City of Carroll

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MEMO TO: Mike Pogge-Weaver, City Manager MSPW

FROM: Laura A. Schaefer, Finance Director/City Clerk LAS

DATE: November 2, 2021

SUBJECT: Sixth Amended and Restated Downtown Urban Renewal Internal Loan

For the past several years Council has passed separate resolutions to create interfund loans that transferred money from the Water Utility Fund to the Corridor of Commerce Capital Project Fund to pay for phases of the Streetscape projects. The loans are being repaid from tax increment financing (TIF) collections. For the next fiscal year (FY 2023), staff is recommending to use Sewer Utility revenues to loan to the Corridor of Commerce Capital Project Fund and still continue with repayment from TIF. All loans, including the proposed new loan, are projected to be repaid by December 1, 2023 (FY 2024).

At this time, it is anticipated that at least an additional $1,000,000 will be needed for the Streetscape Phase 11 project.

Attached is a resolution that authorizes a loan to the Corridor of Commerce Capital Project Fund from the Sewer Utility Fund in the amount of $1,000,000 pledging tax increment revenues received with respect to the Downtown Urban Renewal Area for the repayment of the loan. It has been advised by our bonding attorney to document the entitlement for the repayment of the internal loan.

Section 403.19 of the Iowa Code requires the City Clerk to certify to the County Auditor no later than December 1 the amount of TIF requested to pay for "loans, advances, indebtedness, or bonds payable" in a particular urban renewal area.

RECOMMENDATION: Council consideration and approval of the attached Resolution that authorizes the internal loan to the Corridor of Commerce Capital Project Fund from the Sewer Utility Fund and pledging tax increment revenues from the Downtown Urban Renewal Area for the repayment of the loan.

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING A LOAN TO THE CORRIDOR OF COMMERCE CAPITAL PROJECT FUND WITH REPAYMENT FROM THE DOWNTOWN URBAN RENEWAL TAX INCREMENT REVENUE FUND

WHEREAS, the City of Carroll, Iowa has established the Downtown Urban Renewal Area ("the Urban Renewal Area") and expects to undertake public improvements including street resurfacing, streetscape improvements, storm sewers, demolition, grading and site preparation, bridge, right-of-way purchase, safety and traffic control improvements, paving and sidewalks in the Urban Renewal Area (the "Project"); and

WHEREAS, in order to make the cost of the Project eligible to be paid from incremental property tax revenues, it is necessary to create an internal debt;

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

Section 1. Pursuant to Ordinance 19-08, all incremental property tax revenues received from the Urban Renewal Area shall be deposited into the previously established Downtown Urban Renewal Area Tax Increment Revenue Fund (the "Tax Increment Fund").

Section 2. It is hereby directed that $1,000,000, and such other amounts as may be determined by change orders to the contract for construction entered into with respect to the Project improvements, be advanced from time to time to the Corridor of Commerce Capital Project Fund from the Sewer Utility Fund in order to pay the costs of the Projects. The advance shall be treated as an internal loan (the "Loan") to the Corridor of Commerce Capital Project Fund and shall be repaid from the Tax Increment Fund to the Sewer Utility Fund, over two (2) years, with the option to pay all or any part of the principal early if tax increment tax revenues are available, with an interest rate of 0.25%, out of the incremental tax revenues received with respect to the Urban Renewal Area. For purposes of calculating interest, the issue date shall be deemed to be December 1, 2021.

Payments shall be made on the Loan on December 1 and June 1 each year to the extent there are incremental tax revenues available for such purposes which have been allocated to or accrued in the Tax Increment Fund.

Section 3. The anticipated repayment schedule is as follows:

Payment Date	Principal	Interest	Total
June 1, 2022	$ 100,000.00	$1,250.00	$ 101,250.00
December 1, 2022	$ 400,000.00	$1,125.00	$ 401,125.00
June 1, 2023	$ 400,000.00	$ 625.00	$ 400,625.00
December 1, 2023	$ 100,000.00	$ 125.00	$ 100,125.00
TOTAL	$1,000,000.00	$3,125.00	$1,003,125.00

Section 4. The Tax Increment Fund is hereby pledged to the repayment of the Loan. Pursuant to Section 403.19 of the Code of Iowa, the City Clerk is hereby directed to certify to the County Auditor, no later than December 1, 2021, the original amount of the Loan and the anticipated interest thereon.

Section 5. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

ADOPTED AND PASSED BY THE CITY COUNCIL OF THE CITY OF CARROLL, IOWA, this 8th day of November, 2021.

CITY COUNCIL OF THE
CITY OF CARROLL, IOWA

By:_____
Eric P. Jensen, Mayor

ATTEST:

By:_____
Laura A. Schaefer, City Clerk