

(These agenda items should be incorporated with the other items in your regular agenda and posted/published as required.)

AGENDA ITEMS

Governmental Body: The City Council of the City of Mount Vernon, State of Iowa.
Date of Meeting: July 7, 2014.
Time of Meeting: 6:30 o'clock P.M.
Place of Meeting: Council Chambers, City Hall, 213 First Street NW, Mount Vernon, Iowa.

PUBLIC NOTICE IS HEREBY GIVEN that the above mentioned governmental body will meet at the date, time and place above set out. The tentative agenda for the meeting is as follows:

Mount Vernon Urban Renewal Plan

- Public hearing on the proposed Amendment No. 4 to the Mount Vernon Urban Renewal Plan
- Resolution determining an area of the City to be a blighted and economic development area, and that the rehabilitation, conservation, redevelopment, development or a combination thereof, of such area is necessary in the interest of the public health, safety or welfare of the residents of the City; designating such area as appropriate for urban renewal projects; and adopting the Amendment No. 4 to the Mount Vernon Urban Renewal Plan

Such additional matters as are set forth on the additional 2 page(s) attached hereto.
(number)

This notice is given at the direction of the Mayor pursuant to Chapter 21, Code of Iowa, and the local rules of the governmental body.



City Clerk, City of Mount Vernon, State of Iowa

July 7, 2014

The City Council of the City of Mount Vernon, State of Iowa, met in _____ session, in the Council Chambers, City Hall, 213 First Street NW, Mount Vernon, Iowa, at 6:30 o'clock P.M., on the above date. There were present Mayor _____, in the chair, and the following named Council Members:

Absent: _____

* * * * *

This being the time and place fixed for a public hearing on the matter of the adoption of the proposed Amendment No. 4 to the Mount Vernon Urban Renewal Plan, the Mayor first asked for the report of the City Administrator, or his delegate with respect to the consultation held with the affected taxing entities to discuss the proposed Plan. The Council was informed that the consultation was duly held as ordered by the Council, and that 0 written recommendations were received from affected taxing entities. The report of the City Administrator, or his delegate with respect to the consultation was placed on file for consideration by the Council.

The Mayor then asked the City Clerk whether any written objections had been filed with respect to the proposed Amendment, and the City Clerk reported that 0 written objections thereto had been filed. The Mayor then called for any oral objections to the adoption of the Amendment No. 4 to the Mount Vernon Urban Renewal Plan and 0 were made. The public hearing was then closed.

{Attach summary of objections here}

Council Member _____ then introduced the following Resolution entitled "RESOLUTION DETERMINING AN AREA OF THE CITY TO BE A BLIGHTED AND ECONOMIC DEVELOPMENT AREA, AND THAT THE REHABILITATION, CONSERVATION, REDEVELOPMENT, DEVELOPMENT, OR A COMBINATION THEREOF, OF SUCH AREA IS NECESSARY IN THE INTEREST OF THE PUBLIC HEALTH, SAFETY OR WELFARE OF THE RESIDENTS OF THE CITY; DESIGNATING SUCH AREA AS APPROPRIATE FOR URBAN RENEWAL PROJECTS; AND ADOPTING AMENDMENT NO. 4 TO THE MOUNT VERNON URBAN RENEWAL PLAN" 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 resolution duly adopted as follows:

RESOLUTION NO. 7-7-2014A

RESOLUTION DETERMINING AN AREA OF THE CITY TO BE A BLIGHTED AND ECONOMIC DEVELOPMENT AREA, AND THAT THE REHABILITATION, CONSERVATION, REDEVELOPMENT, DEVELOPMENT, OR A COMBINATION THEREOF, OF SUCH AREA IS NECESSARY IN THE INTEREST OF THE PUBLIC HEALTH, SAFETY OR WELFARE OF THE RESIDENTS OF THE CITY; DESIGNATING SUCH AREA AS APPROPRIATE FOR URBAN RENEWAL PROJECTS; AND ADOPTING AMENDMENT NO. 4 TO THE MOUNT VERNON URBAN RENEWAL PLAN

