

US Treasury Department

Internal Revenue Service
Washington, DC 20224

Date:

AUG 18 1969

In reply refer to:

T:I:I:2:3



Mr. Calvin E. Burns, Chairman
The Housing Authority of the
City of Caldwell, Idaho
P.O. Box #70
Caldwell, Idaho 83605

Dear Mr. Burns:

This is in reply to your letter of July 1, 1969, wherein you request a ruling that the interest payable on a \$413,550 loan granted to the Housing Authority of the City of Caldwell, Idaho (the "Authority") will be excludable from the gross income of the recipient under section 103(a)(1) of the Internal Revenue Code.

The Authority was duly organized as a housing authority by a resolution of the City Council of the City of Caldwell, Idaho, adopted June 3, 1946, and is currently under the provisions of Title 50, Chapter 19 of the Idaho Code. The Authority was formed for the purpose of providing low rent housing and related facilities in the City of Caldwell for low income domestic farm labor.

The Authority has operated the Caldwell Farm Labor Camp to provide housing for migrant farm labor. The camp is presently in bad disrepair and has been threatened with closure by the Public Health authorities. In order to repair the camp and construct additional low rent housing facilities, the Authority has applied to the United States of America, acting through the Farmers Home Administration, for a loan of \$413,550 and a grant of \$403,500, pursuant to Title V of the Housing Act.

To evidence the loan, the Authority will issue its revenue bond in the amount of \$413,550 which will be payable in installments over a period of 33 years, with interest not exceeding 4 percent per annum on the unpaid principal. The principal and interest payments on the bond will be paid solely from the income and revenues derived from the labor housing facilities owned or operated by the Authority and from any grants made to it for such purposes.

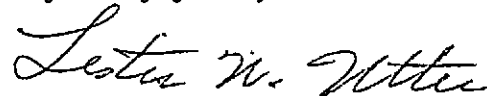
Mr. Calvin E. Burns, Chairman
The Housing Authority of the
City of Caldwell, Idaho

-2

Section 103(a)(1) of the Internal Revenue Code of 1954 provides, in pertinent part, that gross income does not include interest on the obligations of a State or a political subdivision thereof. Section 1.103-1 of the Income Tax Regulations provides, in pertinent part, that obligations issued by or on behalf of a State or a duly organized political subdivision acting by constituted authorities empowered to issue such obligations, are the obligations of a State or political subdivision thereof.

Based on the information submitted, we conclude that the interest to be paid by the Authority on its bond in the amount of \$413,550 will be excludable from gross income under the provisions of section 103(a)(1) of the Code, provided that the investment of the loan and grant proceeds and any revenues of the Authority is not contrary to the policy contained in Technical Information Release 840, enclosed herein.

Very truly yours,



Chief, Individual Income Tax Branch

Enclosure



TECHNICAL INFORMATION RELEASE

TIR-840

FOR RELEASE

Thursday, August 11, 1966

The U. S. Internal Revenue Service today announced details of its policy of declining to issue rulings that the interest on certain obligations is exempt from Federal income taxation under Section 103 of the Internal Revenue Code of 1954.

The policy will continue in effect, pending the conclusion of a study to determine whether such obligations should be considered obligations of States, Territories, possessions, their political subdivisions or the District of Columbia. The study will be directed at obligations issued by these governmental units where a principal purpose is to invest the proceeds of the tax-exempt obligations in taxable obligations, generally United States Government securities, bearing a higher interest yield. The profit received by the governmental units on the difference between the interest paid on the exempt obligations and the interest earned on the taxable obligations is in the nature of arbitrage. The study will not affect obligations issued prior to the date of this release.

More specifically, this ruling policy will apply to obligations falling within either of the following two categories:

1. Where all or a substantial part of the proceeds of the issue (other than normal contingency reserves such as debt service reserves) are only to be invested in taxable obligations which are, in turn, to be held as security for the retirement of the obligations of the governmental unit.

