

April 28, 2015

**Proceedings of the Special Meeting of the City Council of University Heights, Iowa, held at the Horn School, 600 Koser Avenue, subject to approval by the Council at a subsequent meeting. ALL VOTES ARE UNANIMOUS UNLESS OTHERWISE STATED.**

Mayor From called the April 28, 2015, special meeting of the University Heights City Council to order at 6:30 p.m.

**Present:** Mayor From. Council Members: Carla Aldrich, Mike Haverkamp, Jim Lane, Silvia Quezada and Virginia Miller. Staff present: Attorney Ballard and Clerk Anderson. Also attending: Pat Bauer, Justin Doyle, Peter Fisher, Joe Frankel, Josh Gahn, Stepheny Gahn, Clayton Hargrave, Tom Jackson, Catherine Lane, Jeff Maxwell, Kevin Monson, Mary Schmidt, Rich Schmidt, Deb Wretman, Rich Wretman, Ken Yeggy and Pat Yeggy.

From thanked Horn School and the Iowa City School staff for providing the meeting space and council member Haverkamp for setting up the meeting space.

Consideration of Resolution No.15-19, authorizing the mayor to sign an agreement with Iowa Network Services, Inc. permitting the location, installation, operation, and maintenance of fiber optic cable within the City right-of way along Melrose Avenue was tabled. Iowa Network Services, Inc. informed the city that the agreement was no longer needed.

**MOTION** by Haverkamp, seconded by Lane, to approve Resolution No. 15-20, setting a public hearing on the PUD Plan Application submitted by Jeff Maxwell, for One University Place. **Carried.**

Aldrich - Aye	Miller - Aye
Haverkamp - Aye	Quezada - Aye
Lane - Aye	

The meeting will be held May 27, 2015 at 7:00 pm; location to be determined.

**MOTION** by Quezada, seconded by Aldrich, to approve Resolution No. 15-21 appointing Stan Laverman as Rental Housing Inspector for the City of University Heights. **Carried.**

Aldrich - Aye	Miller - Aye
Haverkamp - Aye	Quezada - Aye
Lane - Aye	

The special meeting was adjourned **by unanimous consent at 6:42 p.m.**

**WORK SESSION**

Mayor From called the April 28, 2015, work session meeting of the University Heights City Council to order at 6:43 p.m.

Council member Quezada introduced Dr. Peter Fisher, Research Director at the Iowa Policy Project. Dr. Fisher is involved in research, writing and outreach on state tax and budget issues. He has authored or co-authored many of the Iowa Fiscal Partnership reports and guest opinions on state tax policy.

Dr. Fisher presented a PowerPoint presentation to the council. Fisher stated that TIF usage has changed “from its original intent, as a tool to help cities revitalize depressed areas and to expand a region’s economic base”. TIF is not automatically an abatement of taxes; taxes are still collected on a property. The distribution of the taxes is diverted from the general funds of the city, county and school district to the city TIF fund. Only taxes on the base that existed before a TIF, and debt levies, keep going to the county and the schools. Once a TIF ends, the county and schools benefit from the higher tax base.

Fisher showed a TIF map for the city of Solon, Iowa. Most of the city has been designated a TIF area, including commercial buildings on Main Street, as well as newly developed residential subdivisions and new commercial areas on the along Highway 1. Fisher commented that by designating most of the town in a TIF, it “allows them to finance city services with revenues from other places”.

Fisher showed a map outlining school district boundaries. When municipalities, within the Clear Creek Amana (CCA) school district, TIF part of their tax base, there is a resulting increase in CCA taxes spread over a wide area of Johnson County. Any increase in county taxes is spread county-wide to everyone. Fisher believes the people benefitting from a TIF project should be the ones paying for it.

Fisher recommended that TIFs be 1) project based, 2) when the project costs are paid, the TIF ends, 3) rebates do not exceed what is justified, 4) do not use TIF to finance a project that could not be financed on its own, and 5) do not use TIF to pay general costs for a city.

Quezada asked how a council can project how much a TIF will increase the property tax base. Fisher said the goal should be to increase revenue and not the tax base. Council member Haverkamp stated that the TIF district will be limited to the One University Place (OUP) property and have a definite timeframe. The property currently pays no property tax and the school district will receive revenue from the increased property tax valuation. Haverkamp stated the city would not take “anyone’s additional revenue”, as the school district currently receives no revenue from the property.

Tom Jackson, with the National Development Council (NDC), presented preliminary financial information to the council regarding the OUP development. He and the development team have looked at the size of the condos, rents for the spaces and figures with the commercial space and have been making continuous adjustments.

When you are faced with a request to use public resources in a project, how do you measure that you are committing the appropriate amount to the project. The NDC would say find the gap in a project by maximizing debt that is available to the developer; based on bankers, underwriters, cash flow projects, etc. Jackson said they are reviewing the terms of the debt that can be secured, the revenue used for debt repayment, investment of equity and any gap between debt and equity.

Jackson said the team is considering a TIF rebate for 12 years and there is discussion on when the “first increment” will begin; as opposed to the “full increment”. Jackson said the full increment will generate approximately \$125,000 in new tax revenue.

Lane reiterated that the TIF district is limited to the St. Andrew property. Jackson agreed and said it is a “project TIF” and it time-limited. Jackson said they are working on defining when the 12 year time-frame begins. A Gap closing loan is currently projected at \$4 million. There will be interest associated with the loan and there will be discussions to see if the stream of rebates will exceed the loan amount.

Haverkamp said that it was his understanding that TIF debt should not exceed 80% of a city’s bonding capacity and asked if that was valid for a rebate TIF. Lane replied that the city can organize the TIF so it is not counted towards the bonding capacity. Justin Doyle said that if there are no property taxes paid on the property, then there is no rebate paid to the developer; the rebate is not a bond and therefore will not affect the city’s bonding capacity.

Quezada asked if the development team has exhausted all other financial resources for funding the development. Jackson replied he has asked the developer to get terms sheets that match or exceed the rates, as outlined by the NDC. Based on the strength of the local market, it “is modeling an 8% return” on equity. Jackson stated after reviewing all information, there is still a gap in funding that the TIF rebate will need to cover.

Council member Miller asked if the city could partner with the development team, given the strength of the local market, and share in any revenues over projections for condo sales or rentals. Doyle said participation would be considered for the upside and downside of the futures sales and rentals.

**Public Input:** The following addressed the council with their concerns and questions:

Rich Schmidt – 207 Mahaska Drive  
Clayton Hargrave – 11 Glencrest Drive  
Josh Gahn – 62 Highland Drive

Joe Frankel – 323 Koser Avenue  
Justin Doyle - Member of the Maxwell development team

From thanked Fisher and Jackson for coming to the meeting.

The meeting was adjourned **by unanimous consent at 8:27 p.m.**

---

**Attest: Christine Anderson, City Clerk**

---

**Approved: Louise A. From, Mayor**