WHEREAS, by Resolution No. 9-20-93D, adopted September 20, 1993 this Council found and determined that certain areas located within the City are eligible and should be designated as an urban renewal area under Iowa law, and approved and adopted the Mount Vernon Urban Renewal Plan (the "Plan") for the Mount Vernon Urban Renewal Area (the "Urban Renewal Area" or "Area") described therein, which Plan is on file in the office of the Recorder of Linn County; and

WHEREAS, by Resolution No. 5-23-94B, adopted May 23, 1994, the Plan was amended by Amendment No. 1; and

WHEREAS, by Resolution No. 6-5-2006C, adopted June 5, 2006, the Plan was amended by Amendment No. 2; and

WHEREAS, by Resolution No. 10-7-2013A, adopted October 7, 2013, the Plan was amended by Amendment No. 3; and

WHEREAS, the Mount Vernon Urban Renewal Area currently includes and consists of:

ORIGINAL AREA

The boundaries of the Mount Vernon Urban Renewal District as originally adopted include the entire area within the corporate limits except that area described as follows:

Beginning at the intersection of South 5th Avenue and Palisades Road; then east on Palisades Road and 7th Street vacated to 1st Street; then northwest on 1st Street to A Avenue; then southwest on A Avenue to South 2nd Street; then northwest on South 2nd Street to 3rd Avenue; then northeast on 3rd Avenue to North 2nd Street; then southeast on North 2nd Street to A Avenue; then northeast on A Avenue to North 3rd Street; then southeast on North 3rd Street to the vacated Mount Vernon Short Line Right-of-Way; then northeast on the vacated Mount Vernon Short Line Right-of-Way; to North 7th Street East; then northwest on North 7th Street East to North 1st Avenue; then northeast on North 1st Avenue to the

Chicago and Northwestern Railroad Right-of-way; then west on the Chicago Northwestern Railroad Right-of-Way to 1st Street; then southeast on 1st Street to 10th Avenue; then south on 10th Avenue to College Boulevard; then southeast on College Boulevard to South 5th Avenue; then south on South 5th Avenue to the point of beginning.

AMENDMENT NO. 1 AREA

Beginning at the intersection of the CNW Railroad right-of-way and 1st Avenue North (Hwy. 1); then southwest along 1st Avenue North (Hwy. 1) to Cass Street; then west on Cass Street to 2nd Avenue North; then southwest on 2nd Avenue North to North 7th Street; then northwest on North 7th Street to Park Avenue; then north on Park Avenue extended to the CNW Railroad right-of-way; then east on the CNW Railroad right-of-way to the point of beginning;

and

Beginning at the intersection of the CNW Railroad right-of-way and 8th Avenue North; then south on 8th Avenue North to 1st Street West; then northwest on 1st Street West to the CNW Railroad right-of-way; then east on the CNW Railroad right-of-way to the point of beginning.

The areas include the full right-of-way of all streets forming their boundaries.

AMENDMENT NO. 2 AREA

That portion of the City, consisting primarily of the older residential areas, that was not included in the original Urban Renewal Area or in the area added as a result of Amendment No. 1.

With the adoption of Amendment No. 2, the entire City was included in the Mount Vernon Urban Renewal Area.

AMENDMENT NO. 3 AREA

No land was added by Amendment No. 3; and

WHEREAS, a proposed Amendment No. 4 to the Mount Vernon Urban Renewal Plan for the area described above has been prepared, which proposed Amendment is on file in the office of the City Clerk and which is incorporated herein by reference, the purpose of which is to add a proposed project to be undertaken within the Urban Renewal Area; and

WHEREAS, this proposed Amendment No. 4 to the Urban Renewal Area adds no new land; and

WHEREAS, it is desirable that the Urban Renewal Area be redeveloped as part of the activities in proposed Amendment No. 4 to the Mount Vernon Urban Renewal Plan known as the "Mount Vernon Urban Renewal Plan"; and

WHEREAS, by resolution adopted on June 2, 2014, this Council directed that a consultation be held with the designated representatives of all affected taxing entities to discuss the proposed Amendment No. 4 to the Mount Vernon Urban Renewal Plan and the division of revenue described therein, and that notice of the consultation and a copy of the proposed Amendment No. 4 to the Mount Vernon Urban Renewal Plan be sent to all affected taxing entities; and

