

AGENDA OF THE SPECIAL SESSION OF THE COUNCIL  
OF THE CITY OF WASHINGTON, IOWA  
TO BE HELD AT WASHINGTON FREE PUBLIC LIBRARY  
NICOLA-STOUFER MEETING ROOM  
115 W. WASHINGTON STREET  
AT 6:00 P.M., WEDNESDAY, MAY 30, 2012

**Call to Order**

**Pledge of Allegiance**

**Roll call**

Agenda for the Special Session to be held at 6:00 P.M., Wednesday, May 30, 2012 to be approved as proposed or amended.

**PRESENTATION FROM THE PUBLIC** – Please limit comments to 3 Minutes

**CONSIDERATION OF HEARINGS, ORDINANCES & RESOLUTIONS**

Discussion and Consideration of a Resolution Approving Post-Issuance Compliance Policy (2012 West Side Interceptor SRF Loan)

Discussion and Consideration of a Resolution Ratifying Publication of Notice (2006 TIF Revenue Bond Refinancing)

Public Hearing On, Discussion and Consideration of a Resolution Amending a Loan Agreement (2006 TIF Revenue Bond)

Public Hearing On, Discussion and Consideration of a Resolution Amending the Adopted Budget for the Fiscal Year Ending June 30, 2012

**UNFINISHED BUSINESS**

Discussion & Consideration of Ridiculous Day (Street Closure Request)

Discussion of Downtown Recycling Procedures

**NEW BUSINESS**

Presentation on Tax Increment Financing

Closed Session Per Iowa Code 21.5 (j)- Real Estate Matters

**ADJOURNMENT**

Illa Earnest, City Clerk

# THE CITY OF WASHINGTON

*"Cleanest City in Iowa"*

Sandra Johnson, Mayor  
Brent Hinson, City Administrator  
Illa Earnest, City Clerk  
Craig Arbuckle, City Attorney

215 E. Washington St.  
Washington, IA 52353

319-653-6584  
Fax Only 319-653-5273

## Meeting Notes Memorandum

To: Mayor & City Council  
Cc: Illa Earnest, City Clerk

FROM: Brent Hinson  
City Administrator



Re: May 30, 2012 Meeting Notes

In order to assist with the items on the agenda, I am providing the following notes not otherwise available in the packet:

Post-Issuance Compliance Policy: This is a policy the Council needs to approve to assure IRS compliance on the State Revolving Fund loan for the West Side Interceptor project.

2006 TIF Revenue Bond Refinancing: As we discussed at the last meeting, these resolutions will allow for the refinancing of this revenue bond to bring payments in line with available revenues.

Budget Amendment #2: This resolution is needed to amend the budget for the fiscal year ending June 30, 2012 to keep us within compliance with the state law prohibiting municipalities from exceeding their budgeted expenditures in any of the "programs" (Public Safety, Public Works, Health & Social Services, Culture & Recreation, Community & Economic Development, General Government, Debt Service, Capital Projects and Business-Type). The consequence of not properly amending our budget is that any overage will be noted in our annual audit. We have done our best to assure that there will be no overages in any of the programs with this amendment.

Ridiculous Day: As an addendum to their earlier presentation, the Chamber has requested that they be allowed to block the parking on the west side of the square for vendors.

Tax Increment Financing: I will be making a detailed presentation at the meeting, but hopefully the attached Q&A from TIF expert Bob Josten will be helpful in refreshing or enhancing your knowledge of this important economic development tool.

Brent

Council Member \_\_\_\_\_ introduced the following Resolution entitled "RESOLUTION APPROVING POST-ISSUANCE COMPLIANCE POLICY" and moved that it be adopted. Council Member \_\_\_\_\_ seconded the motion to adopt, and the roll being called thereon, the vote was as follows:

AYES: \_\_\_\_\_

\_\_\_\_\_

NAYS: \_\_\_\_\_

Whereupon, the Mayor declared the Resolution duly adopted as follows:

**RESOLUTION APPROVING POST-ISSUANCE  
COMPLIANCE POLICY**

WHEREAS, the City of Washington, sometimes hereinafter referred to as the City, is a municipal corporation duly incorporated, organized and existing under and by virtue of the Constitution and laws of the State of Iowa; and

WHEREAS, various requirements apply under the Internal Revenue Code and Income Tax Regulations (hereinafter "IRS Requirements") including information filing and other requirements related to issuance, the proper and timely use of bond-financed property, and arbitrage yield restriction and rebate requirements; and

WHEREAS, to comply with the IRS Requirements, governmental bond issuers must ensure that the rules are met at the time the bonds, capital loan notes or lease-purchase obligations (hereinafter "bonds") are issued and throughout the term of the bonds; and

WHEREAS, this includes the continued review of post-issuance obligations and maintenance of records:

NOW THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF WASHINGTON, STATE OF IOWA, THAT THE FOLLOWING WRITTEN PROCEDURES ARE ADOPTED WHICH SHALL APPLY WITH RESPECT TO ALL TAX EXEMPT OBLIGATIONS INCURRED BY THE CITY:

Section 1. The “Post-Issuance Compliance Policy” (hereinafter “Policy”) attached hereto as Exhibit A is hereby adopted and approved.

Section 2. The official designated in said policy shall take any and all action necessary to properly implement the policy.

PASSED AND APPROVED this 30<sup>th</sup> day of May, 2012.

\_\_\_\_\_  
Sandra Johnson, Mayor

ATTEST:

\_\_\_\_\_  
Illa Earnest, City Clerk

## EXHIBIT "A"

### CITY OF WASHINGTON, STATE OF IOWA

#### POST-ISSUANCE COMPLIANCE POLICY FOR TAX-EXEMPT OBLIGATIONS

1. Compliance Coordinator:
  - a) The City Administrator ("Coordinator") shall be responsible for monitoring post-issuance compliance.
  - b) The Coordinator will maintain a copy of the transcript of proceedings in connection with the issuance of any tax-exempt obligations. Coordinator will obtain such records as are necessary to meet the requirements of this policy.
  - c) The Coordinator shall consult with bond counsel, a rebate consultant, financial advisor, IRS publications and such other resources as are necessary to understand and meet the requirements of this policy.
  - d) Training and education of Coordinator will be sought and implemented upon the occurrence of new developments and upon the hiring of new personnel to implement this policy.
  
