

Committee-of-the-Whole Agenda

6:30 p.m.

Tuesday, April 1, 2014

Mayor's Board Appointments

- Mayor's appointment of Adam Holland to the Keep Moline Beautiful Commission to fill the unexpired term of Pam Owens to expire November 30, 2015.
- Mayor's appointment of David Parker, Jr. to the Moline Housing Authority Board to fill the unexpired term of Jennifer Ainsworth to expire July 31, 2016.
- Mayor's reappointment of Greg Masias, Jan Erikson-Vroman and Elizabeth Finch to the Youth Commission for a full three year term to expire March 31, 2017.

Presentation

Recognition of April 2014 Neighbor of the Month Winners:

- Residential – Juan Villagomez, 432 8th Street;
- Commercial – Springfield Electric Supply Company, 2601 5th Avenue. (Katherine Kornaus, Community Development Intern)

Agenda Items

- 1. Authorization to cede 2014 Home Rule Volume Cap.** (Kathy Car, Finance Director)
- 2. Other**

Explanation

1. Authorization to cede 2014 Home Rule Volume Cap. (Kathy Car, Finance Director)

Explanation: As a home rule municipality, the City of Moline has received a direct allocation in 2014 in an amount equal to \$100.00 multiplied by its population. The 2014 State of Illinois Allocation Guidelines identified Moline's population at 43,259 therefore the 2014 Volume Cap allocation is \$4,325,900.

By utilizing the authority, a manufacturer can obtain tax-exempt funds (lower interest rate and exempt from federal income taxation) for a new plant or plant expansion. Tax exempt private activity bonds may also be issued under certain conditions for residential rental property, first time home buyers programs, airports, docks, wharves, mass commuting facilities, high-speed intercity rail facilities, sewage, solid waste or hazardous waste disposal facilities, environmental enhancements of electric energy or gas, facilities for furnishing of water, or local district heating or cooling facilities.

In 1996, City Council adopted a policy with respect as to how the City's authority should be utilized. A copy of this policy and the history of Moline's allocations are included in the packet. The only request received for 2014 is from the Quad Cities Regional Economic Development Authority.

If the City does not obligate this allocation by May 1, 2014, it is automatically turned over to the State of Illinois for reallocation to other entities statewide.

Staff Recommendation:	Approval
Fiscal Impact:	Increased property values
Goals Impacted:	Financially Strong City; Strong Local Economy



QUAD CITIES REGIONAL ECONOMIC DEVELOPMENT AUTHORITY

622 Nineteenth Street ♦ Moline ♦ Illinois 61265 ♦ Tel: 866-325-7525 ♦ Web: www.qcreda.com

March 5, 2014

The Honorable Scott Raes
Mayor
City of Moline
619 16th Street
Moline, IL 61265-2121

Dear Mayor Raes:

The Quad Cities Regional Economic Development Authority (QCREDA) respectfully requests consideration for the transfer of your 2014 Home Rule Volume Cap to QCREDA for economic development and housing projects. We have mutually benefited from working with other communities that have allowed QCREDA to successfully issue over \$171,480,000 in bonds that have created over 2,100 jobs.

QCREDA has developed relationships with home rule communities and other regional development authorities in working together to accommodate the Volume Cap needs of their projects. Some years, we have more projects than Volume Cap and other years we have more Volume Cap than projects. At the end of the calendar year, Volume Cap can be carried forward for three years, but once carried forward, it can no longer be transferred. We have developed a mutually beneficial relationship between communities, counties and other regional development authorities to graciously share this valuable resource for the benefit of the region. We feel it is fair to help a neighbor that has helped us in the past. The rising tide raises all of the boats.

As you may be aware, home rule communities receive a direct allocation in 2014 equal to their population times \$100. The 2014 State of Illinois Allocation guidelines identify Moline's population at 43,259, so your 2014 Volume Cap Allocation is \$4,325,900. You are required to obligate this allocation by May 1st of each calendar year or it automatically goes back to the State of Illinois for reallocation to other entities in June of each calendar year. If the City of Moline would consider passing an ordinance transferring their 2014 allocation to QCREDA prior to May 1st, then QCREDA would be able to keep this cap until December 31st. This action would allow the City to maintain control of their Volume Cap past May 1st.

QCREDA is interested in serving in this capacity in order to develop a relationship with Home Rule Communities to be able to trade cap in up and down years. We respectfully request if you have no need for the cap by September 1st that you allow us to use it to benefit the residents of QCREDA. If the City is interested, I have taken the liberty of enclosing a draft ordinance for you to review. I am available to meet with any city official you wish regarding this matter. Please call me if you have any questions.