2. Where the proceeds of the issue are to be used to refund outstanding obligations which are first callable more than five years in the future, and in the interim, are to be invested in taxable obligations held as security for the satisfaction of either the current issue or the issue to be refunded.

The following are examples of transactions with respect to which no ruling will be issued:

First, a State may issue obligations and invest the entire proceeds in United States bonds with similar maturities bearing a higher interest yield. The United States bonds are then placed in escrow to secure payments of interest and principal on the States obligations. The profit on the interest spread accrues to the State over the period of time that these obligations are outstanding.

(More)

Second, a municipality may immediately realize the present value of the arbitrage profits to be derived over the future by casting the transaction in the following form: It may issue obligations in the amount of \$100 million, use \$20 million to build schools or for some other governmental purpose, and invest the balance, \$80 million, in United States bonds which bear a higher interest yield. The United States bonds are escrowed to secure payment of interest and principal on the municipal obligations. The interest differential is sufficiently large so that the interest and principal received from the United States bonds are sufficient to pay the interest on the municipal obligations as well as to retire them at maturity.

Third, a municipality may issue obligations for the stated purpose of refunding outstanding obligations first callable more than five years in the future. During the interim before the outstanding obligations are redeemed the proceeds of the advance refunding issue are invested in United States bonds bearing a higher interest yield, and such bonds are escrowed as security for the payment of either of the issues of municipal obligations. During that interim period, arbitrage profits based on the interest spread inure to the municipality.

The Service made clear that this announcement covers only obligations falling within the two categories described above. Thus, for example, it does not cover an issue of obligations where the proceeds are intended to be used to construct a facility even though the proceeds are initially placed in a trust for the security of the bond holders, and invested in taxable obligations, pending their use to meet the construction costs as they occur. Nor does it cover an issue of obligations merely because a portion of the proceeds is invested in taxable obligations and held solely to meet interest payments on the obligations pending the availability of other revenues.

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U. S. TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE
WASHINGTON, D. C. 20224

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**TECHNICAL
INFORMATION
RELEASE**

Public Information Division

JOHNSON, UNDERKOFER & BRIGGS

NOW . . . J-U-B ENGINEERS, Inc.

Consulting Engineers
1022 TWELFTH AVENUE SOUTH
NAMPA, IDAHO 83651

621-1/2 Main Street
Boise, Idaho 83702

TRANSMITTAL SHEET

Client: Mr. Roy Gipson
County Supervisor
Farmers Home Administration
510 Arthur
Caldwell, Idaho 83605

Date June 24, 1969

Project No. J-921-A

Deliver To Roy Gipson

Client's
Purchase Order No.

| ITEM | DESCRIPTION |
|------|---|
| 1. | 2 copies - Revised Operating Budget - Caldwell Farm Labor Camp. Dear Mr. Gipson: Transmitted herewith is the revised operating budget for the Caldwell Farm Labor Camp, as requested per your closing instructions. J-U-B ENGINEERS, Inc. cc: Mr. Lew Kerfoot |

| | | |
|-------------|-------------------|------------------------------------|
| SHIPPED VIA | NO. OF CONTAINERS | Johnson, Underkofler & Briggs |
| Mall | 1 | BY <i>[Signature]</i> DATE 6-24-69 |

Received by:

Date _____

Please Sign, Date and Return White Copy

REVISED OPERATING BUDGET
 CALDWELL FARM LABOR CAMP
 CALDWELL, IDAHO

| | |
|---|----------------------|
| Manager's Salary ----- | \$ 8,000. |
| Auto Allowance ----- | 660. |
| Accounting ----- | 500. |
| Telephone and Office Supplies ----- | 700. |
| Irrigation ----- | 475. |
| Electricity ----- | 5,000. |
| Fuel and Heating Supplies ----- | 1,200. |
| Maintenance Labor, Repairs, Maintenance, and Supplies ----- | 15,300. |
| Sanitary Service ----- | 4,100. |
| Engineering Service ----- | 0. |
| Insurance ----- | 4,216. |
| Uncollectible Accounts ----- | 1,400. |
| Employee Retirement Funds ----- | 2,500. |
| Other Payroll Expense ----- | 1,300. |
| Replacement of Equipment ----- | 500. |
| Debt Retirement ----- | 0. |
| Debt Service Fund ----- | 2,279. * |
| Operation and Maintenance Emergency Expenditure Reserve ----- | <u>3,700. *</u> |
| TOTAL ----- | <u>\$51,830.</u> |