WHEREAS, pursuant to such notice, the consultation was duly held as ordered by the City Council and all required responses to the recommendations made by the affected taxing entities, if any, have been timely made as set forth in the report of the City Administrator, or his delegate, filed herewith and incorporated herein by this reference, which report is in all respects approved; and

WHEREAS, by resolution this Council also set a public hearing on the adoption of the proposed Amendment No. 4 to the Mount Vernon Urban Renewal Plan for this meeting of the Council, and due and proper notice of the public hearing was given, as provided by law, by timely publication in the Mount Vernon-Lisbon Sun, which notice set forth the time and place for this hearing and the nature and purpose thereof; and

WHEREAS, in accordance with the notice, all persons or organizations desiring to be heard on the proposed Amendment No. 4 to the Mount Vernon Urban Renewal Plan, both for and against, have been given an opportunity to be heard with respect thereto and due consideration has been given to all comments and views expressed to this Council in connection therewith and the public hearing has been closed.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF MOUNT VERNON, STATE OF IOWA:

Section 1. That the findings and conclusions set forth or contained in Amendment No. 4 concerning the area of the City of Mount Vernon, State of Iowa, described in the preamble hereof, be and the same are hereby ratified and confirmed in all respects as the findings of this Council for this area.

Section 2. This Council further finds:

A. Although relocation is not expected, a feasible method exists for the relocation of any families who will be displaced from the Mount Vernon Urban Renewal Area into decent, safe and sanitary dwelling accommodations within their means and without undue hardship to such families;

B. The Plan, as amended, and Amendment No. 4 to the Mount Vernon Urban Renewal Plan conform to the general plan for the development of the City as a whole; and

C. Acquisition by the City is expected and as to those areas of open land to be acquired by the City included within the Mount Vernon Urban Renewal Area:

1. Residential use is expected and with reference to those portions thereof which are to be developed for residential uses, this City Council hereby determines that a shortage of housing of sound standards and design with decency, safety and sanitation exists within the City; that the acquisition of the area for residential uses is an integral part of and essential to the program of the municipality; and that one or more of the following conditions exist:

A. That the need for housing accommodations has been or will be increased as a result of the clearance of slums in other areas, including other portions of the urban renewal area.

B. That conditions of blight in the municipality and the shortage of decent, safe and sanitary housing cause or contribute to an increase in and spread of disease and crime, so as to constitute a menace to the public health, safety, morals, or welfare.

C. That the provision of public improvements related to housing and residential development will encourage housing and residential development which is necessary to encourage the retention or relocation of industrial and commercial enterprises in this state and its municipalities.

D. The acquisition of the area is necessary to provide for the construction of housing for low and moderate income families.

2. Non-residential use is expected and with reference to those portions thereof which are to be developed for non-residential uses, such non-residential uses are necessary and appropriate to facilitate the proper growth and development of the City in accordance with sound planning standards and local community objectives.

Section 3. That the Mount Vernon Urban Renewal Area, as amended, continues to be a blighted and economic development area within the meaning of Iowa Code Chapter 403; that such area is eligible for designation as an urban renewal area and otherwise meets all requisites under the provisions of Chapter 403 of the Code of Iowa; and that the rehabilitation, conservation, redevelopment, development, or a combination thereof, of such area is necessary in the interest of the public health, safety or welfare of the residents of this City.

Section 4. That Amendment No. 4 to the Mount Vernon Urban Renewal Plan of the City of Mount Vernon, State of Iowa, attached hereto as Exhibit 1 and incorporated herein by

reference, be and the same is hereby approved and adopted as "Amendment No. 4 to the Mount Vernon Urban Renewal Plan for the City of Mount Vernon, State of Iowa"; Amendment No. 4 to the Mount Vernon Urban Renewal Plan of the City of Mount Vernon, State of Iowa, is hereby in all respects approved; and the City Clerk is hereby directed to file a certified copy of Amendment No. 4 with the proceedings of this meeting.

Section 5. That, notwithstanding any resolution, ordinance, plan, amendment or any other document, the original Mount Vernon Urban Renewal Plan, and the Plan as amended, shall be in full force and effect from the date of this Resolution until the Council amends or repeals the Amendment. The proposed Amendment No. 4 to the Mount Vernon Urban Renewal Plan shall be forthwith certified by the City Clerk, along with a copy of this Resolution, to the Recorder for Linn County, Iowa, to be filed and recorded in the manner provided by law.