2. Financing Transcripts. The Coordinator shall confirm the proper filing of an 8038 Series return, and maintain a transcript of proceedings for all tax-exempt obligations issued by the City, including but not limited to all tax-exempt bonds, notes and lease-purchase contracts. Each transcript shall be maintained until eleven (11) years after the tax-exempt obligation it documents has been retired. Said transcript shall include, at a minimum:
  - a) Form 8038s;
  - b) minutes, resolutions, and certificates;
  - c) certifications of issue price from the underwriter;
  - d) formal elections required by the IRS;
  - e) trustee statements;
  - f) records of refunded bonds, if applicable;
  - g) correspondence relating to bond financings; and
  - h) reports of any IRS examinations for bond financings.

3. Proper Use of Proceeds. The Coordinator shall review the resolution authorizing issuance for each tax-exempt obligation issued by the City, and that the City shall:

- a) obtain a computation of the yield on such issue from the City's financial advisor;
- b) create a separate Project Fund (with as many sub-funds as shall be necessary to allocate proceeds among the projects being funded by the issue) into which the proceeds of issue shall be deposited;
- c) review all requisitions, draw schedules, draw requests, invoices and bills requesting payment from the Project Fund;
- d) determine whether payment from the Project Fund is appropriate, and if so, make payment from the Project Fund (and appropriate sub-fund if applicable);
- e) maintain records of the payment requests and corresponding records showing payment;
- f) maintain records showing the earnings on, and investment of, the Project Fund;
- g) ensure that all investments acquired with proceeds are purchased at fair market value;
- h) identify bond proceeds or applicable debt service allocations that must be invested with a yield-restriction and monitor the investments of any yield-restricted funds to ensure that the yield on such investments does not exceed the yield to which such investments are restricted;
- i) maintain records related to any investment contracts, credit enhancement transactions, and the bidding of financial products related to the proceeds;

4. Timely Expenditure and Arbitrage/Rebate Compliance. The Coordinator shall review the Tax-Exemption Certificate (or equivalent) for each tax-exempt obligation issued by the City and the expenditure records provided in Section 2 of this policy, above, and shall:

- a) monitor and ensure that proceeds of each such issue are spent within the temporary period set forth in such certificate;

- b) if the City does not meet the “small issuer” exception for said obligation, monitor and ensure that the proceeds are spent in accordance with one or more of the applicable exceptions to rebate as set forth in such certificate;
- c) not less than 60 days prior to a required expenditure date confer with bond counsel and a rebate consultant if the City will fail to meet the applicable temporary period or rebate exception expenditure requirements of the Tax-Exemption Certificate; and
- d) in the event the City fails to meet a temporary period or rebate exception:
  - i. procure a timely computation of any rebate liability and, if rebate is due, file a Form 8038-T and arrange for payment of such rebate liability;
  - ii. arrange for timely computation and payment of “yield reduction payments” (as such term is defined in the Code and Treasury Regulations), if applicable.

5. Proper Use of Bond Financed Assets. The Coordinator shall:

- a) maintain appropriate records and a list of all bond financed assets. Such records shall include the actual amount of proceeds (including investment earnings) spent on each of the bond financed assets;
- b) with respect to each bond financed asset, the Coordinator will monitor and confer with bond counsel with respect to all proposed:
  - i. management contracts,
  - ii. service agreements,
  - iii. research contracts,
  - iv. naming rights contracts,
  - v. leases or sub-leases,
  - vi. joint venture, limited liability or partnership arrangements,
  - vii. sale of property; or
  - viii. any other change in use of such asset;
- c) maintain a copy of the proposed agreement, contract, lease or arrangement, together with the response by bond counsel with respect to said proposal for at least three (3) years after retirement of all tax-exempt obligations issued to fund all or any portion of bond financed assets; and

- d) In the event the City takes an action with respect to a bond financed asset, which causes the private business tests or private loan financing test to be met, the Coordinator shall contact bond counsel and ensure timely remedial action under IRS Regulation Sections 1.141-12.

6. General Project Records. For each project financed with tax-exempt obligations, the Coordinator shall maintain, until three (3) years after retirement of the tax-exempt obligations or obligations issued to refund those obligations, the following:

- a) appraisals, demand surveys or feasibility studies,
- b) applications, approvals and other documentation of grants,
- c) depreciation schedules,
- d) contracts respecting the project.

7. Advance Refundings. The Coordinator, shall be responsible for the following current, post issuance and record retention procedures with respect to advance refunding bonds:

- a) Identify and select bonds to be advance refunded with advice from internal financial personnel, and a financial advisor;
- b) The Coordinator shall identify, with advice from the financial advisor and bond counsel, any possible federal tax compliance issues prior to structuring any advance refunding;
- c) The Coordinator shall review the structure with the input of the financial advisor and bond counsel, of advance refunding issues prior to the issuance to ensure (i) that the proposed refunding is permitted pursuant to applicable federal tax requirements if there has been a prior refunding of the original bond issue; (ii) that the proposed issuance complies with federal income tax requirements which might impose restrictions on the redemption date of the refunded bonds; (iii) that the proposed issuance complies with federal income tax requirements which allow for the proceeds and replacement proceeds of an issue to be invested temporarily in higher yielding investments without causing the advance refunding bonds to become “arbitrage bonds”; and (iv) that the proposed issuance will not result in the issuer’s exploitation of the difference between tax exempt and taxable interest rates to obtain a financial advantage nor overburden the tax exempt market in a way that might be considered an abusive transaction for federal tax purposes.
- d) The Coordinator shall collect and review data related to arbitrage yield restriction and rebate requirements for advance refunding bonds. To ensure



such compliance, the Coordinator shall engage a rebate consultant to prepare a verification report in connection with the advance refunding issuance. Said report shall ensure said requirements are satisfied.

- e) The Coordinator shall, whenever possible, purchase SLGS to size each advance refunding escrow. The financial advisor shall be included in the process of subscribing SLGS. To the extent SLGS are not available for purchase, the Coordinator shall, in consultation with bond counsel and the financial advisor, comply with IRS regulations.
- f) To the extent as issuer elects to the purchase a guaranteed investment contract, the Coordinator shall ensure, after input from bond counsel, compliance with any bidding requirements set forth by the IRS regulations.
- g) In determining the issue price for any advance refunding issuance, the Coordinator shall obtain and retain issue price certification by the purchasing underwriter at closing.
- h) After the issuance of an advance refunding issue, the Coordinator shall ensure timely identification of violations of any federal tax requirements and engage bond counsel in attempt to remediate same in accordance with IRS regulations.

