



## MEMORANDUM

**TO:** Mayor Prussing  
Urbana City Council Members

**FROM:** Bruce Walden, CAO

**DATE:** February 2, 1006

**RE:** Allocation of 2006 Private Activity Bond Volume Cap

### Introduction

This is a request by Paul Tatman on behalf of Prairie Winds LLC for use of Urbana's 2006 private activity bond volume cap to finance in part the Prairie Winds supportive living facility.

### Background

Attached is the October 6, 2005 memo I provided to Council with respect to this project and a complete description of the project. This resolution and allocation is in follow-up to the "Official Intent Resolution with Respect to Supportive Living Facility to be Developed by Prairie Winds of Urbana, LLC" approved by the Urbana City Council in October of 2005.

### Conditions

The developer must irrevocably commit to utilizing the bond cap allocation by December 1, 2006 or the City can redirect the use of its bond cap allocation.

### Recommendation

Staff recommends approval of "A Resolution Allocating and Reserving Private Activity Bond Volume Cap and Providing the Terms and Conditions of Such Allocation and Reservation and Related Matters."

**RESOLUTION NO. 2006-02-008R**

**A RESOLUTION  
ALLOCATING AND RESERVING PRIVATE ACTIVITY BOND  
VOLUME CAP AND PROVIDING THE TERMS AND CONDITIONS  
OF SUCH ALLOCATION AND RESERVATION, AND RELATED MATTERS**

**WHEREAS**, the City of Urbana, Champaign County, Illinois (the “**Municipality**”), is a “**home rule unit**” and “**constitutional home rule city**” under Section 6 of Article VII of the Constitution of Illinois and Section 146 of the Internal Revenue Code of 1986, as amended (the “**Code**”), with the authority to allocate and reserve the volume cap allocated to it in accordance with Section 146(e)(3) of the Code; and

**WHEREAS**, the Municipality proposes to issue up to \$10,000,000 principal amount Multifamily Housing Revenue Bonds, Series 2006 (Prairie Winds of Urbana, L.L.C. Project) (howsoever actually styled, the “**Bonds**”), to assist Prairie Winds of Urbana, L.L.C. (including another business form, as the case may be, the “**Company**”), in financing the acquisition of land and the construction, installation and equipping of a certain supportive living facility to be owned and operated by the Company at 1905 South Prairie Winds Drive within the Municipality (the “**Project**”); and

**WHEREAS**, pursuant to the Illinois Private Activity Bond Allocation Act (30 ILCS 345/1 *et seq.*), as supplemented and amended (the “**Allocation Act**”), it is now considered necessary and desirable and in the public interest of the residents of the Municipality for the Municipality to allocate and reserve all of its volume cap for calendar year 2006 to the issuance of the Bonds.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS**, as follows:

**Section 1. Allocation and Reservation.** Pursuant to Section 146 of the Code and the Allocation Act, the Municipality hereby allocates and reserves, subject to the terms and limitations of Section 2 of the Resolution below, the entire amount of the volume cap allocated to the Municipality for calendar year 2006 (i.e. \$3,134,240, based upon the amount of \$80.00 multiplied by the subcounty population estimate for the Municipality released by the Census Bureau on August 11, 2005 of 39,178), for application to the Bonds to finance the Project.

**Section 2. Terms and Limitations.** The allocation and reservation for the Bonds to finance the Project under Section 1 of this Resolution above shall be and is hereby subject to the terms and limitations, as follows:

(a) The allocation and reservation of the entire amount of volume cap allocated to the Municipality for application to the Bonds to finance the Project shall be given effect and completed, and the Bonds shall be issued, delivered and paid for, if at all, on or before December 1, 2006;

(b) Without any further action by the City Council of the Municipality, in the event that the Company abandons the Project or the provisions of part (a) of this Section 2 above are not met and completed on or before December 1, 2006, the allocation and reservation of the entire amount of the volume cap allocated to the Municipality under Section 1 above shall terminate and then and

there be discharged and released unless the Municipality, by the written approval of the Mayor, otherwise agrees to extend such date under Section 3 of this Resolution below. In the event of any such termination, the Municipality reserves the right to allocate and reserve all or a portion of such volume cap to another project or to reallocate all or a portion of such volume cap to the State of Illinois, any agency of the State of Illinois or any home rule or non-home rule unit of the State of Illinois.