Section 6. That all other provisions of the Plan not affected or otherwise revised by the terms of Amendment No. 4, as well as all resolutions previously adopted by this City Council related to the Plan be and the same are hereby ratified, confirmed and approved in all respects.

PASSED AND APPROVED this 7th day of July, 2014.

Mayor

ATTEST:



City Clerk

Label the Amendment as Exhibit 1 (with all exhibits) and attach it to this Resolution.

ATTACH THE AMENDMENT
LABELED AS EXHIBIT 1 HERE

AMENDMENT #4

to the

MOUNT VERNON URBAN RENEWAL PLAN

CITY OF MOUNT VERNON, IOWA

Original Area Adopted – 1993

Amendment #1 – 1994

Amendment #2 – 2006

Amendment #3 – 2013

Amendment #4 – 2014

AMENDMENT #4
to the
MOUNT VERNON URBAN RENEWAL PLAN
CITY OF MOUNT VERNON, IOWA

The Mount Vernon Urban Renewal Plan ("Plan" or "Urban Renewal Plan") for the Mount Vernon Urban Renewal Area ("Area" or "Urban Renewal Area"), adopted in 1993 and amended in 1994, 2006, and 2013, is being further amended to add a proposed project to be undertaken within the Urban Renewal Area by Amendment #4 ("Amendment #4" or "Amendment"). No land is being added to the Area by this Amendment.

Except as modified by this Amendment, the provisions of the original Mount Vernon Urban Renewal Plan, as previously amended, are hereby ratified, confirmed, and approved and shall remain in full force and effect as provided herein. In case of any conflict or uncertainty, the terms of this Amendment shall control.

AREA DESIGNATION

With the adoption of this Amendment, the City of Mount Vernon is continuing to designate this Urban Renewal Area as a mixed blight and economic development area.

PROJECT OBJECTIVES

Renewal activities are designed to provide opportunities, incentives, and sites for community economic development purposes, including new commercial, industrial, and residential housing development. Objectives include:

1. To stimulate, through public action and commitment, private investment in new development, including commercial, industrial, and residential housing projects.
2. To provide for the installation of public works and facilities, which contribute to revitalization and the sound development of the Area.
3. To provide a more marketable and attractive investment climate.
4. To promote affordable housing opportunities for LMI persons.
5. To eliminate blighting influences and to promote revitalization.
6. To encourage commercial, industrial, and residential growth and expansion through governmental policies which make it economically feasible to do business.

7. To help develop a sound economic base that will serve as the foundation for future growth and development.
8. To plan for and provide sufficient land for commercial, industrial, and residential development in a manner that is efficient from the standpoint of providing municipal services.
9. To achieve a diversified, well-balanced economy providing a desirable standard of living, creating job opportunities, and strengthening the tax base.
10. To provide and upgrade public facilities, infrastructure, recreational opportunities, and services that help to improve the quality of life and enhance the overall viability of the community.
11. To enhance the Mount Vernon community by fostering an entrepreneurial climate, diversifying the local economy, encouraging opportunities for new businesses, and supporting retention of existing businesses.

TYPES OF RENEWAL ACTIVITIES

To meet the objectives of this Urban Renewal Plan and to encourage orderly development of the Area, the City intends to utilize the powers conferred under Chapter 403 and Chapter 15A, Code of Iowa. Activities may include:

1. To undertake and carry out urban renewal projects through the execution of contracts and other instruments.
2. To arrange for or cause to be provided the construction, repair or upgrading of public infrastructure including, but not limited to, streets, water and sewer systems, park and recreation facilities, public utilities or other facilities in connection with urban renewal projects.
3. To provide for the construction of specific site improvements such as grading and site preparation activities, access roads and parking, fencing, utility connections, and related activities.
4. To arrange for or cause to be provided the construction, expansion, or repair of public buildings and facilities in order to enhance services, comply with current building standards, or preserve historic value.
5. To improve housing opportunities for LMI persons.