8. Continuing Disclosure. The Coordinator shall assure compliance with each continuing disclosure certificate and annually, per continuing disclosure agreements, file audited annual financial statements and other information required by each continuing disclosure agreement. The Coordinator will monitor material events as described in each continuing disclosure agreement and assure compliance with material event disclosure. Events to be reported shall be reported promptly, but in no event not later than ten (10) Business Days after the day of the occurrence of the event. Currently, such notice shall be given in the event of:

- a) Principal and interest payment delinquencies;
- b) Non-payment related defaults, if material;
- c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- d) Unscheduled draws on credit enhancements relating to the bonds reflecting financial difficulties;
- e) Substitution of credit or liquidity providers, or their failure to perform;

- f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the bonds, or material events affecting the tax-exempt status of the bonds;
- g) Modifications to rights of Holders of the Bonds, if material;
- h) Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers;
- i) Defeasances of the bonds;
- j) Release, substitution, or sale of property securing repayment of the bonds, if material;
- k) Rating changes on the bonds;
- l) Bankruptcy, insolvency, receivership or similar event of the Issuer;
- m) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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Council Member \_\_\_\_\_ introduced the following Resolution entitled "RESOLUTION RATIFYING, CONFIRMING AND APPROVING PUBLICATION OF NOTICE OF PUBLIC HEARING ON THE MATTER OF THE PROPOSED AMENDMENT TO A LOAN AGREEMENT BY AND BETWEEN THE CITY OF WASHINGTON, IOWA AND CEDAR RAPIDS BANK & TRUST CO., OF CEDAR RAPIDS, IOWA", and moved that the same be adopted. Council Member \_\_\_\_\_ seconded the motion to adopt. The roll was called and the vote was,

AYES: \_\_\_\_\_

NAYS: \_\_\_\_\_

Whereupon, the Mayor declared the following Resolution duly adopted:

RESOLUTION RATIFYING, CONFIRMING AND APPROVING PUBLICATION OF NOTICE OF PUBLIC HEARING ON THE MATTER OF THE PROPOSED AMENDMENT TO A LOAN AGREEMENT BY AND BETWEEN THE CITY OF WASHINGTON, IOWA AND CEDAR RAPIDS BANK & TRUST CO., OF CEDAR RAPIDS, IOWA

WHEREAS, Cedar Rapids Bank & Trust Co., as Original Purchaser and current holder of the Note, has authorized an amendment to the repayment schedule and interest rate on the Note and it is deemed necessary and advisable that said City should authorize an amendment to a Loan Agreement and reissue Urban Renewal Revenue Capital Loan Notes, Series 2006; and

WHEREAS, before said Notes may be reissued, it was necessary to comply with the provisions of said Code, and to publish a notice of the proposal to amend a Loan Agreement and reissue such Notes and of the time and place of the meeting at which it is proposed to take action of the reissuance of the Notes.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WASHINGTON, IOWA:

Section 1. That the action of the City Clerk setting a public hearing before the City Council to meet at the Nicola-Stoufer Room, Washington Public Library, 115 W. Washington Street, Washington, Iowa, at 6:00 o'clock P.M., today, the 30th day of May, 2012, for the purpose of taking action on the matter of amending the Loan Agreement between the City and Cedar Rapids Bank & Trust Co., of Cedar Rapids, Iowa, is hereby ratified, confirmed and approved.

Section 2. That the Clerk had caused publication to be made of a notice of said meeting, in a legal newspaper, printed wholly in the English language, published at least once weekly, and having general circulation in the City, said publication to be not less than four (4) nor more than twenty (20) clear days before the date of the public meeting on the issuance of the Notes.

Section 3. That the form of notice of public hearing is hereby ratified, confirmed and approved.

PASSED AND APPROVED this 30th day of May, 2012.

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Mayor

ATTEST:

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City Clerk

The Mayor announced that this was the time and place for the public hearing and meeting on the matter of the amendment to a Loan Agreement by and between the City and Cedar Rapids Bank & Trust Co., of Cedar Rapids, Iowa and the reissuance of \$173,000 Urban Renewal Revenue Capital Loan Notes, Series 2006, in order to amend the repayment schedule and interest rate, and that notice of the proposed action by the Council to institute proceedings for the authorization of the proposed amendment to a Loan Agreement and the reissuance of the Notes, had been published pursuant to the provisions of Sections 384.24A, 403.9 and 403.17(7) of the City Code of Iowa, as amended.

The Mayor then asked the Clerk whether any written objections had been filed by any city resident or property owner to the proposal. The Clerk advised the Mayor and the Council that \_\_\_\_\_ written objections had been filed. The Mayor then called for oral objections to the proposal and \_\_\_\_\_ were made. Whereupon, the Mayor declared the time for receiving oral and written objections to be closed.

(Attach here a summary of objections received or made, if any)

PASSED AND APPROVED this 30<sup>th</sup> day of May, 2012.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

Council Member \_\_\_\_\_ introduced the following Resolution entitled "RESOLUTION APPROVING AND AUTHORIZING AN AMENDMENT TO LOAN AGREEMENT BY AND BETWEEN THE CITY OF WASHINGTON AND CEDAR RAPIDS BANK & TRUST CO., OF CEDAR RAPIDS, IOWA, AND AUTHORIZING AND PROVIDING FOR THE REISSUANCE OF \$173,000 URBAN RENEWAL REVENUE CAPITAL LOAN NOTES, SERIES 2006, OF THE CITY", and moved its adoption. Council Member \_\_\_\_\_ seconded the motion to adopt. The roll was called and the vote was:

AYES: \_\_\_\_\_

\_\_\_\_\_

NAYS: \_\_\_\_\_

Whereupon the Mayor declared the following Resolution duly adopted:

RESOLUTION APPROVING AND AUTHORIZING AN AMENDMENT TO LOAN AGREEMENT BY AND BETWEEN THE CITY OF WASHINGTON AND CEDAR RAPIDS BANK & TRUST CO., OF CEDAR RAPIDS, IOWA, AND AUTHORIZING AND PROVIDING FOR THE REISSUANCE OF \$173,000 URBAN RENEWAL REVENUE ANNUAL APPROPRIATION CAPITAL LOAN NOTES, SERIES 2006, OF THE CITY

