for the City of Muscatine Southend Urban Renewal Area (the "Urban Renewal Area"); and

WHEREAS, this Council has adopted an ordinance providing for the division of taxes levied on taxable property in the Urban Renewal Area pursuant to Section 403.19 of the Code of Iowa and establishing the fund referred to in Subsection 2 of Section 403.19 of the Code of Iowa (the "Urban Renewal Tax Revenue Fund"), which fund and the portion of taxes referred to in that subsection may be irrevocably pledged by the City for the payment of the principal and interest on indebtedness incurred under the authority of Section 403.9 of the Code of Iowa to finance or refinance in whole or in part projects in the Urban Renewal Area; and

WHEREAS, the City has scheduled payments in the amount not to exceed \$182,000 (the "Annual Payment") which shall come due in the fiscal year beginning July 1, 2021 with respect to the City's Development Agreement with Wal-View Developments Limited Company/GSTC Logistics, Inc. dated December 18, 2014; and

WHEREAS, it is now necessary for the City Council to obligate for appropriation to the Annual Payment, funds anticipated to be received in the Urban Renewal Tax Revenue Fund in the fiscal year beginning July 1, 2021;

NOW, THEREFORE, It Is Resolved by the City Council of the City of Muscatine, Iowa, as follows:

Section 1. The City Council hereby obligates an amount not to exceed \$182,000 for appropriation from the Urban Renewal Tax Revenue Fund to the Annual Payment in the fiscal year beginning July 1, 2021.

Section 2. The City Clerk is hereby directed to certify the amount obligated for appropriation in Section 1 above, on the City's December 1, 2020 certification of debt payable from the Urban Renewal Tax Revenue Fund and to reflect such amount in the City's budget for the next succeeding fiscal year.

Section 3. All resolutions or parts of resolutions in conflict herewith are hereby repealed.

Passed and approved November 5, 2020.

Mayor

Attest:

City Clerk

RESOLUTION 2020-0376

Obligating funds from the Urban Renewal Tax Revenue Fund for appropriation to the payment of annual appropriation tax increment financed obligations which shall come due in the next succeeding fiscal year – White Distribution & Supply LLC

WHEREAS, the City of Muscatine, Iowa (the “City”), pursuant to and in strict compliance with all laws applicable to the City, and in particular the provisions of Chapter 403 of the Code of Iowa, has adopted an Urban Renewal Plan for the City of Muscatine WDS Urban Renewal Area (the “Urban Renewal Area”); and

WHEREAS, this Council has adopted an ordinance providing for the division of taxes levied on taxable property in the Urban Renewal Area pursuant to Section 403.19 of the Code of Iowa and establishing the fund referred to in Subsection 2 of Section 403.19 of the Code of Iowa (the “Urban Renewal Tax Revenue Fund”), which fund and the portion of taxes referred to in that subsection may be irrevocably pledged by the City for the payment of the principal and interest on indebtedness incurred under the authority of Section 403.9 of the Code of Iowa to finance or refinance in whole or in part projects in the Urban Renewal Area; and

WHEREAS, the City has scheduled payments in the amount not to exceed \$54,000 (the “Annual Payment”) which shall come due in the fiscal year beginning July 1, 2021 with respect to the City’s Development Agreement with White Distribution & Supply LLC dated April 5, 2018; and

WHEREAS, it is now necessary for the City Council to obligate for appropriation to the Annual Payment, funds anticipated to be received in the Urban Renewal Tax Revenue Fund in the fiscal year beginning July 1, 2021;

NOW, THEREFORE, It Is Resolved by the City Council of the City of Muscatine, Iowa, as follows:

Section 1. The City Council hereby obligates an amount not to exceed \$54,000 for appropriation from the Urban Renewal Tax Revenue Fund to the Annual Payment in the fiscal year beginning July 1, 2021.

Section 2. The City Clerk is hereby directed to certify the amount obligated for appropriation in Section 1 above, on the City’s December 1, 2020 certification of debt payable from the Urban Renewal Tax Revenue Fund and to reflect such amount in the City’s budget for the next succeeding fiscal year.

Section 3. All resolutions or parts of resolutions in conflict herewith are hereby repealed.

Passed and approved November 5, 2020.

Mayor

Attest:

City Clerk