City of TIFFIN

AGENDA INFORMATION
TIFFIN CITY COUNCIL COMMUNICATION

DATE:	March 13, 2026
AGENDA ITEM:	Resolution 2026-017 - A Resolution Approving Development Agreement with Iowa Development Group, Inc., Authorizing Annual Appropriation Tax Increment Payments and Pledging Certain Tax Increment Revenues to the Payment of the Agreement
ACTION:	Motion

Purpose

To hold the scheduled public hearing on the proposed Development Agreement between the City of Tiffin and Iowa Development Group, Inc., and to consider approval of the associated resolution authorizing annual appropriation of tax increment payments.

Background

Iowa Development Group, Inc. intends to construct a new medical clinic facility within the Tiffin Urban Renewal Area, specifically on property identified as Johnson County Parcel No. 0627326008.

The City has prepared a Development Agreement under the authority of Chapters 403 (Urban Renewal/TIF) and 15A (economic development purposes) of the Code of Iowa. The Urban Renewal Plan and tax increment ordinance governing the area already allow for use of TIF for qualified projects.

The Agreement supports construction of the clinic by providing annual appropriation TIF payments to the Developer in an amount not to exceed $400,000, reimbursing eligible development expenses.

A legal notice of the public hearing was published as required. This meeting is the time and place for receiving any oral or written objections. Following the hearing, the Council may consider action on the approval resolution.

Recommendation

Staff recommends closing the public hearing and approving the resolution authorizing the Development Agreement with Iowa Development Group, Inc., enabling this medical clinic project to proceed and supporting community economic development goals.

ATTACHMENTS: Resolution, Development Agreement

HOLD HEARING ON AND APPROVE DEVELOPMENT AGREEMENT AND TAX INCREMENT PAYMENTS

(IOWA DEVELOPMENT GROUP, INC.)

436989-54

Tiffin, Iowa

March 17, 2026

A meeting of the City Council of the City of Tiffin, Iowa, was held at 7:00 p.m., on March 17, 2026, at the Tiffin City Hall Council Chambers, in the City, pursuant to the rules of the Council.

The Mayor presided and the roll was called, showing members present and absent as follows:

Present: ____

Absent: ____.

The City Council investigated and found that notice of the intention of the Council to conduct a public hearing on a Development Agreement between the City and Iowa Development Group, Inc. had been published according to law and as directed by the City Council and that this is the time and place at which the Council shall receive oral or written objections from any resident or property owner of the City. All written objections, statements, and evidence heretofore filed were reported to the Council, and all oral objections, statements, and all other exhibits presented were considered.

The following named persons presented oral objections, statements, or evidence as summarized below; filed written objections or statements, copies of which are attached hereto; or presented other exhibits, copies of which are attached hereto:

(Here list all persons presenting written or oral statements or evidence and summarize each presentation.)

There being no further objections or comments, the Mayor announced that the hearing was closed.

Council Member ______________________ introduced the resolution next hereinafter set out and moved its adoption, seconded by Council Member ______________________; and after due consideration thereof by the City Council, the Mayor put the question upon the adoption of said resolution, and the roll being called, the following named Council Members voted:

Ayes: ____

Nays: ____.

Whereupon, the Mayor declared said resolution duly adopted, as follows:

RESOLUTION 2026-017

Resolution Approving Development Agreement with Iowa Development Group, Inc., Authorizing Annual Appropriation Tax Increment Payments and Pledging Certain Tax Increment Revenues to the Payment of the Agreement

WHEREAS, the City of Tiffin, 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 Tiffin Urban Renewal Area (the "Urban Renewal Area"); and

WHEREAS, this City 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 of 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 proposed to enter into a certain development agreement, with Iowa Development Group, Inc. (the "Developer") in connection with the construction of a new building (the "Project") in the Urban Renewal Area for use in the business operations of a medical clinic; and

WHEREAS, under the Agreement, the City will agree to provide annual appropriation tax increment payments (the "Payments") to the Developer in a total amount not exceeding $400,000 under the authority of Section 403.9(1) of the Code of Iowa to reimburse the Developer for the costs incurred in connection with the Infrastructure Project; and

WHEREAS, this City Council, pursuant to Section 403.9 of the Code of Iowa, has published notice, has held a public hearing on the Agreement on March 17, 2026, and has otherwise complied with statutory requirements for the approval of the Agreement, and it is now necessary to make provision for the approval of the Agreement; and

WHEREAS, Chapter 15A of the Code of Iowa ("Chapter 15A") declares that economic development is a public purpose for which a City may provide grants, loans, tax incentives, guarantees and other financial assistance to or for the benefit of private persons; and