WHEREAS, the City (hereinafter the "Issuer") previously issued its Urban Renewal Revenue Capital Loan Notes, Series 2006, dated September 15, 2006, hereinafter the "Note"), pursuant to a Loan Agreement between Issuer and Cedar Rapids Bank & Trust Co., dated of like date, for the purpose of defraying the costs of the Project (as defined in the resolution authorizing issuance of the same (hereinafter the "Resolution")); and

WHEREAS, Cedar Rapids Bank & Trust Co., as Original Purchaser and current holder of the Note, has authorized an amendment to the interest rate on the Note; and

WHEREAS, an Amendment to the Loan (hereinafter the "Amendment") has been prepared to reflect said repayment schedule and interest rate amendment, a copy of which is attached hereto as Exhibit A; and

WHEREAS, pursuant to IRS regulations adoption of the Amendment constitutes a reissuance of the Note.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WASHINGTON, IN THE COUNTY OF WASHINGTON, STATE OF IOWA:

- Section 1. That the Resolution is hereby amended to reflect the repayment schedule and interest rate amendment on the outstanding principal amount from and after June 1, 2012, for the remaining maturities of the Note.
- Section 2. That the Amendment in substantially the form attached to this Resolution is hereby authorized to be executed and issued on behalf of the Issuer by the Mayor and attested by the City Clerk.
- Section 3. Except as amended herein, all of the other terms and conditions of the Resolution and Agreement are in all respects ratified, confirmed and approved and shall remain in full effect.

PASSED AND APPROVED this 30th day of May, 2012.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

## AMENDMENT TO LOAN AGREEMENT

The Loan Agreement for the Urban Renewal Revenue Capital Loan Notes, Series 2006, (the "Agreement") entered into as of September 15, 2006, by and between the City of Washington, Iowa (the "City" or "Issuer") and Cedar Rapids Bank & Trust Co., of Cedar Rapids, Iowa, as trustee (the "Trustee") relating to a loan in the amount of \$280,000, is hereby amended as follows:

Section 1. Section 5 is amended to state as follows:

Section 5. Note Details. Urban Renewal Revenue Capital Loan Notes, Series 2006, of the City in the amount of \$280,000 shall be issued pursuant to the provisions of Sections 384.24A, 403.9 and 403.17(7) of the City Code of Iowa for the aforesaid purpose. The Notes shall be designated "URBAN RENEWAL REVENUE CAPITAL LOAN NOTE, SERIES 2006", be dated September 15, 2006, and bear interest from the date thereof, until payment thereof, at the office of the Paying Agent, said interest payable on June 1, 2007, and semiannually thereafter on the 1st day of June and December in each year until maturity at the rates hereinafter provided.

The Notes shall be executed by the manual signature of the Mayor and attested by the manual signature of the City Clerk, and impressed with the seal of the City and shall be fully registered as to both principal and interest as provided in this Resolution; principal, interest and premium, if any shall be payable at the office of the Paying Agent by mailing of a check to the registered owner of the Note. Said Notes shall mature and bear interest as follows:



<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Maturity June 1st</u>
5.375%	\$18,000	2012
4.300%	\$19,000	2013
4.300%	\$20,000	2014
4.300%	\$21,500	2015
4.300%	\$22,000	2016
4.300%	\$23,500	2017
4.300%	\$24,000	2018
4.300%	\$25,000	2019

Section 2. Section 15 is amended to state as follows:

Section 15. Debt Certification. After its adoption, a copy of this Resolution shall be filed in the office of the County Auditor of Washington County to evidence the pledging of the Washington Urban Renewal Project Area 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 Auditor shall thereafter allocate the taxes in accordance therewith and in accordance with the Ordinance referred to in the preamble hereof.

It is hereby certified that, subject to such limitations as provided by in Section 403.19 of the Code of Iowa, the annual amount to be certified on or before December 1, for collection in incremental taxes pursuant to Section 403.19(2) of the Code of Iowa, shall be not less than the maximum amount so collectible, as follows:

<u>December</u>	<u>Amount</u>
2012	\$25,665
2013	\$25,848
2014	\$26,488
2015	\$26,064
2016	\$26,618
2017	\$26,107
2018	\$26,075

Section 3. Except as amended herein, all of the other terms and conditions of the Agreement are in all respects ratified, confirmed and approved and shall remain in full effect.

IN WITNESS WHEREOF, we have hereunto affixed our signatures all as of the \_\_\_\_\_ day of \_\_\_\_\_, 2012.

CITY OF WASHINGTON, IOWA

(SEAL)

By: \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

CEDAR RAPIDS BANK & TRUST CO.  
Cedar Rapids, Iowa

By: \_\_\_\_\_

(SEAL)

# 92-887

## CITY BUDGET AMENDMENT AND CERTIFICATION RESOLUTION

To the Auditor of WASHINGTON County, Iowa:

The City Council of Washington in said County/Counties met on May 30, 2012, at the place and hour set in the notice, a copy of which accompanies this certificate and is certified as to publication. Upon taking up the proposed amendment, it was considered and taxpayers were heard for and against the amendment.

The Council, after hearing all taxpayers wishing to be heard and considering the statements made by them, gave final consideration to the proposed amendment(s) to the budget and modifications proposed at the hearing, if any. Thereupon, the following resolution was introduced.

