



**Request for City Council Committee Action
From the Department of Community Planning & Economic Development**

Date: May 3, 2005

To: Council Member Lisa Goodman, Chair, Community
Development Committee
Council Member Barbara Johnson, Chair, Ways and
Means/Budget Committee

Prepared by: George Kissinger, Senior Project Coordinator

**Presenter in
Committee:** George Kissinger

Approved by: Mike Christenson, Director of Economic Development

Subject: Ivy Tower Redevelopment Project- (1) approval of Modification No. 2 to the Ivy Tower Tax Increment Financing Plan (resolution)- **public hearing**; (2) approval and authorization for issuance of Tax Exempt Tax Increment Revenue Bonds, series 2005, providing the form, terms, pledge of revenues and findings, covenants and directions relating to the issuance of such obligations (resolution) and; (3) approval and authorization for issuance of a Taxable Tax Increment Revenue Pay-As-You-Go Note (resolution).

RECOMMENDATION: That, subject to the required public hearing, Modification No. 2 to the Ivy Tower Tax Increment Financing Plan be approved in accordance with the accompanying resolution and that resolutions approving and authorizing the issuance of tax exempt tax increment revenue bonds in a principal amount not to exceed \$6,200,000 and a taxable tax increment revenue pay-as-you-go note in a principal amount not to exceed \$3,300,000 be approved. Also, that all other documents, as necessary to implement the forgoing, including but not limited to an assessment agreement, be authorized for execution.

Previous Directives: December 14, 2001, approval of terms and authorization of Redevelopment Agreement, approval and adoption of related Tax Increment Financing Plan and Redevelopment Plan (Resolution 2001R-516). October 1, 2002, amendment extending Developer's performance and Conditions Precedent to Acquisition under Redevelopment Agreement from February 28, 2003, to February 28, 2004, with possible further six month extension to August 31, 2004, if Redeveloper shows progress toward leasing and financing. Redeveloper to consider adding housing component in effort to enhance project feasibility. September 3, 2004, amendment to Redevelopment Agreement extending time of Developer's performance up to May 31, 2005, (up to 9 months).

Modification No. 2 to the Ivy Tower Tax Increment Financing (TIF) Plan- Public Hearing.

The original TIF Plan called for TIF assistance through the issuance of a series of taxable revenue notes payable solely from tax increment generated from the Ivy Tower TIF District and potential developer payments, subject to corporate and personal guarantees. The original TIF Plan called for such notes to be issued in an amount not to exceed \$9.5 million.

When the project development program changed from office to housing/hotel, and with recognition that the kind and structure of debt instruments that had become acceptable to the lending market had changed, the TIF Plan was amended (Modification No. 1) to allow for the issuance of tax exempt tax increment revenue bonds (payable solely from tax increment generated by the project's housing component) along with the issuance of a taxable pay-as-you-go tax increment revenue note (payable solely from tax increment generated by the balance of the project- excluding housing). Neither the bonds nor the note would be a general obligation of the City. The size of these financing instruments was, at that time (October, 2004), estimated to be approximately \$5.1 million for the bonds and approximately \$3.3 million for the note. They would, together, total no more than the original \$9.5 million amount previously approved in 2001.

As the time of issuance of the bonds and the note nears, and as the project itself is refined so as to more accurately determine both TIF capacity and project need, the TIF Plan needs to be modified to allow the project to take advantage of potential increased TIF capacity resulting from such refinements, to set the not-to-exceed amounts for both the bonds and the note and to authorize their issuance. The amounts will be no more than \$6,200,000 for the tax exempt tax increment revenue bonds and no more than \$3,300,000 for the taxable tax increment pay-as-you-go revenue note (together, totaling still no more than \$9.5 million as originally approved in 2001). See Enclosure (1), Modification No. 2 to the Ivy Tower Tax Increment Financing Plan, and accompanying approving resolution, Enclosure (2).

Ivy Tower Tax Increment Financing Bonds and Note.

See accompanying resolutions approving and authorizing the issuance of the bonds and note, providing for the form, terms, pledge of revenues and findings, covenants and directions relating to their issuance, Enclosures (3) and (4).

Encls. (4)