WHEREAS, Chapter 15A requires that before public funds are used for grants, loans, tax incentives or other financial assistance, a City Council must determine that a public purpose will reasonably be accomplished by the spending or use of those funds; and

WHEREAS, Chapter 15A requires that in determining whether funds should be spent, a City Council must consider any or all of a series of factors;

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

Section 1. Pursuant to the factors listed in Chapter 15A, the City Council hereby reaffirms that:

(a) The Project will add diversity and generate new opportunities for the Tiffin and Iowa economies; and

(b) The Project will generate public gains and benefits, particularly in the creation of new jobs and income, which are warranted in comparison to the amount of the proposed Payments; and

Section 2. The City Council further finds and reaffirms that a public purpose will reasonably be accomplished by entering into the Agreement and providing the Payments to the Developer as provided for therein.

Section 3. The Agreement is hereby approved, and the Mayor and City Clerk are hereby authorized and directed to execute, deliver and, if necessary, record the Agreement on behalf of the City, in substantially the form and content in which the Agreement has been presented to this City Council. The Mayor and the City Administrator are also authorized to make such changes, modifications, additions or deletions as they, with the advice of legal counsel if appropriate, may believe to be necessary, and to take such actions as may be necessary to carry out the provisions of the Agreement.

Section 4. All Payments by the City under the Agreement shall be subject to annual appropriation by the City Council, in the manner set out in the Agreement. As provided and required by Chapter 403 of the Code of Iowa, the City's obligations under the Agreement shall be payable solely from a subfund (the "Iowa Development Group Subfund") which is hereby established, into which shall be paid that portion of the income and proceeds of the Urban Renewal Tax Revenue Fund attributable to incremental property taxes derived from the property as described as follows:

Certain real property situated in the City of Tiffin, Johnson County, State of Iowa, bearing Johnson County Property Tax Parcel Identification Number 0627326008.

Section 5. The City hereby pledges to the payment of the Agreement the Iowa Development Group Subfund and the taxes referred to in Subsection 2 of Section 403.19 of the Code of Iowa to be paid into such Subfund, provided, however, that no payment will be made under the Agreement unless and until monies from the Iowa Development Group Subfund are appropriated for such purpose by the City Council.

Section 6. After its adoption, a copy of this resolution shall be filed in the office of the County Auditor of Johnson County to evidence the continuing pledging of the Urban Renewal Tax Revenue Fund and the portion of taxes to be paid into such Fund and, pursuant to the direction of Section 403.19 of the Code of Iowa, the County Auditor shall allocate the taxes in accordance therewith and in accordance with the tax allocation ordinance referred to in the preamble hereof.

Section 7. All resolutions or parts thereof in conflict herewith are hereby repealed.

Passed and approved March 17, 2026.

____
Mayor

Attest:

____
City Clerk

DEVELOPMENT AGREEMENT

This Agreement is entered into between the City of Tiffin, Iowa (the "City") and Iowa Development Group, Inc. (the "Developer") as of the ___ day of ___________________, 2026 (the "Commencement Date").

WHEREAS, the City has established the Tiffin Urban Renewal Area (the "Urban Renewal Area"), and has adopted a tax increment ordinance for the Urban Renewal Area; and

WHEREAS, the Developer owns certain real property, which is situated in the City, lies within the Urban Renewal Area and is more specifically described on Exhibit A hereto (the "Property"); and

WHEREAS, the Developer has proposed to undertake the construction of a building (the "Project") for use in the business operations of a medical clinic on the Property; and

WHEREAS, the Developer has requested that the City provide financial assistance in the form of incremental property tax payments to be used by the Developer to pay the costs of constructing and maintaining the Project; and

WHEREAS, Chapter 15A of the Code of Iowa authorizes cities to provide grants, loans, guarantees, tax incentives and other financial assistance to or for the benefit of private persons;

NOW THEREFORE, the parties hereto agree as follows:

A. Developer's Covenants

1. Project Construction; Project Maintenance.

Project

The Developer agrees to construct the Project on the Property. The Developer agrees to submit a detailed site plan (the "Site Plan") for the development of the Project to the City for review and approval. Upon approval by the City, the Site Plan shall be attached hereto as Exhibit B. The Developer agrees to construct the Project in accordance with the Site Plan and in full compliance with local zoning, land use, building and safety codes and regulations. The Developer shall complete the construction of the Project by December 31, 2026.

Business Operations Requirement

The Developer agrees to maintain ownership of the Project and to ensure that the completed Project is used in the business operations of a medical clinic throughout the Term (as hereinafter defined) of this Agreement (the "Business Operations Requirement").