RESOLUTION No. \_\_\_\_\_

**A RESOLUTION AMENDING THE CURRENT BUDGET FOR THE FISCAL YEAR ENDING JUNE : 2012**  
(AS AMENDED LAST ON \_\_\_\_\_.)

**Be it Resolved by the Council of the City of Washington**

Section 1. Following notice published \_\_\_\_\_ and the public hearing held, May 30, 2012 the current budget (as previously amended) is amended as set out herein and in the detail by fund type and activity that supports this resolution which was considered at that hearing:

	Total Budget as certified or last amended	Current Amendment	Total Budget after Current Amendment
<b>Revenues &amp; Other Financing Sources</b>			
Taxes Levied on Property 1	2,796,288	0	2,796,288
Less: Uncollected Property Taxes-Levy Year 2	0	0	0
<b>Net Current Property Taxes 3</b>	<b>2,796,288</b>	<b>0</b>	<b>2,796,288</b>
Delinquent Property Taxes 4	0	0	0
TIF Revenues 5	331,700	40,000	371,700
Other City Taxes 6	736,057	0	736,057
Licenses & Permits 7	105,150	0	105,150
Use of Money and Property 8	20,928	0	20,928
Intergovernmental 9	17,765,979	0	17,765,979
Charges for Services 10	3,775,337	0	3,775,337
Special Assessments 11	0	0	0
Miscellaneous 12	0	0	0
Other Financing Sources 13	2,724,241	851,557	3,575,798
<b>Total Revenues and Other Sources 14</b>	<b>28,255,680</b>	<b>891,557</b>	<b>29,147,237</b>
<b>Expenditures &amp; Other Financing Uses</b>			
Public Safety 15	1,507,821	129,700	1,637,521
Public Works 16	1,837,300	0	1,837,300
Health and Social Services 17	0	0	0
Culture and Recreation 18	838,040	16,600	854,640
Community and Economic Development 19	99,013	0	99,013
General Government 20	1,100,396	0	1,100,396
Debt Service 21	1,183,213	0	1,183,213
Capital Projects 22	16,734,800	0	16,734,800
Total Government Activities Expenditures 23	23,300,583	146,300	23,446,883
Business Type / Enterprises 24	2,709,062	0	2,709,062
<b>Total Gov Activities &amp; Business Expenditures 25</b>	<b>26,009,645</b>	<b>146,300</b>	<b>26,155,945</b>
Transfers Out 26	2,724,241	851,557	3,575,798
<b>Total Expenditures/Transfers Out 27</b>	<b>28,733,886</b>	<b>997,857</b>	<b>29,731,743</b>
<b>Excess Revenues &amp; Other Sources Over (Under) Expenditures/Transfers Out Fiscal Year 28</b>	<b>-478,206</b>	<b>-106,300</b>	<b>-584,506</b>
Continuing Appropriation 29	0	N/A	0
Beginning Fund Balance July 1 30	3,412,000	0	3,412,000
Ending Fund Balance June 30 31	2,933,794	-106,300	2,827,494

Passed this \_\_\_\_\_ day of \_\_\_\_\_  
(Day) (Month/Year)

\_\_\_\_\_  
Signature  
City Clerk/Finance Officer

\_\_\_\_\_  
Signature  
Mayor

City of Washington- FY2011-12- Budget Amendment #2  
 Summary for Council

<u>Items Requiring Council Approval</u>	<u>Offsetting RV</u>	<u>RV Source</u>	<u>Other Notes</u>
Police Wages	68,000.00	0.00 N/A	- Budget errors plus overages (officer @ Academy)
Police Staff Development	22,000.00	0.00 N/A	- Overage (Kaplan, dues, ILEA for B. Johnson)
Police Repairs	30,000.00	0.00 N/A	- Overages in vehicle repair, telecommunications
Fire Wages	9,700.00	0.00 N/A	- Officer pay unbudgeted
Parks Employee Benefits	5,000.00	0.00 N/A	- Budget error
Parks Repairs & Maintenance	9,000.00	0.00 N/A	- Overage in Grounds Maintenance
Pool Supplies	2,600.00	0.00 N/A	- Overage in Supplies
LOST Transfers Out	715,000.00	Local Option Taxes	- Unbudgeted
TIF #6 Transfers Out	40,000.00	Biodiesel TIF Revenue	- Revenues higher than expected
<b><u>Previously Approved Expenditures</u></b>			
TIF #1 Transfer to General	96,557.00	N/A	- Approved by Resolution- 4/18/12
<b>Total</b>	<b>\$997,857.00</b>		

<u>Transfers (Included Above)</u>	<u>From</u>	<u>Out Amount</u>	<u>To</u>	<u>In Amount</u>	<u>Purpose</u>
TIF #1		96,557.00	General	96,557.00	FY11 Audit Followup
Local Option (LOST)		715,000.00	General	715,000.00	Unbudgeted
TIF #6		40,000.00	General	40,000.00	Higher than expected revenues
		851,557.00		851,557.00	



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205 West Main Street ▪ Washington, IA 52353 ▪ (319) 653-3272 ▪ Fax (319) 653-5805

May 25, 2012

City of Washington  
Washington City Council  
215 E Washington Street  
Washington, IA 52353

Dear Council Members,

The Washington Chamber of Commerce is in full swing to plan the 65<sup>th</sup> Ridiculous Day that has become tradition in downtown Washington. Ridiculous Day is a retail activity that has traditionally been planned and implemented by the Chamber of Commerce. Main Street Washington took on this annual event for the past 3 years and we are excited to see its return to the Chamber of Commerce agenda.

This year the Washington Chamber of Commerce will partner with Main Street and Washington merchants in efforts to capture the essence of the 1<sup>st</sup> Ridiculous Day and focus solely on the business conducted in Washington. We plan to invite businesses throughout the city to fill the downtown sidewalks with sales and informational booths with businesses and service clubs representing the entire community of Washington. We believe that if all spaces are filled on the sidewalks with businesses it will attract new visitors and tourists to downtown Washington and of course help to make the cash register ring.

In order for this year's Ridiculous Day to be a success we ask for your help. The Washington Chamber of Commerce requests that you block parking around the square on Saturday, June 2<sup>nd</sup> for a safe and fun parade. We also ask to block parking on Washington Boulevard from S Avenue B to S Avenue F for parade line-up. Please see the attached map for the parade route and parking areas that we request to be blocked.

As we have done in the past the Washington Chamber of Commerce will coordinate the street closures and blocked parking with the Washington Police Department. Any logistical concerns will be addressed by the Chamber Retail Committee prior to the event's start.