Sincerely,

Andrew Hamilton
Executive Director

ORDINANCE
A SPECIAL ORDINANCE AUTHORIZING THE CEDING
OF PRIVATE ACTIVITY
BONDING AUTHORITY

WHEREAS, the Internal Revenue Code of 1986 provides that the amount of private activity bonds which may be issued by the City of Moline (“City”) as a constitutional home rule unit is equal to its population multiplied by \$100.00; and

WHEREAS, the Illinois Private Activity Bond Allocation Act (30 ILCS 345/1 et seq.) provides, among other things, that the corporate authorities of any home rule unit may reallocate to a state agency any portion of its unused allocation of volume cap; and

WHEREAS, the City of Moline has available year 2014 volume cap and desires to utilize this cap in cooperation with the Quad Cities Regional Economic Development Authority (QCREDA) to support the projects that will create jobs and expand the City’s tax base;

NOW THEREFORE, be it ordained by the City Council of the City of Moline, Illinois:

Section 1. Consent to Reallocate to QCREDA. The City hereby agrees to reallocate to the Quad Cities Regional Economic Development Authority its 2014 private activity volume bonding cap in the amount of \$4,325,900. Said private activity volume bonding cap shall be used to support projects that will provide job opportunities and new investments.

Section 2. Letter of Agreement. The City Finance Director is hereby authorized to execute a letter of agreement with QCREDA consenting to such allocation on behalf of the City as authorized.

Section 3. Maintaining Records. The City Finance Director is hereby authorized to maintain such record of the allocation for the term of the bonds issued pursuant to such allocation.

Section 4. Notice. The Mayor shall provide notice of such allocation to the Office of the Governor.

Section 5. Effective Date. This ordinance shall be effective from and after its passage.

Signed: Mayor

Passed

Attest: City Clerk

Approved

Date

Office of the Governor
Governor's Office of Management and Budget
603 Stratton Building
Springfield, IL 62706
Attention: Debt Management Unit

Re Issuer: City of Moline

Total 2014 Volume Cap Allocation: \$4,325,900

Volume Cap Allocations granted, transferred, or reserved by Issuer resolution prior to May 1, 2014:

- | | |
|---|--|
| 1. Principal Amount of Issue: | 0 |
| Bond Description | N/A |
| 2. Total Allocation Granted or Reallocated: | \$4,325,900 |
| Reallocated to: | Quad Cities Regional Economic
Development Authority |

See attached ordinance.

Sincerely,

CITY OF MOLINE

POLICY ON CEDING OF HOME RULE VOLUME CAP

- 1. Home Rule Volume cap will first be used to support any eligible economic development project within the City of Moline.** Private activity bonds allow a business to access below market rate financing for an eligible activity. Current IRS rules restrict the types of uses for private activity bonds to manufacturing projects. These bonds may be issued under certain conditions for residential rental property, airports, docks, wharves, mass communing facilities, high-speed rail facilities, sewage, solid waste or hazardous waste disposal facilities, environmental enhancements of hydroelectric generating facilities, facilities for the local furnishing of electric energy or gas, facilities for the furnishing of water, or local district heating or cooling facilities. As there is a value to the City to be able to offer this type of financing for appropriate projects, it therefore shall be retained as long as possible prior to the May 1st deadline for ceding of authority.
- 2. If no economic development projects are identified prior, the City of Moline will consider ceding its authority to another area community for a pending economic development project.** A neighboring Illinois community may request volume cap to undertake an economic development project. It would be possible that the project could have some benefit to Moline residents (i.e. job creation). Therefore, if the City has no use for its authority and a neighboring community does, the cap would be ceded to the neighboring community.
- 3. If volume cap is not used to support an economic development project within the City of Moline or is not ceded to another area community for a pending economic development project, the City's volume cap will be ceded to the Quad City Regional Economic Development Authority.** Ceding the authority to QCREDA has several advantages. First, it allows the City to control its use until September of each year thereby extending the opportunity to use the volume cap as an economic development tool. Second, it avoids the volume cap allocation reverting to the State and its use completely out of the City's control. Finally, if the volume cap is not used by the City and can be used by QCREDA, it ensures that the project will be used within QCREDA's area of coverage (Rock Island, Henry, and Mercer Counties) with the potential to provide some area-wide or indirect benefit to the City of Moline.

**CITY OF MOLINE
PRIVATE ACTIVITY BOND AUTHORITY HISTORY**

1989	Single Family Mortgage Program
1990	Ceded back to the State
1991	Ceded back to the State
1992	Ceded back to the State
1993	Single Family Mortgage Program
1994	City of East Moline (Water Service Extension Project)
1995	QCREDA
1996	QCREDA (Plastic Products Company)
1997	QCREDA
1998	QCREDA
2000	Single Family Mortgage Program
2001	QCREDA and Illinois Housing Development Authority (50/50)
2002	QCREDA (Heritage Woods Housing Project) and Illinois Housing Development Authority (50/50)
2003	QCREDA (Pheasant Ridge Housing Project)
2004	QCREDA (One Moline Place) and Illinois Housing Development Authority (48/52)
2005	QCREDA and Illinois Housing Development Authority (50/50)
2006	QCREDA and Illinois Housing Development Authority (33/67)
2007	QCREDA and Illinois Housing Development Authority (30/70)
2008	QCREDA (\$1.5M) IHDA (\$2,147,860)
2009	QCREDA (\$2,871,440) IHDA (\$1,000,000)
2010	QCREDA
2011	QCREDA
2012	QCREDA
2013	QCREDA