Maintenance of Property

Further, throughout the Term of this Agreement, the Developer agrees to maintain, preserve, and keep the Property, including but not limited to the Project, useful and in good repair and working order, ordinary wear and tear excepted, and from time to time will make all necessary repairs, replacements, renewals, and additions. The Developer agrees to maintain compliance with local zoning, land use, building and safety codes and regulations throughout the Term of this Agreement.

2. Property Taxes. The Developer agrees to make timely payment of all property taxes as they come due with respect to the Property with the completed Project thereon throughout the Term and to submit a receipt or cancelled check in evidence of each such payment.

3. Property Tax Payment Certification. The Developer agrees to certify to the City by no later than October 15 of each year, commencing October 15, 2027, an amount (the "Developer's Estimate") equal to the estimated Incremental Property Tax Revenues (as hereinafter defined) anticipated to be paid in the fiscal year immediately following such certification with respect to the taxable valuation of the Property factored by fifty percent (50%) (the "Annual Percentage"). In submitting each such Developer's Estimate, the Developer will complete and submit the worksheet attached hereto as Exhibit C. The City reserves the right to review and request revisions to each such Developer's Estimate to ensure the accuracy of the figures submitted.

For purposes of this Agreement, Incremental Property Tax Revenues are calculated by: (1) determining the consolidated property tax levy (city, county, school, etc.) then in effect with respect to taxation of the Property; (2) subtracting (a) the debt service levies of all taxing jurisdictions, (b) the school district instructional support and physical plant and equipment levies and (c) any other levies which may be exempted from such calculation by action of the Iowa General Assembly; (3) multiplying the resulting modified consolidated levy rate times any incremental growth in the taxable valuation of the Property, as shown on the property tax rolls of Johnson County, above and beyond the Base Valuation (as hereinafter defined); and (4) deducting any property tax credits which shall be available with respect to the taxable incremental valuation of the Property.

The "Base Valuation" of the Property for purposes of calculating Incremental Property Tax Revenues under this Agreement and Section 403.19 of the Code of Iowa shall be the assessed taxable valuation of the Property as of January 1, 2026.

Upon request, the City staff shall provide reasonable assistance to the Developer in completing the worksheet required under this Section A.3.

4. Annual Certification. Upon request by the City, and to assist the City in monitoring the performance of the Developer under this Agreement, a duly authorized officer of the Developer shall certify to the City to the best of the Developer's knowledge (a) that all taxes owed on the Property have been timely paid; (b) that the Developer is not in material violation of this Agreement; and (c) that the Developer is in compliance with the Business Operations Requirement. The Developer's certification pursuant to this Section A.4 shall be in substantially the form set forth on Exhibit D attached hereto and shall be submitted to the City within thirty (30) days of the City's written request. The Developer shall provide such supporting documentation as the City may reasonably request in connection with its review of the certification under this Section A.4.

5. Default Provisions.

a. Events of Default. 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 (unless otherwise provided), any one or more of the following events:

i. Failure by the Developer to complete construction of the Project pursuant to the terms and conditions of this Agreement.

ii. Failure by the Developer to comply with the Business Operations Requirement.

iii. Failure by the Developer to fully and timely remit payment of property taxes when due and owing.

iv. Failure by the Developer to comply with Sections A.3 and A.4 of this Agreement.

v. Failure by the Developer to observe or perform any other material covenant on its part, to be observed or performed hereunder.

b. Notice and Remedies. Whenever any Event of Default described in this Agreement occurs, the City shall provide written notice to the Developer describing the cause of the default and the steps that must be taken by the Developer in order to cure the default. The Developer shall have thirty (30) days after receipt of such notice to cure the default or to provide assurances satisfactory to City that the default will be cured as soon as reasonably possible. If the Developer fails to cure the default or provide assurances, the City shall then have the right to:

i. Pursue any action available to it, at law or in equity, in order to enforce the terms of this Agreement.

ii. Withhold the Payments provided for under Section B.1 below.

iii. Terminate this Agreement.

6. Legal Fees. The Developer hereby acknowledges that the City will cover the initial payment of legal fees and administrative costs (the "Actual Admin Costs") incurred by the City in connection with the drafting, negotiation and authorization of this Agreement, including the necessary amendment to the Urban Renewal Plan for the Urban Renewal Area.

During the first two (2) years in which Payments (as defined in Section B.1 of this Agreement) are payable, and prior to disbursing any such Payments to the Developer, the City shall withhold from the Incremental Property Tax Revenues an amount (the "Admin Withholding Amount") equal to the lesser of (1) $10,000 or (2) the Actual Admin Costs. Once an amount equal to the Admin Withholding Amount has been withheld by the City, the Payments shall thereafter be made as hereinafter set forth.

