

SPECIAL REVENUE FUNDS

TAX INCREMENT FINANCING (TIF) FUND - SOUTH END

GENERAL INFORMATION:

In August of 1994 the City created an Urban Renewal/Tax Increment area in the south end of the City. For 1994 there was only \$300 of expenditures qualifying for tax increment revenue funding. In 1995/96 an additional \$85,000 of expenditures were incurred in the form of an economic development grant to Musco Sports Lighting Inc. In 1995/96 and 1996/97 south end incremental tax revenues of \$9,912 and \$42,642, respectively, were received which funded a portion of the \$85,300 project costs. The balance of the \$85,300 project costs (\$32,563) was funded from TIF revenues in the 1997/98 fiscal year. The remaining portion of the 1997/98 TIF revenues (\$31,811) were used to fund a portion of the costs of Phase I of the Southend Sewer Project. The 1998/99 revenues of \$81,975 were used to fund a portion of the \$92,931 cost of the Briar's Ditch Drainage Improvement Project. The balance of the project cost (\$10,956) was funded from 1999/2000 incremental taxes. The remainder of the 1999/2000 incremental taxes (\$79,521) were used to fund a portion of the cost of Phase I of the Southend Sewer Project. TIF revenues for 2000/2001 totaled \$123,297, for 2001/2002 \$141,756, and for 2002/2003 \$194,442. These funds were also used for Phase I of the Southend Sewer Project.

In 2003/2004 incremental taxes of \$200,151 were received. In 2003/2004 \$8,915 of Southend TIF funds were used for the wetlands relocation project and \$115,000 was used for the Southend Water Extension Project.

Two TIF rebate agreements were entered into by the City Council in 2003; one with Robison Logistics and one with Musco Sports Lighting. The Robison Logistics TIF will rebate 100% of taxes received for 10 years and the Musco Sports Lighting TIF will rebate 67% of taxes received for 15 years.

Tax increment revenue bonds in the amount of \$1,885,000 were sold in June of 2004 to fund the Airport Terminal Building project (\$900,000) and the Southend Water Extension project (\$985,000). Debt service payments on this issue began in 2004/2005 and will continue through 2020/2021.

A TIF rebate agreement with Musser Street Investments L.C. was entered into in 2004. This agreement provided for the rebate of 100% of the incremental taxes on this property for a 5-year period up to a maximum of \$275,000. The final payment on this rebate agreement was made in 2010/2011.

The City entered into Agreement #2 with Musco Sports Lighting for a potential new site on Musser Street. This agreement provided for the rebate of 50% of the incremental taxes on this property for a 10-year period up to a maximum of \$325,000. This agreement was to take effect in the 2010/2011 fiscal year; however, construction on the new facility has been postponed.

In 2009 the City entered into two TIF rebate agreements; one with Curry's Transportation Services Inc. and the other with Newcomb Properties LLC. These agreements will rebate 50% of the incremental taxes to these businesses over a ten-year period. The first payments on these agreements were in 2010/2011. A new TIF rebate agreement with A & E Convenience, LLC was approved in January, 2011. The first rebate under this agreement was made in the 2012/2013 fiscal year. This is also a 50%, ten year agreement.

CURRENT TRENDS AND ISSUES:

Estimated incremental tax revenue of \$421,500 in 2012/2013 will be used to fund debt requirements on the June 2004 bond issue (\$166,308), the TIF rebate to Robison Logistics (\$25,709), the Musco TIF rebate (\$101,593), the Curry's Transportation Services, Inc. rebate (\$24,900), the Newcomb Properties LLC rebate (\$8,297), and the A&E Convenience rebate (\$3,640). The 2012/2013 budget also includes a funding transfer for \$40,000 for the upgrade/repair of the Mississippi River bridge decorative lighting system. For 2012/2013 the City chose to continue to not claim the full amount of incremental taxes available due to the balance which had accumulated in the Southend Tax Increment Fund. The amount claimed for the year is approximately \$396,000 less than the total that would have been available. This allowed a portion of the incremental values to go back to regular taxable valuations for the various local taxing entities.

In 2013/2014 incremental taxes will fund \$166,320 in debt requirements, the TIF rebate to Robison Logistics (estimated at \$25,800), the TIF rebate to Musco (estimated at \$101,600), the Curry's Transportation rebate (estimated at \$25,000), the Newcomb Properties rebate (estimated at \$8,300), and the A &E Convenience rebate (estimated at \$3,700). The 2013/2014 budget also includes a funding transfer of \$59,900 for the Museum Boiler project.

In 2012/2013 incremental taxes from the Southend TIF fund are being used to fund internal advances for City economic development administrative costs of \$105,254 and for a City economic development grant to the Greater Muscatine Chamber of Commerce and Industry in the amount of \$35,000. In 2013/2014 incremental taxes will again be used for economic development administrative costs and the economic development grant to the Chamber in the amounts of \$114,000 and \$35,000, respectively. In 2012 the City Council approved \$12,500 in matching funds to the Bi-State Economic Development Loan program which will provide assistance to a local business. An internal advance for this amount was approved in 2012 and Southend TIF funds will repay this advance in 2013/2014.