* Applicable only during the first 10 years of the loan or until the principal amount in each account is 10 times the proposed budgeted amount shown herein.

REVISED OPERATING BUDGET
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Volunteers tear down barriers, build bridges

Last week I learned about a volunteer project under way at the Caldwell Housing Authority.

Some employees from the Caldwell Mountain Bell office joined forces with their spouses to build a sand-filled volleyball court, to pour concrete for net posts and to obtain a net and balls. It was all because Jean Longbottom, a Mountain Bell employee who helps provide service to the authority, recognized the lack of recreational opportunities for the residents.

The Ma Bell employees were no strangers to the needs of the area. At Christmastime, they collected funds and presented baskets to some residents.

With more than 1,050 people living in a fairly confined area and with a large number of youngsters, warm weather had underscored the need for outdoor activity. But the only playground equipment stands behind the fence in the Migrant Head Start/Day Care area. And the nearest park isn't within walking distance.

Longbottom persuaded Mountain Bell management to lend heavy duty machinery and volunteer labor to dig out the volleyball pit.

Idaho Sand and Gravel donated the sand. The Treasure Valley Telephone Pioneers, Skyline Chapter, provided food and drinks to fortify the workers.

Other area companies have also donated time and materials to the folks living at the Caldwell housing complex. During the Christmas season, Albertson's employees provided a holiday for many families who otherwise would have gone without.

The Caldwell Labor Authority



Rosie Delgadillo Reilly
Opinion

provides much-needed housing for seasonal farm workers and for low-income families who live in the area permanently. Often the authority provides the opportunity for families to get on their feet and to someday buy homes of their own.

A number of people have made the Caldwell complex their home. At its inception in 1939, the housing authority served Depression-era victims. It housed Japanese-American internees during World War II. Today's population is predominantly Hispanic agricultural workers.

I hope additional units will soon be approved by the federal government to help ease the critical need for adequate low-income housing.

In these times of rising racial awareness — and sometimes tensions — Mountain Bell and Albertson's have crossed cultural bridges and given back to the community. If more people were willing to get involved to help pull down some barriers, whether real or perceived, perhaps stereotypes could be dismantled.

Rosie Delgadillo Reilly is a Nampa school counselor.

510 Arthur Street
Caldwell, Idaho 83605

Mr. C. A. Johnson
U. S. Dept. of Labor
Manpower Administration
1911 Smith Tower Building
Seattle, Washington

Sept. 9, 1969


Dear Mr. Johnson:

We have reviewed the housing plans for the Caldwell Labor Camp construction planned for the Housing Authority City of Caldwell, with Mr. Garcia, and are requesting your approval of the plans.

The plans and specifications are designed to meet the housing structural requirements under the Federal Register, Volume 33, No. 312, issued Thursday, October 31, 1968, Washington, D. C. Part 620, concerning Housing for Agricultural Workers.

We are requesting your written approval indicating that these plans meet the requirements. There will be 112 of the new two-bedroom units constructed.

Yours very truly,


Roy N. Gipson
County Supervisor

Attach: (1)

cc: State Director
FHA, Boise, Idaho

Ed Lewis
ESA, Caldwell

✓ Housing Authority
City of Caldwell

J-U-B

ENGINEERS, INC.