B. **City's Obligations**

1. Payments. In recognition of the Developer's obligations set out above, the City agrees to make twenty (20) annual economic development tax increment payments (the "Payments" and each, individually a "Payment") to the Developer during the Term pursuant to Chapters 15A and 403 of the Code of Iowa, provided however that the aggregate, total amount of the Payments shall not exceed $400,000 (the "Maximum Payment Total"), and all Payments under this Agreement shall be subject to annual appropriation by the City Council, as provided hereunder.

The Payments shall not constitute general obligations of the City but shall be made solely and only from the Annual Percentage of Incremental Property Tax Revenues received by the City from the Johnson County Treasurer attributable to the taxable valuation of the Property.

Prior to funding any Payments under this Agreement, the City will first withhold from the Incremental Property Tax Revenues an amount equal to the Admin Withholding Amount. Once an amount equal to the Admin Withholding Amount has been withheld by the City, the Payments shall be made as hereinafter set forth.

This Agreement assumes that the taxable value of the Project will go on the property tax rolls as of January 1, 2027. Accordingly, Payments will be made on June 1 and December 1 of each fiscal year, beginning December 1, 2028, and continuing through and including June 1, 2038, or until such earlier date upon which total Payments equal to the Maximum Payment Total have been made.

2. Annual Appropriation. Each Payment shall be subject to annual appropriation by the City Council. Prior to December 1 of each year during the Term of this Agreement, beginning in calendar year 2027, the City Council of the City shall consider the question of obligating for appropriation to the funding of the Payments due in the following fiscal year, an amount (the "Appropriated Amount") of Incremental Property Tax Revenues to be collected in the following fiscal year equal to or less than the most recently submitted Developer's Estimate.

In any given fiscal year, if the City Council determines to not obligate the then-considered Appropriated Amount, then the City will be under no obligation to fund the Payments scheduled to become due in the following fiscal year, and the Developer will have no rights whatsoever to compel the City to make such Payments, to seek damages relative thereto, or to compel the funding of such Payments in future fiscal years. A determination by the City Council to not obligate funds for any particular fiscal year's Payments shall not render this Agreement null and void, and the Developer shall make the next succeeding submission of the Developer's Estimate as called for in Section A.3 above, provided however that no Payment shall be made after June 1, 2038.

3. Payment Amounts. The aggregate Payments to be made in a fiscal year shall not exceed an amount equal to the corresponding Appropriated Amount (for example, for the Payments due on December 1, 2028 and on June 1, 2029, the aggregate maximum amount of such Payments would be determined by the Appropriated Amount determined for certification by

December 1, 2027). Furthermore, the amount of each such Payment shall not exceed the Annual Percentage of Incremental Property Tax Revenues (excluding allocations of "back-fill" or "make-up" payments from the State of Iowa for property tax credits or roll-back) actually received by the City from the Johnson County Treasurer attributable to the taxable incremental valuation of the Property in the six (6) months immediately preceding such Payment due date.

4. Certification of Payment Obligation. In any given fiscal year, if the City Council determines to obligate the then-considered Appropriated Amount, as set forth in Section B.2 above, then the City Clerk will certify by December 1 of each such year to the Johnson County Auditor an amount equal to the most recently obligated Appropriated Amount.

C. Administrative Provisions

1. Amendment and Assignment. Neither party may cause this Agreement to be amended, assigned, assumed, sold or otherwise transferred without the prior written consent of the other party. However, the City hereby gives its permission that the Developer's rights to receive the Payments hereunder may be assigned by the Developer to a private lender, as security on a credit facility taken with respect to the Project, without further action on the part of the City.

2. Successors. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

3. Term. The term (the "Term") of this Agreement shall commence on the Commencement Date and end on June 1, 2038, or on such earlier date upon which the aggregate sum of Payments made to the Developer equals the Maximum Payment Total.

4. Choice of Law. This Agreement shall be deemed to be a contract made under the laws of the State of Iowa and for all purposes shall be governed by and construed in accordance with laws of the State of Iowa.

The City and the Developer have caused this Agreement to be signed, in their names and on their behalf by their duly authorized officers, all as of the day and date written above.

CITY OF TIFFIN, IOWA

By: ________________________________
Mayor

Attest:

____
City Clerk

IOWA DEVELOPMENT GROUP, INC.

____
[Name, Title]

<u>EXHIBIT A</u>
DESCRIPTION OF THE PROPERTY

Certain real property situated in the City of Tiffin, Johnson County, State of Iowa, bearing Johnson County Property Tax Parcel Identification Number 0627326008.

EXHIBIT B
SITE PLAN