For 2013/2014 the City is claiming approximately \$396,000 less than the total incremental taxes available from this TIF district. The estimated balance in this fund at the end of 2013/2014 is \$862,255.

Tax Increment Fund - Southend

Fund Statement

	<u>Actual</u> <u>2010/2011</u>	<u>Actual</u> <u>2011/2012</u>	<u>Budget</u> <u>2012/2013</u>	<u>Revised</u> <u>Estimate</u> <u>2012/2013</u>	<u>Budget</u> <u>2013/2014</u>
Beginning Balance, July 1	\$ 1,098,925	\$ 1,136,387	\$ 1,072,048	\$ 1,075,576	\$ 987,875
Revenues					
Incremental Taxes	\$ 404,021 (1)	\$ 407,756 (2)	\$ 425,000	\$ 421,500 (3)	\$ 425,000 (4)
Interest	2,436	2,035	2,000	1,500	1,500
Reimbursement of Legal Costs	1,500	0	0	0	0
Total Revenues	<u>\$ 407,957</u>	<u>\$ 409,791</u>	<u>\$ 427,000</u>	<u>\$ 423,000</u>	<u>\$ 426,500</u>
Funds Available	<u>\$ 1,506,882</u>	<u>\$ 1,546,178</u>	<u>\$ 1,499,048</u>	<u>\$ 1,498,576</u>	<u>\$ 1,414,375</u>
Expenditures:					
Bonds	\$ 100,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 110,000
Interest	70,385	66,085	61,308	61,308	56,320
Tax Rebate-Robinson Logistics	25,990	25,920	25,920	25,709	25,800
Tax Rebate-Musco	106,552	101,147	102,500	101,593	101,600
Tax Rebate-Musser Street Investments	15,839	0	0	0	0
Tax Rebate - Curry's Transportation Services	25,059	25,105	25,200	24,900	25,000
Tax Rebate - Newcomb Properties LLC	8,566	8,364	8,400	8,297	8,300
Tax Rebate - A & E Convenience, LLC	0	0	3,700	3,640	3,700
Financial Advisor Services	2,000	0	0	0	0
Legal Services/Legal Notices	6,054	1,464	0	0	0
Transfers Out:					
TIF Administrative and Professional Support Costs	3,500	102,517	105,254	105,254	114,000
TIF Economic Development Grant (GMCCI)	0	35,000	35,000	35,000	35,000
Brier's Ditch Improvements	6,550	0	0	0	0
Bridge Lighting Project	0	0	40,000	40,000	0
Art Center Boiler Project	0	0	0	0	59,900
Economic Development Grant (Bi-State)	0	0	0	0	12,500
Total Expenditures	<u>\$ 370,495</u>	<u>\$ 470,602</u>	<u>\$ 512,282</u>	<u>\$ 510,701</u>	<u>\$ 552,120</u>
Ending Balance, June 30	<u><u>\$ 1,136,387</u></u>	<u><u>\$ 1,075,576</u></u>	<u><u>\$ 986,766</u></u>	<u><u>\$ 987,875</u></u>	<u><u>\$ 862,255</u></u>
Increase (Decrease) in Fund Balance	\$ 37,462	\$ (60,811)	\$ (85,282)	\$ (87,701)	\$ (125,620)

1. For the 2010/2011 year, the City certified approximately \$419,500 less than the total available in incremental taxes.
2. For the 2011/2012 year, the City certified approximately \$405,600 less than the total available in incremental taxes.
3. For the 2012/2013 year, the City certified approximately \$396,000 less than the total available in incremental taxes.
4. For the 2013/2014 year, the City certified approximately \$396,000 less than the total available in incremental taxes.

TAX INCREMENT FUND - SOUTHEND

STATEMENT OF BOND AND INTEREST REQUIREMENTS

**Urban Renewal Tax Increment Revenue Bonds
Airport Terminal Building and Southend Water Extension Project
\$1,885,000 Issue Dated June 24, 2004**

Fiscal Year	Principal	Interest	Total Requirements
2012/13	\$ 105,000	\$ 61,308	\$ 166,308
2013/14	110,000	56,320	166,320
2014/15 (1)	115,000	50,930	165,930
2015/16	120,000	45,065	165,065
2016/17	125,000	38,705	163,705
2017/18	130,000	31,955	161,955
2018/19	140,000	24,805	164,805
2019/20	145,000	16,965	161,965
2020/21	<u>150,000</u>	<u>8,700</u>	<u>158,700</u>
Total	<u><u>\$ 1,140,000</u></u>	<u><u>\$ 334,753</u></u>	<u><u>\$ 1,474,753</u></u>

1. Call dates begin 12-1-2014. Call provisions per the bond resolution are at 102% of par if called 12-1-14 through 11-30-16, 101% of par if called 12-1-16 through 11-30-18, and par if called 12-1-18 or after.