**Section 3. Agreement to Extend; Carryforward.** The Mayor is hereby authorized to extend the date by which the Bonds shall be issued, delivered and paid for to a date after December 1, 2006, if it can reasonably be demonstrated that the Bonds to finance the Project are still required to finance the Project and that the Bonds shall be issued, delivered and paid for in a timely manner thereafter. If any such extension is to a date on or after January 1, 2007, or if any allocation or reservation is made to another project following a termination as provided in part (b) of Section 2 above, the Mayor is further authorized to file a Carryforward Election of Unused Private Activity Bond Cap (Form 8328) with the Internal Revenue Service in order to make the election on behalf of the Municipality pursuant to Section 146(f) of the Code to carryforward all or a portion of such unused volume cap.

**Section 4. Supplemental Authority.** The Mayor, the City Clerk and all other proper officers, officials, agents and employees of the Municipality are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents and certificates as may be necessary to further the purposes and intent of this Resolution, including without limitation, any allocation and reservation, reallocation or carryforward of the entire amount of the volume cap allocated to the Municipality for calendar year 2006 as provided in this Resolution.

**Section 5. Conflict.** Any ordinance, resolution or other action of the City Council of the Municipality inconsistent or in conflict with this Resolution shall be and is hereby superseded.

**Section 6. Effective.** This Resolution shall be effective immediately upon its passage and approval as required by law.

**PASSED** by the City Council this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

AYES:

NAYS:

ABSTAINS:

\_\_\_\_\_  
Phyllis D. Clark, City Clerk

**APPROVED** by the Mayor this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
Laurel Lunt Prussing, Mayor

STATE OF ILLINOIS            )  
  )    SS.  
COUNTY OF CHAMPAIGN    )

**CERTIFICATION OF RESOLUTION**

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of Urbana, Champaign County, Illinois (the “**Municipality**”), and as such official I am the keeper of the records and files of the Municipality.

I do further certify that the attached constitutes a full, true and complete excerpt of the minutes of the meeting of the Municipality held on the \_\_\_\_ day of \_\_\_\_\_, 2006, insofar as same relates to the adoption of Resolution No. \_\_\_\_\_, entitled:

**A RESOLUTION ALLOCATING AND RESERVING PRIVATE ACTIVITY BOND VOLUME CAP AND PROVIDING THE TERMS AND CONDITIONS OF SUCH ALLOCATION AND RESERVATION, AND RELATED MATTERS**

a true, correct and complete copy of which such Resolution as adopted at such meeting appears in the excerpt of the minutes of such meeting and is hereto attached.

I do further certify that the deliberations of the Municipality on the adoption of such Resolution were conducted openly, that the vote on the adoption of such Resolution was taken openly, that such meeting was called and held at a specified time and place convenient to the public, that notice of such meeting was duly given to all of the news media requesting such notice, that such meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and with the provisions of The Municipal Code of the State of Illinois, as amended, that the Municipality has complied with all of the provisions of such Act and such Code and with all of the procedural rules of the Municipality, and that such Resolution has not been amended, revoked or repealed and is in full force according to its terms.

**IN WITNESS WHEREOF**, I hereunto affix my official signature, this \_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
City Clerk



## MEMORANDUM

**TO:** Urbana City Council Members

**FROM:** Bruce Walden, Chief Administrative Officer

**DATE:** October 6, 2005

**RE:** Tatman "Inducement Resolution" for Senior Housing at Prairie Winds

### Introduction:

This is a request by Paul Tatman on behalf of Prairie Winds LLC to approve an "Inducement Resolution" relating to possible tax exempt bond financing for a senior supportive living facility to be located in the Prairie Winds subdivision.

### Background:

In 2004 the Urbana City Council approved the annexation of land by Paul Tatman for the "Prairie Winds" subdivision. The City also approved that year a Planned Unit Development plan that included 29 single family lots, 42 zero lot line condominiums and a senior retirement center. Attached are several staff reports and exhibits that relate to project approval and past planning considerations. The infrastructure for this development has now been constructed, with several buildings under construction. This request relates exclusively to the financing for the approved senior living facility.