6. To acquire property through a variety of means (e.g, purchase, lease, option, etc.) and to hold, clear, or prepare the property for redevelopment.
7. To dispose of property that has been acquired.
8. To make loans, forgivable loans, tax rebate payments or other types of grants or incentives to private persons or businesses for economic development purposes, residential projects, or to eliminate blighting influences, on such terms as may be determined by the City Council.
9. To borrow money and to provide security therefor.
10. To make or have made surveys and plans necessary for the implementation of the Urban Renewal Program or specific urban renewal projects.
11. To use tax increment financing for a number of purposes, including, but not limited to, achieving a more marketable and competitive land offering price and providing for necessary physical improvements and infrastructure.
12. To use any or all other powers granted by the Urban Renewal Act to develop and provide for improved economic conditions for the City of Mount Vernon and the State of Iowa.

PREVIOUSLY APPROVED URBAN RENEWAL PROJECTS

Numerous urban renewal projects were authorized in previous amendments. These projects are not listed in this Amendment but consist of a variety of urban renewal projects; including, but not limited to, enhancements and further development of existing trails and parks, as well as downtown streetscape improvements.

PROPOSED URBAN RENEWAL PROJECT (Amendment #4)

Although certain project activities may occur over a period of years, in addition to the projects previously proposed in the Mount Vernon Urban Renewal Plan, as previously amended, this Amendment proposes one new project.

The Proposed Urban Renewal Project under this Amendment includes renovations to the City's pool facility. Building improvements and replacement of the identified pool equipment is necessary due to existing components being worn-out and at the end of their useful life. If replacement does not occur, failure of these systems will result in the pool having to close.

The proposed improvements provide not only recreational benefits to the community but also are a source of positive economic benefits. The availability of a diverse range of outdoor recreational facilities are important quality-of-life factors for companies choosing to locate facilities or for trained employees choosing a place to live. The City recognizes a need to attract and retain a workforce of adequate size in order that existing and potential employers will locate and expand operations within the City and region. Young people often leave Iowa to relocate in areas that offer opportunities for recreation and entertainment.

By fostering a more attractive business climate in the City, the development potential of the area will be enhanced. This improved viability will assist in the creation of new jobs and opportunities for private enterprises to locate, grow, and be successful in conducting business in the community.

Key economic impacts of improved recreational opportunities include enhancements of property values, attracting and retaining residents, employees and employers, and increased municipal revenue. Workers, retirees, and families attracted to an area are then positioned to put money back into the local economy through jobs, housing, taxes, and patronization of local businesses.

Collectively, the proposed pool and parking lot project contributes to an attractive quality of life in Mount Vernon and the surrounding region. Specifically, the project proposed by this Amendment includes:

1. Public Improvements:

Project	Estimated Date	Estimated Cost	Rationale
Rehabilitation of the Mount Vernon City Pool; including improvements to the building, replacement of aquatic equipment such as pumps, motors, and filtration systems for the pool, as well as the expansion and resurfacing of the pool parking lot.	2014-2015	Not to exceed \$225,000	Renovations to the pool are needed to ensure that this important recreational infrastructure remains operational. The pool contributes to overall viability of the community, promotes recreation and wellness, and enhances Mount Vernon's quality of life; which all are factors necessary to attract and retain employees and their families to the community. (See also Proposed Urban Renewal Project (Amendment #4) and Public Building Analysis sections.)
TOTAL		Not to Exceed \$225,000	

2. Planning, engineering fees (for urban renewal plans), attorney fees, other related costs to support urban renewal projects and planning:

Project	Date	Estimated Cost
Fees and costs	Undetermined	Not to exceed \$25,000

FINANCIAL INFORMATION

1.	July 1, 2013 constitutional debt limit:	\$11,290,480
2.	Outstanding general obligation debt:	\$ 7,905,000
3.	Proposed amount of indebtedness to be incurred: A specific amount of debt to be incurred for the Proposed Urban Renewal Project (Amendment #4) has not yet been determined. This document is for planning purposes. The estimated project cost in this Amendment is an estimate only and may be incurred and spent over a number of years. In no event will the City's constitutional debt limit be exceeded. The City Council considers each project proposal to determine if it is in the City's best interest to participate before approving an urban renewal project or expense. It is further expected that such indebtedness, including interest on the same, may be financed in whole or in part with tax increment revenues from the Urban Renewal Area. Subject to the foregoing, it is estimated that the cost of the Proposed Urban Renewal Project as described above will be approximately as follows:	\$250,000

DEVELOPMENT PLAN

Mount Vernon has a general plan for the physical development of the City, as a whole, outlined in the City's zoning and subdivision ordinances. This Plan and the project described in this Plan are consistent with these zoning and subdivision regulations.