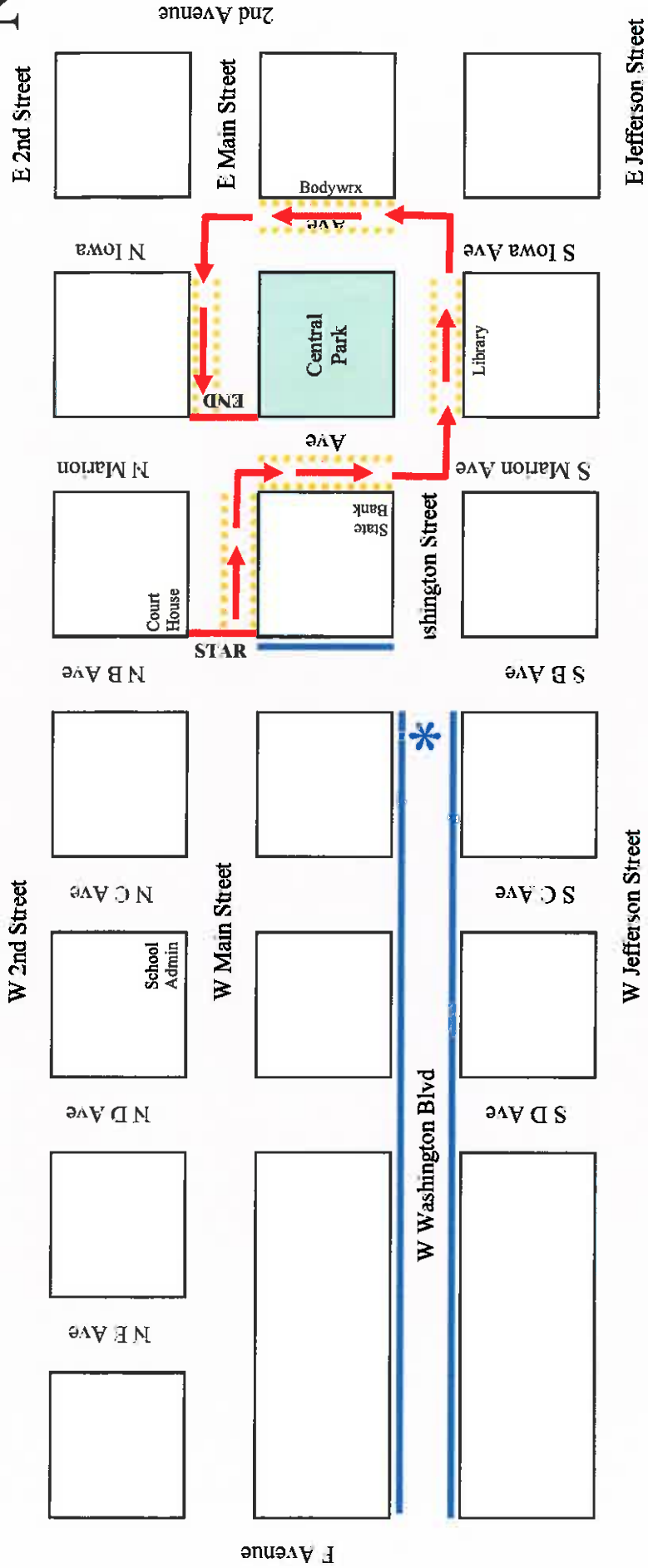
Thank you for your time and consideration in helping to make a successful Ridiculous Day!

Sincerely,

Michelle Peiffer  
Executive Director

ADDENDUM:

For the food vendors and all you can eat pancake fundraiser, we request the opportunity to block the parking along one side of the square to allow for a grouping of picnic tables. We suggest the West side of the square, which is South Marion from Main Street to Washington Street.



**\* Parade Entry Registration**

**— Parade Line Up (parking reserved 12pm-2pm)**

**→ Parade Route**

**..... Reserved Parking (12pm—2pm)**

# THE CITY OF WASHINGTON

*"Cleanest City in Iowa"*

Sandra Johnson, Mayor  
Brent Hinson, City Administrator  
Illa Earnest, City Clerk  
Craig Arbuckle, City Attorney

215 E. Washington St.  
Washington, IA 52353

319-653-6584  
Fax Only 319-653-5273

## Memorandum

May 25, 2012

To: Mayor & City Council  
Cc: Illa Earnest, City Clerk

FROM: Brent Hinson  
City Administrator



Re: Downtown Recycling

On Thursday, May 24, I met with Amy Vetter and Suzanne Ackermann in reference to the establishment of recycling for downtown residents. Suzanne conducted a survey of downtown residents to determine the level of interest in recycling (the results are attached). The City Council has had a number of conversations in the past several years about implementing such a program, and approved funding for the purchase of a recycling trailer in the FY12-13 budget for this purpose.

My conversation with Amy and Suzanne indicates that perhaps interest might lie more in a permanent site (they have suggested behind the library), rather than the rotating-site trailer that was discussed during budget. Obviously, in any scenario, we will need to take steps to limit illegal dumping and related issues, but any permanent site would need to be well lit and easily accessible for residents.

I have invited representatives from Luke Waste Management to be present at the meeting to assist in discussion on this possible program.

Brent



## DOWNTOWN RECYCLE SURVEY

WASHINGTON, IA

FEBRUARY THRU APRIL 2012

PREPARED BY SUZANNE ACKERMANN

### Overview:

Attached are copies of the surveys used for the building owners and residents. This report is separated into eight general areas clustered around the alley which the dwellings share. Except for 2 apartments and 2 buildings all the residences are upper floor apartments. Seven dwellings are Spanish speaking but income level factors as the only discrimination in answers to the survey. Those who would not recycle if it were available were approximately 5% and were mostly residents of the more humble dwellings.

**Approximately 114 residents** live in commercial zones housing in the Main street District. All those in favor of recycle would use it a minimum of once a week. Most were willing to attend a meeting or help to establish downtown recycle.

Building owners were contacted first and some chose to survey their own residents.. This created swift comprehensive results. Every building owner except one was willing to have their residents participate. On at least 7 occasions there was a misconception that recycle would be provided for the whole building , including the commercial part, so a very clear delineation was expressed by the surveyors. Five dwellings are already recycling due to the owner's inclusion in their own recycle solutions. Two residents currently recycle to the county Site but would rather not have to tote and drive to do it.

**There are 8 clusters or neighborhoods centered around common alleys and sharing common issues.**

**As a preliminary step we recommend 2 permanent recycle sites.**

**Site One would be located behind the library where there is good lighting and already a regular pick up service.**

This site would serve the following clusters:

1. This block includes the library and houses **42 people** . Everyone but one agreed they would recycle a minimum of once a week to the alley if service was available. The library expressed a desire to house a permanent site and most of the residents echoed this sentiment.
2. The Mc Connell I block in the 200 W. Washington wing of the square has 6 people very supportive of downtown recycle and 2 apartments of Spanish speakers who did not give input on this survey.