621½ MAIN STREET

BOISE, IDAHO 83702

TELEPHONES: 344-0240 - 888-2321

September 12, 1969



Mr. E. C. Johnson, Manager
Black Canyon Irrigation District
Notus, Idaho 83656

Dear Mr. Johnson:

C
O
P
Y

The Caldwell Farm Labor Camp is nearly ready to begin construction on a general site reconstruction project. As you are aware, we propose to supply the Farm Labor Camp with a low pressure irrigation system and abandon the existing ditch system. The irrigation supply line will intersect your supply ditch on the north side of the County road, as shown on the enclosed map. You will note that the contractor will be required to install a weir, to your specifications, to enable measurement of flow. A 12 inch concrete headgate will also be installed at the intake, and construction will be accomplished this winter when the canal is dry.

We are proposing to supply about 90 minor inches of water to the Farm Labor Camp and a neighboring farmer to the west of the camp.

With this information, we would request a permit entitling the Caldwell Farm Labor Camp to proceed with construction as proposed.

Very truly yours,

J-U-B ENGINEERS, Inc.

Mike Preston

Mike Preston

MP:ng
cc: Lew Kerfoot

Memo

From
TELPER E. WRIGHT

To

4. The Association further agrees that the precinct occupied by the Mexican nationals will be properly policed and maintained to standards established by the Project Manager. If this is not done the Association agrees to pay the cost of the extra clean-up work.

CALDWELL CHAMBER OF COMMERCE, INC.
P. O. Box 772
Caldwell, Idaho

MEMORANDUM OF AGREEMENT

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This agreement entered into this ^{22nd} ~~26th~~ day of ^{March} ~~January~~, 1948, by and between the Housing Authority of the City of Caldwell, Idaho, hereafter referred to as the Housing Authority, and the Notus Farm Labor Association, hereafter referred to as the Association, for the purpose of leasing to the Association the following specified places and equipment:

1. Office space in the main office building of the Caldwell Farm Labor Camp for a period beginning on or about April 15, 1948, ~~to November 30, 1948~~, provided that either parties to this agreement may cancel this lease upon 30 days written notice or sooner if the United States Government should cancel the license to operate now held by the Caldwell Chamber of Commerce, Inc. The Association agrees to pay to the Housing Authority the sum of \$80.00 per month for this office space and certain specified furniture, lights, and heat.
2. The Association agrees to lease from the Housing Authority the buildings referred to as the camp kitchen and dining room for a period beginning on or about April 15, 1948, and ending on or about November 30, 1948. The Association agrees to pay \$80.00 per month plus \$30.00 per month for utilities during the period that this building or buildings is operated by the Association.
3. The Association agrees to pay to the Housing Authority ~~(five)~~ cents per day per man for all row shelters needed by the Association to house their sponsored men for a period beginning on or about April 15, 1948, and ending on or about November 30, 1948. These row shelters will be reserved in Precinct C for the use of the Association and only those shelters needed by the Association shall be reserved in Precinct C for their use.

We have hereunto set our hands and seals this 26th day of January, 1948.

Witness

W. L. Henderson
Chairman
NOTUS FARM LABOR ASSOCIATION

Mary Ellen Bright
Witness

Stephen Wright
Executive Director
HOUSING AUTHORITY OF THE
CITY OF CALDWELL, IDAHO

Chairman
Housing Authority of the
City of Caldwell, Idaho

OATH OF COMMISSIONER OF HOUSING AUTHORITY OF
THE CITY OF CALDWELL, IDAHO

I do solemnly swear (or affirm) that I will support the Constitution of the United States and the Constitution of the State of Idaho, and that I will faithfully discharge the duties of the office of Commissioner of the Housing Authority of the City of Caldwell, Idaho, according to the best of my ability.

Commissioner

I, _____, Notary Public in and for the County of Canyon and State of Idaho, hereby certify that _____, to me personally known and by me known to be one of the Commissioners of the Housing Authority of the City of Caldwell, Idaho, appeared before me on the _____ day of _____, 1955, and made the above oath.

Notary Public

(Seal)

My Commission Expires _____