



FINANCE & RECORDS**MEMO**

To: Gregg Mandsager, City Administrator
From: Nancy A. Lueck, Finance Director
Date: March 16, 2015
Re: Resolution for Internal Advance of TIF funds

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 Debt Certification Resolution for Internal Advance for Bi-State Loan Program:

The development agreement with Riverview Hotel Development included a provision for the City to fund the local match required if the developer chose to apply for and receive loan funds through the Mercer-Muscatine Revolving Fund loan program managed by the Bi-State Regional Commission. The developer was approved for the loan and the local match was \$67,500. This local match will be funded from future incremental taxes from this TIF area.

With the first incremental taxes from this area not expected to be received until fiscal year 2018/2019, the City is using an internal advance (loan) to fund the local match until the incremental taxes are received. The attached resolution provides that funds will be advanced from the Capital Projects fund in the amount of \$67,500 and the advance is to be repaid with TIF funds when they are received in 2018/2019.

Recommendation:

Please include the attached resolution on the agenda for the March 19, 2015 meeting. If there are any questions or if any additional information is needed, please contact me.

RESOLUTION NO _____

AUTHORIZING INTERNAL ADVANCE TO
TAX INCREMENT REVENUE FUND

(BI-STATE ECONOMIC DEVELOPMENT LOAN PROGRAM GRANT-
DOWNTOWN HOTEL/CONFERENCE FACILITY 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 Downtown Hotel/Conference Facility Tax Increment Revenue Fund (the "Tax Increment Fund") in connection therewith; and

WHEREAS, the City has undertaken urban renewal projects in the Urban Renewal Area consisting of funding an economic development grant in the amount of \$67,500 to the Bi-State Economic Development Loan Program (the "Grant");

WHEREAS, in order to cover the funding of the Grant and to make such 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 Sixty-Seven Thousand Five Hundred Dollars (\$67,500) be advanced from the Capital Projects Fund (the "Advance") in order to Fund the Grant. The Advance shall be repaid from the Tax Increment Fund, out of future incremental property tax revenues received with respect to the Urban Renewal Area. The Advance shall not bear interest.

It is intended that the Advance, shall be repaid in 1 annual installment on June 1, 2019, 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, 2015, 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 19th day of March, 2015.

Mayor

Attest:

City Clerk