3. The E Washington 100 block south side of the street was the most diverse block. Horak's are willing to house a site for their tenants only and prefer permanent containers. Country market recycles for their residents and is happy to continue. Mark Kendal would recycle and suggested the city lot on the north side of the square as a permanent site. Other housing in that block yielded no responses from owners or residents.
4. The E Washington 100 block north side has a favorable response from the owners and 2 of the 3 residents. No site was suggested.

**Site Two would be located on the city parking lot in the first block of North Marion .**

This site would serve the following clusters:

5. The Village Block houses approximately 20 people in apartments on the east and north sides. (excluding the Chinese who were not surveyed at this time). West of the alley beyond Bev Allen's buildings was a zone very hard to find at home or answering the door,. The response I did get was a general frustration with conditions that were not related to the survey directly. Everyone else surveyed was eager to recycle in any form they could receive it. Yet, serious and numerous doubts about success sited frequent frustrations with the current trash pick-up process which is sabotaged on a regular basis in a number of ways. This cluster could actually use either permanent site.
6. One other cluster remains in the West 200 blocks of the zoned district. This is the Taylor Rentals Building. Six people responded to the survey, all but one, were enthusiastic. The owner, Ann Taylor, expressed frustration because she has several elderly tenants and has wanted for a long time to be able to keep a collection cart inside her back door to serve her tenants who do not go out much in the winter months. She would gladly put it out for collection.
7. The 100 West Main block was 100% agreeable to recycle. Seven people would take it out their back door and even to the city parking site.
8. By far the most verbal in favor of downtown resident recycle was the North side of 100 E Main building owners. A possible site for collection was suggested as the back of the lot owned by Mike Rowe. That would make it clear of the funeral home parking and not crown the current dumpster behind KCII.

**Summary:**

**There is support and concern in the district among those who are favorable to using a recycle service.** Some concerns are common to all recycle and include tampering issues. Another very valid issue is the

winter and exterior stairs ,he frustration of timing if the service is a rolling container. If a resident goes to take their items down and the bin is not there , will they just dump it, give up and not try again, or add it to someone else's containers? Very few would like a roving pick-up that they have to time their removal of items . this is because apartments are very small and storage of complied sorted items is sometimes difficult.

Support includes at least 50% who should attend a meeting , would recycle at least once a week, would make every effort to co-ordinate with a roving pick-up if that is their only recourse, and encourage usage (possibly even common storage) in their housing site.

## WHAT IS TAX INCREMENT FINANCING?

### Questions and Answers About TIF

Robert E. Josten  
Dorsey & Whitney  
801 Grand Avenue, Suite 3900  
Des Moines, Iowa 50309  
(515) 283-1000  
josten.robert@dorsey.com

1. Q: What is tax increment financing?  
A: Tax increment financing is a method of reallocating property tax revenues which are produced as a result of an increase in taxable valuation above a "base valuation" figure within a tax increment area. Until the tax increment debt within an area has been repaid, tax revenues produced by property tax levies imposed on the increased taxable valuation by a city, county, school district, area school or any other taxing jurisdiction are all allocated back to the city or county which has established the tax increment area, and must be spent by that jurisdiction for projects within that area.
2. Q: What is the statutory authority for tax increment financing?  
A: Chapter 403 of the Code of Iowa, the Urban Renewal Law. Major amendments to Chapter 403 were enacted in 1994 which changed many tax increment requirements as of January 1, 1995. Most of these are discussed below, along with later amendments which made it more possible for cities and counties to use tax increment revenues to finance public improvements related to private housing development.
3. Q: Which jurisdictions may create tax increment financing areas?  
A: Both cities and counties may exercise general tax increment powers.
4. Q: Why do cities or counties create tax increment financing areas?  
A: Tax increment financing areas are created as a means to maximize property tax dollars within particular areas, in order to pay the cost of public improvement projects (streets, water, sewer, etc.) or to make direct economic development grants or loans to private enterprise as an incentive to locate within the tax increment financing area. The funds must be spent within the area and may not be used by cities or counties to supplement their general operations.
5. Q: What is the difference between tax abatement and tax increment financing?  
A: Property tax abatement (authorized by both Chapter 404 and Chapter 427B of the Code of Iowa) provides an incentive for property owners to make improvements to property by exempting the resulting increase in valuation from property taxation for a period of time. The new valuation is "abated" and is, therefore, not subject to tax. Under tax increment financing, all increases in value are subject to the total consolidated property tax levies of all local taxing jurisdictions, but those revenues which are produced from the increased (or incremental) valuation are allocated back to the city or county which has established the tax increment area, and those revenues must be spent for projects within the tax increment area.

6. Q: May cities or counties have both tax abatement and tax increment areas?
- A.: Yes, but, as explained above, the concepts are basically contrary to each other and should be combined only after careful planning and consideration. For example, it will be difficult to repay tax increment debt if all the potential incremental value has been abated.
7. Q: What is the process for establishing an urban renewal/tax increment financing area and obtaining TIF revenues?
- A:
- a. identify the boundaries or legal description of the proposed area
  - b. determine if the conditions in the area qualify the area to be designated a "slum," "blighted" or "economic development" area, as defined in Chapter 403
  - c. prepare an urban renewal plan outlining objectives to be accomplished within the area
  - d. set a date for a public hearing by the City Council or Board or Supervisors
  - e. refer plan to the local plan and zoning commission for review
  - f. send a copy of the plan and the notice of hearing to each of the other affected taxing entities (counties, local schools and area colleges) and schedule a date and time for a "consultation session" with those other affected taxing entities
  - g. hold public hearing
  - h. adopt resolution approving urban renewal plan
  - i. adopt ordinance designating tax increment area
  - j. incur debt (see question 15)
  - k. file annual TIF debt certification with county auditor
8. Q: Must a city or a county receive permission from any other governmental entity before establishing a tax increment area?
- A: No, under most circumstances. However, a city must receive permission from a county in order to include property in a city tax increment area which is located up to two miles outside its city limits, and a county must receive permission from a city in order to include property in a county tax increment area which is located within two miles of a city's boundaries. In addition, a city or county is required to notify other taxing jurisdictions of its intent to create or amend a tax increment area and to give those jurisdictions an opportunity to comment on a proposed tax increment plan (see 7f above). There is no sign-off required by any State agency for the establishment of a tax increment area.
9. Q: Are there any restrictions on types of property that may be included in an urban renewal area?
- A. No, any category of real property may be included in an urban renewal area, but owners of agricultural land, as defined in Section 403.17 of the Code of Iowa, must give specific permission before that land may be made part of a city or county urban renewal area.
10. Q: What is the "base valuation" date for a tax increment area?
- A: The "base valuation" date is the starting point from which incremental value is calculated. For tax increment areas created prior to January 1, 1995, the base valuation date is January 1 of the calendar year prior to the year in which the tax increment designation ordinance was adopted. For plans approved after January 1, 1995, the base valuation date is January 1 of the calendar year prior to the year in which tax increment debt is first certified to the county auditor.
11. Q: What is the formula for determining the amount of incremental value which exists within a tax increment area?