PUBLIC BUILDING ANALYSIS

The project proposed in this Amendment involves a public building. This project involves renovations to the pool and adjacent parking lot.

If this project is ultimately approved by the City, the City intends to finance the cost through tax increment financing. For the costs of this project, the City proposes to issue general obligation bonds and abate the principal and interest payments from incremental tax revenues within the Area, if available. Specifically, under these circumstances, Iowa law requires an analysis of alternative

development options and funding for the project and reasons why such options would be less feasible than the use of incremental tax revenues for the project.

The existing Mount Vernon Swimming Pool provides valuable recreational opportunities as well as swimming lessons and private rental opportunities. The pool draws users from a 20-mile radius. For the 2013 swim season, 25% of pool memberships were held by persons who live outside of Mount Vernon. Over half of the swimming lesson passes were sold to non-residents. The surrounding small towns of Lisbon, Solon, Mechanicsville, and Martelle do not have public pool facilities and rely on the Mount Vernon pool for use by their residents. Buses from these communities regularly drop off youth and families who use the Mount Vernon pool.

The proposed pool equipment replacement and parking lot reconstruction are necessary in order to keep the pool operational. The pool was built in the late 1950s. The pumps, motors, and filtration system are all original to the pool and are at the end of their useful life. Since these 55-year-old components have not been replaced, they are worn out. The parking lot is asphalt that was overlaid 15 years ago. The existing surface is now cracked and crumbling, and freeze-thaw cycles accelerate its deterioration. The regional draw of this pool facility results in the parking lot being crowded with cars and buses. Additional parking space is needed and it is planned that the reconstruction project will include enlarging the lot onto adjacent City-owned property. If repairs are not made, pool equipment and parking lot conditions will, over time, worsen, and may get to the point where pool closure is the only viable option. Currently, there is concern that the pool may not be operational during the 2014 swim season due to age and condition of the targeted equipment.

The pool provides the community with an important recreational asset. The availability of a diverse range of recreational activities is an important quality-of-life factor for companies choosing to locate facilities or for trained employees choosing a place to live. The City recognizes a need to attract and retain a workforce of adequate size in order for existing and potential employers to locate and expand within the City and the region.

Key economic impacts of improved recreational opportunities include enhancements of property values, attracting and retaining residents, employees and employers, and increased municipal revenue. Workers, retirees, and families attracted to an area are then positioned to put money back into the local economy through jobs, housing, taxes, and patronization of local businesses.

By fostering a more attractive business climate in the City, the development potential of the area will be enhanced. An attractive, vibrant, and diverse community, in turn, will benefit the Mount Vernon School District, as well as Linn County. The proposed pool project contributes to an attractive quality of life in Mount Vernon and the surrounding region.

Alternative Funding Options:

The use of local option sales tax (LOST) funds to help finance a portion of the public building project is not a viable funding source. LOST revenues for Mount Vernon have already been obligated by the City for other capital improvement projects.

As with most municipal pools, revenues generated by existing user fees are not currently sufficient to cover the operating costs of this facility. The addition of new debt for the planned capital expenditures on the pool will only increase its operating deficit. Increasing the existing membership fees to collect enough funds to pay the expected debt service would result in admission charges not being affordable to users.

The previously described alternative options for funding of the Urban Renewal Project are less feasible than the use of incremental tax revenues. The project benefits not only City residents, but also County and school district residents. As a result, the use of tax increment financing to pay the principal and interest payments from debt associated with the project is the most appropriate funding mechanism.

Issuing general obligation bonds that would be paid only with the City's debt levy on the pool project is less feasible than the use of TIF funds because there would be no contribution of tax increment revenues from the School District and County. The proposed project demonstrates regional benefit and since both County and school district residents use the City's pool, other financing alternatives are less equitable than the use of TIF.