### Senior Living Facility:

The project facility now approved and certified by the State of Illinois is a "Supportive Living Facility" which permits the State Medicaid program to pay a portion of rent and expenses. The "certification" also contributes to the affordability of this project by allowing the project to use tax exempt "private activity bonds." The project is proposed to be 92 units with a commercial kitchen, recreation areas, physical therapy facilities, library and beauty shop. A more complete description of the project is attached.

**Financing:**

The “private activity” bonds anticipated are a form of tax exempt municipal bonds. In such cases where there is an eligible project under the Internal Revenue Code, the City of Urbana may act as a “conduit” for financing. The City acts as bond issuer but the bonds are non-recourse to the City. The bond buyers look solely to the revenues generated and pledged by the project to pay the bonds. In no manner is the City of Urbana responsible for the debt or payment on the bonds. The City of Urbana has acted as issuer in dozens of these financing arrangements, the most recent being Clark Lindsey Village in early 2005. This request is not the final action requesting the issuance of bonds. The attached “inducement resolution” simply allows the out of pocket costs of the developer to be later reimbursed from bond proceeds should such an issuance occur.

Ken Beth of Evans and Froehlich has acted as attorney representing the City’s interests in such transactions and has reviewed and prepared, in coordination with the counsel for Prairie Winds LLC, the attached inducement resolution. The costs of City representation in this matter will be paid for by the developer.

**Recommendation:**

While there may be other follow-up actions required of the City Council with respect to modifications of the PUD once the final design is complete as well as additional actions related to bond issuance, staff recommends approval of the “inducement resolution” at this time.

BKW:ss

cc: Mayor Prussing

**RESOLUTION NO. 2005-09-029**

**OFFICIAL INTENT RESOLUTION WITH RESPECT  
TO SUPPORTIVE LIVING FACILITY  
TO BE DEVELOPED BY  
PRAIRIE WINDS OF URBANA, L.L.C.**

WHEREAS, there has been presented to the City Council of the City of Urbana, Illinois (the "City"), a proposal for it to issue bonds on a non-recourse basis to the City, with such bonds to be payable solely from revenues pledged thereto and generated from payments to be made under a Loan Agreement to be entered into by the City with Prairie Winds of Urbana, L.L.C. (the "Borrower"), to finance a portion of the cost of acquisition of certain real property located in the City by the Borrower and to finance a portion of the costs of construction and equipping of a supportive living facility on such property located at 1905 South Prairie Winds Drive in the City (the "Proposed Project"); and

WHEREAS, the interest on such bonds will be excluded from gross income for federal income tax purposes, subject to certain conditions; and

WHEREAS, it is necessary and in the best interests of the City Council for the City to declare its official intent under Section 1.150-2 of the Treasury Regulations under the Internal Revenue Code of 1986 so as to issue its bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. Official Intent. The City Council of the City hereby declares its official intent to issue not to exceed \$10,000,000 of its bonds to finance costs of the acquisition of the real property referred to above, and construction and equipping of the Proposed Project, including also, without limitation, related expenses, costs of issuance, capitalized interest and reserves and to use proceeds of those bonds to reimburse such expenditures which have been or will be made for that acquisition and construction, to the extent allowed by the Internal Revenue Code of 1986 (the "**Code**") and related regulations. The City makes no representation as to whether bonds can be or will in fact be issued or qualify as tax-exempt bonds under Section 141 et seq. of the Code or as to the application of the cap allocation provisions of Section 146 of the Code, risks of which the Borrower by the City's adoption of this Resolution assents.

Section 2. Implementation. This Resolution does not constitute any contractual or other obligation of the City to finance the Proposed Project. Issuance of the bonds shall be subject to definitive action of the City Council authorizing the issue of bonds on terms satisfactory to it and consistent with law, and as shall be approved by resolution of the City Council.

Section 3. Conditions. This Resolution is made on the condition that such bonds shall be issued, if at all, and all costs related to such bonds, whether or not actually issued, shall be paid by the Borrower. Such bonds shall be payable solely and only by or on behalf of the Borrower and shall never constitute a debt or obligation of any kind of the City, the State of Illinois or any other political subdivision of the State of Illinois.

PASSED by the City Council this 10<sup>th</sup> day of October, 2005.

AYES:

NAYS:

ABSTAINS:

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Phyllis D. Clark, City Clerk

APPROVED by the Mayor this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

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Laurel Lunt Prussing, Mayor

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