- A. Incremental values are determined each year by subtracting the taxable valuation which existed on the base valuation date from the taxable valuation on the most recent tax roll. That difference is the incremental value.
12. Q: How are annual tax increment revenues determined?
- A: The amount of incremental valuation is multiplied by the consolidated property tax levy (city, county, school district, area college). The revenues produced from local debt service levies must be subtracted, because these are returned to each taxing jurisdiction in order to pay outstanding general obligation debt, and these revenues do not become part of the tax increment revenues. In addition, regular and voter-approved school physical plant and equipment (PPEL) levies are also subtracted and do not become part of the TIF revenues. The remaining revenues are allocated to the city or county which has established the tax increment area.
13. Q: What are the time limits on the collection and use of tax increment revenues?
- A: For all tax increment areas established prior to January 1, 1995, and for areas established after January 1, 1995, based on a finding of slum or blight, there is no statutory limit on the period of time for which the revenues may be collected and used. For areas established after January 1, 1995, based on a designation of economic development, tax increment revenues may be collected for no more than twenty years. For housing projects in economic development areas, there is a basic ten year limit, which may be increased to fifteen years (see next question).
14. Q: What are the restrictions on the use of tax increment financing to assist in the development of new housing?
- A: For tax increment areas established on a finding of slum or blight (see Question 7 above), there are no restrictions. With some minor exceptions, for tax increment areas established on an economic development finding, tax increment revenues may be used to finance the cost of public improvements related to housing, without regard to the cost of the homes or the income levels of the ultimate owners. However, an amount of funds equal to a certain percentage of the tax increment revenues that benefit a project must be used by the city or county to provide assistance related to housing for families whose incomes do not exceed 80% of the median income in the county. These funds for low and moderate assistance are not restricted to being spent inside the tax increment area but may be spent anywhere in the city or county. For cities or counties above 15,000 population, tax increment revenues from these projects may not be collected for more than ten years. For cities or counties under 15,000 population, collection may be possible for fifteen years, if all other affected taxing entities agree to the extension of time.
15. Q: How can tax increment projects be financed?
- A: Various types of debt are possible, including general obligation debt, pure tax increment revenue debt, internal loans between governmental funds and “rebate agreements”, in which all or a portion of annual tax increment revenues are paid back to developers. Rebate agreements are particularly useful for residential developments.
16. Q: Does debt payable from incremental taxes count against a city’s or county’s constitutional debt limit?
- A: Yes, it does. While Section 403.9 of the Code of Iowa contains language which states that such debt does not count against a constitutional debt limit, the Iowa Supreme Court ruled in 1975 that tax increment debt must be counted against a city’s or county’s constitutional debt limitation. However, if an “annual appropriation” clause is included in a bond issuance resolution or a rebate agreement, only annual payment amounts must be counted against a constitutional debt limit.

17. Q: How does tax increment financing affect local school districts?
- A: First, all debt service tax levies, as well as regular and voter-approved physical plant and equipment (PPEL) tax levies, are “protected,” which means that funds produced from those levies go to the school district and do not become tax increment revenues. Second, because of the state foundation aid program that funds a portion of each local school district’s general operating budget, only school districts that have significant general fund tax levies above \$5.40 per \$1,000 of valuation are likely to be seriously affected by a city or county tax increment financing district.
18. Q: May urban renewal/tax increment areas be expanded or combined with other areas, and, if so, what are the implications for the original area?
- A: New property may be added to existing urban renewal/tax increment areas, and separate areas may be combined or consolidated. It is not necessary that the new property be contiguous to the existing urban renewal area. The same process must be followed as that for creating the original area, including hearing and consultation session with other taxing entities. The areas which are added will be subject to the statutory rules in effect on the date that they are added, but the original district will not be affected. The property which is added will probably have a different base valuation date than the base valuation date for the original district.
19. Q: If a city or county has several separate urban renewal areas, may funds from any area be spent in any other area?
- A: Assuming that tax increment areas have not been combined or consolidated, as discussed above, and that the city or county wants its urban renewal areas to remain legally separate, funds must be spent within the boundaries of the urban renewal area from which they are derived, and, if there is more than one urban renewal area, the funds from one area may not be spent within another area.
20. Q: Is interest on tax increment debt exempt from federal or state income taxes?
- A: Depending upon the purposes for which the funds are expended, interest income on tax increment debt may be exempt from federal income taxation, as well as from state income taxation. If funds are used to make an economic development loan and/or if security is provided by a private enterprise, in the form of, for example, a minimum assessment agreement, or if TIF funds are not used for public improvements, the interest income may not be exempt from federal taxation, but it may still qualify for state tax exemption.
21. Q: May cities establish tax increment areas outside their city limits?
- A: Cities may include property located up to two miles outside their city limits in tax increment areas, but only after obtaining the consent of the County Board of Supervisors and any owners of agricultural land.
22. Q: What are the limitations on the establishment of county tax increment areas?
- A: County boards of supervisors may establish tax increment areas for projects in any area which is at least two miles outside the city limits of any city. In addition, with the agreement of a city council, a county board of supervisors may also establish a tax increment area within two miles of the city limits of a city, or inside the city.



To see all the details that are visible on the screen, use the "Print" link next to the map.







To see all the details that are visible on the screen, use the "Print" link next to the map.

