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FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director

Date: February 18, 2014

Re: Resolution for Internal Advance of TIF funds – Weed Park Maintenance Building

Introduction and Background:

Cities in Iowa are required to certify the amount of TIF funds to be claimed for each TIF district no later than December 1 of the year prior to the fiscal year for which the funds will be collected. The City must have incurred debt in order to claim the TIF funds to be certified. Debt certified can be in the form of general obligation bonds, tax increment revenue bonds, TIF rebate agreements, or internal advances (loans).

TIF Internal Advance Resolution:

The City has budgeted to fund the new Weed Park Maintenance Building from incremental taxes from the Northeast Urban Renewal Area which was amended in recent years to include properties in the Colorado Street area. In November 2013, the City Council approved an Internal Advance in the amount of \$19,900 for the architectural services for the new maintenance building. The attached resolution provides for the Internal Advance of \$405,000 for the balance of the project costs. This internal advance (loan) will be repaid over a three-year period from fiscal year 2014/2015 through 2016/2017.

Recommendation:

The attached resolution authorizing the Internal Advance of funds for the Weed Park Maintenance Building project was prepared by Dorsey & Whitney, the City's bond counsel. After approval, a copy of this resolution will be filed with the County Auditor as formal documentation of the internal advance.

Please include the attached resolution on the agenda for the February 20, 2014 meeting. If there are any questions or if any additional information is needed, please contact me.

RESOLUTION NO _____

**AUTHORIZING INTERNAL ADVANCE
OF FUNDS FOR WEED PARK PROJECT**

WHEREAS, the City of Muscatine, Iowa (the "City"), has established the Consolidated Muscatine Urban Renewal Area (the "Urban Renewal Area") and has created the Muscatine Urban Renewal Area Tax Increment Revenue Fund (the "Tax Increment Fund") in connection therewith; and

WHEREAS, the City has undertaken an urban renewal project (the "Project") consisting of the construction of a new maintenance facility at Weed Park in the Urban Renewal Area and the City will incur costs (the "Project Costs") in connection with such project; and

WHEREAS, in order to cover a portion of the Project Costs and to make such Project costs eligible to be recouped from future incremental property tax revenues, it is necessary to facilitate an internal advance of funds;

NOW, THEREFORE, IT IS RESOLVED by the City Council of the City of Muscatine, Iowa, as follows:

Section 1. It is hereby directed that an amount not in excess of Four Hundred Five Thousand Dollars (\$405,000) be advanced (the "Advance") from the Water Pollution Control Fund in order to fund the Project Costs. The Advance shall be repaid to the Water Pollution Control Fund without interest, out of incremental property tax revenues received with respect to the Urban Renewal Area.

It is intended that the Advance, plus accrued interest thereon, shall be repaid in three annual installments on June 1, in each of the years 2015 through 2017, inclusive, provided, however, that repayment of the Advance is subject to the determination of future City Councils that there are incremental property tax revenues available for such purpose which have been allocated to or accrued in the Tax Increment Fund relative to the Advance, and the City Council reserves the right to appropriate funds to the repayment of the Advance, or to withhold such appropriation, at its discretion.

Section 2. A copy of this Resolution shall be filed in the office of the County Auditor of Muscatine County, Iowa to evidence the Advance. Pursuant to Section 403.19 of the Code of Iowa, the City Clerk is hereby directed to certify, no later than December 1, 2014, the original amount of the Advance.

Section 3. All resolutions or parts thereof in conflict herewith, are hereby repealed, to the extent of such conflict.

PASSED AND APPROVED this February 20, 2014.

Mayor

Attest:

City Clerk