As a result of the proposed Urban Renewal Project benefiting County residents and school patrons, the use of tax increment is the most appropriate funding mechanism because it is fair for the School District and the County to share in the costs for the project. The project demonstrates regional benefit to both the County and School District.

For all of the aforementioned reasons, the tax increment revenue funding alternative option (general obligation debt abated by incremental tax revenues) is the most feasible, fair, and equitable mechanism for funding the project described above.

URBAN RENEWAL FINANCING

The City of Mount Vernon intends to utilize various financing tools such as those described below to successfully undertake the proposed urban renewal action. The City of Mount Vernon has the statutory authority to use a variety of tools to finance physical improvements within the Area. These include:

A. Tax Increment Financing.

Under Section 403.19 of the Iowa Code, urban renewal areas may utilize the tax increment financing mechanism to finance the costs of public improvements or economic development incentives associated with redevelopment projects or other urban renewal projects. Upon creation of a tax increment district within the Area, by ordinance, the assessment base is frozen and the amount of tax revenue available from taxes paid on the difference between the frozen base and the increased value, if any, is segregated into a separate fund for the use by the City to pay costs of the proposed urban renewal projects. The increased taxes generated by any new

development, above the base value, are distributed to the taxing entities, if not requested by the City and in any event upon the expiration of the tax increment district.

B. General Obligation Bonds.

Under Division III of Chapter 384 and Chapter 403 of the Iowa Code, the City has the authority to issue and sell general obligation bonds for specified essential and general corporate purposes, including the acquisition and construction of certain public improvements within the Area or incenting development consistent with the Plan or other urban renewal projects. Such bonds are payable from the levy of unlimited ad valorem taxes on all the taxable property within the City of Mount Vernon. It may be the City will elect to abate some or all of the debt service on these bonds with incremental taxes from this Area.

The City may also determine to use tax increment financing to provide incentives such as cash grants, loans, tax rebates or other incentives to developers or private entities in connection with urban renewal projects related to industrial, commercial or housing development as well as blight remediation and other urban renewal projects. In addition, the City may determine to issue general obligation bonds, tax increment revenue bonds or such other obligations, or loan agreements for the purpose of making loans or grants of public funds to private businesses located in the Area. Alternatively, the City may determine to use available funds for making such loans or grants or other incentives related to urban renewal projects.

Nothing herein shall be construed as a limitation on the power of the City to exercise any lawful power granted to the City under Chapter 15, Chapter 15A, Chapter 403, Chapter 427B, or any other provision of the Code of Iowa in furtherance of the objectives of this Urban Renewal Plan.

PROPERTY ACQUISITION/DISPOSITION/DEVELOPMENT AGREEMENTS

Notwithstanding prior Plan provisions, the City will follow any applicable requirements for the acquisition and disposition of property, and shall determine the terms of development agreements, subject to the City's discretion.

URBAN RENEWAL PLAN AMENDMENTS

The Mount Vernon Urban Renewal Plan may be amended from time to time for a variety of reasons, including, but not limited to, adding or deleting land, adding urban renewal projects, or modifying goals or types of renewal activities.

The City Council may amend this Plan in accordance with applicable state law.

EFFECTIVE PERIOD

This Urban Renewal Plan Amendment #4 will become effective upon its adoption by the City Council. Notwithstanding anything to the contrary in the Urban Renewal Plan, any prior amendment, resolution, or document, the Urban Renewal Plan shall remain in effect until terminated by the City Council, and the use of incremental property tax revenues, or the "division of revenue," as those words are used in Chapter 403 of the Code of Iowa, will be consistent with Chapter 403 of the Iowa Code. The division of revenues shall continue on the Urban Renewal Area, including all Amendment Areas, as provided in the Plan, and for the maximum period allowed by law and this Plan.

REPEALER

Any parts of the previous Plan, as previously amended, in conflict with this Amendment are hereby repealed.

SEVERABILITY CLAUSE

If any part of the Amendment is determined to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity of the previously adopted Plan as a whole or the previous amendments to the Plan, or any part of the Plan not determined to be invalid or unconstitutional.