



## DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

*Grants Management Division*

### **m e m o r a n d u m**

**TO:** Elizabeth H. Tyler, FAICP, Community Development Director

**FROM:** Kelly Mierkowski, Manager, Grants Management Division *KLM*

**DATE:** March 23, 2012

**SUBJECT:** **RESOLUTION EVIDENCING THE INTENTION OF THE CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, TO TRANSFER VOLUME CAP IN CONNECTION WITH PRIVATE ACTIVITY BOND ISSUES, MULTI-FAMILY REVENUE BONDS; AND RELATED MATTERS (Private Bond Cap Allocation –EIEDA, Series 2012)**

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### **Description**

Included on the agenda of the March 27, 2012 Urbana Community Development Commission meeting is a resolution to allocate the City's Private Activity Bond Cap to the Eastern Illinois Economic Development Authority (EIEDA).

### **Background**

In accordance with the IRS Code, each municipality in Illinois is allowed to issue private activity bonds in the amount of \$95 per capita population for 2012. The City's private activity bond cap must be allocated or reserved before May 1, 2012. The options include reserving the bond cap for a local eligible project, or ceding the bond cap to another community for participation in an eligible activity. Any unused bond cap not ceded for any combination of these options will automatically be recaptured by the State of Illinois for use by another municipality. The City of Urbana has a total of \$3,918,750 in 2012 Private Activity Bond Cap available that can provide below-market-rate financing for the following activities:

- 1) Affordable housing programs
- 2) Multi-family affordable housing projects
- 3) Nonprofit development projects (i.e. hospitals, YMCAs, etc)
- 4) Industrial development projects (i.e. manufacturing)

Last year the City of Urbana ceded its bond cap portion to the City of Aurora, Kane, Will, DuPage, and Kendall Counties, Illinois (City of Aurora) for participation in the AssistUrbana homebuyer assistance program. This program ceased in 2011 but is being replaced by a new product that offers both downpayment and mortgage credit certificate financing products. David Rasch, the

representative for the Administrator of the Assist MCC Program, indicated that there was not an immediate need for additional bond cap this year, but that the City should consider ceding its bond cap to the Assist MCC program in 2013.

The Illinois Housing Development Authority (IHDA) has also informed staff that it is not accepting additional funding for its Mortgage Credit Certificate Program at this time. As such, staff is recommending that the full 2012 bond cap allocation be ceded to the Eastern Illinois Economic Development Authority (EIEDA).

## **Program History**

EIEDA was created in July, 2005 by Illinois Public Act 94-0203. The Act allows EIEDA to issue taxable and tax-exempt bonds for the purpose of developing, constructing, acquiring, improving properties or facilities for business entities locating, or expanding, within the territorial jurisdiction of EIEDA. The jurisdiction includes the following counties: Champaign, Coles, Douglas, Edgar, Ford, Iroquois, Moultrie, Piatt, Shelby, and Vermilion.

EIEDA will soon issue \$15.5 Million in bonds to support the \$15.5 Million Eden Supportive Living project, which will serve young, disabled adults at the former Howard Johnson building located at the corner of Church and Park Street in Champaign, IL. This will be the first multi-family development project undertaken in the Eastern Illinois area since the EIEDA's inception.

The City does not wish to act as an Issuer at this time due to the heavy administrative capacity needed to oversee this type of program and the financial risks it would involve. By ceding the City's bond cap to EIEDA, the City may be able to access these funds for neighborhood revitalization projects such as the Kerr Avenue Development project and other important economic development activities. Allowing EIEDA to serve as Issuer removes any financial liability on the part of the City and could provide a means of financing future community development projects. Any funds that are not used within the City limits will benefit the Eastern Illinois area, which increases the potential for local lender involvement.

## **Options**

1. Forward the Resolution Evidencing the Intention of the City of Urbana, Champaign County, Illinois, to Transfer Volume Cap in Connection with Private Activity Bond Issues, Multi-Family Revenue Bonds; and Related Matters to the Urbana City Council with a recommendation for approval.
2. Forward the Resolution to the Urbana City Council with a recommendation for approval with suggested changes.
3. Do not recommend that City Council approve the Ordinance.

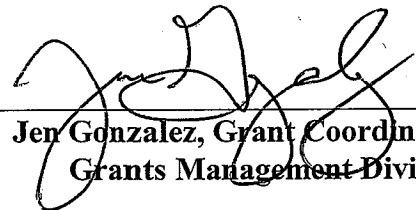
## **Fiscal Impacts**

There will be no fiscal impact to the City Budget in ceding volume cap to EIEDA, as the City would have no liability for bond repayment since the City would not be the bond issuer.

## **Recommendation**

Staff is recommending Council approve the Resolution allocating the City of Urbana 2012 private activity bond cap of \$3,918,750 to EIEDA.

**Memorandum Prepared By:**

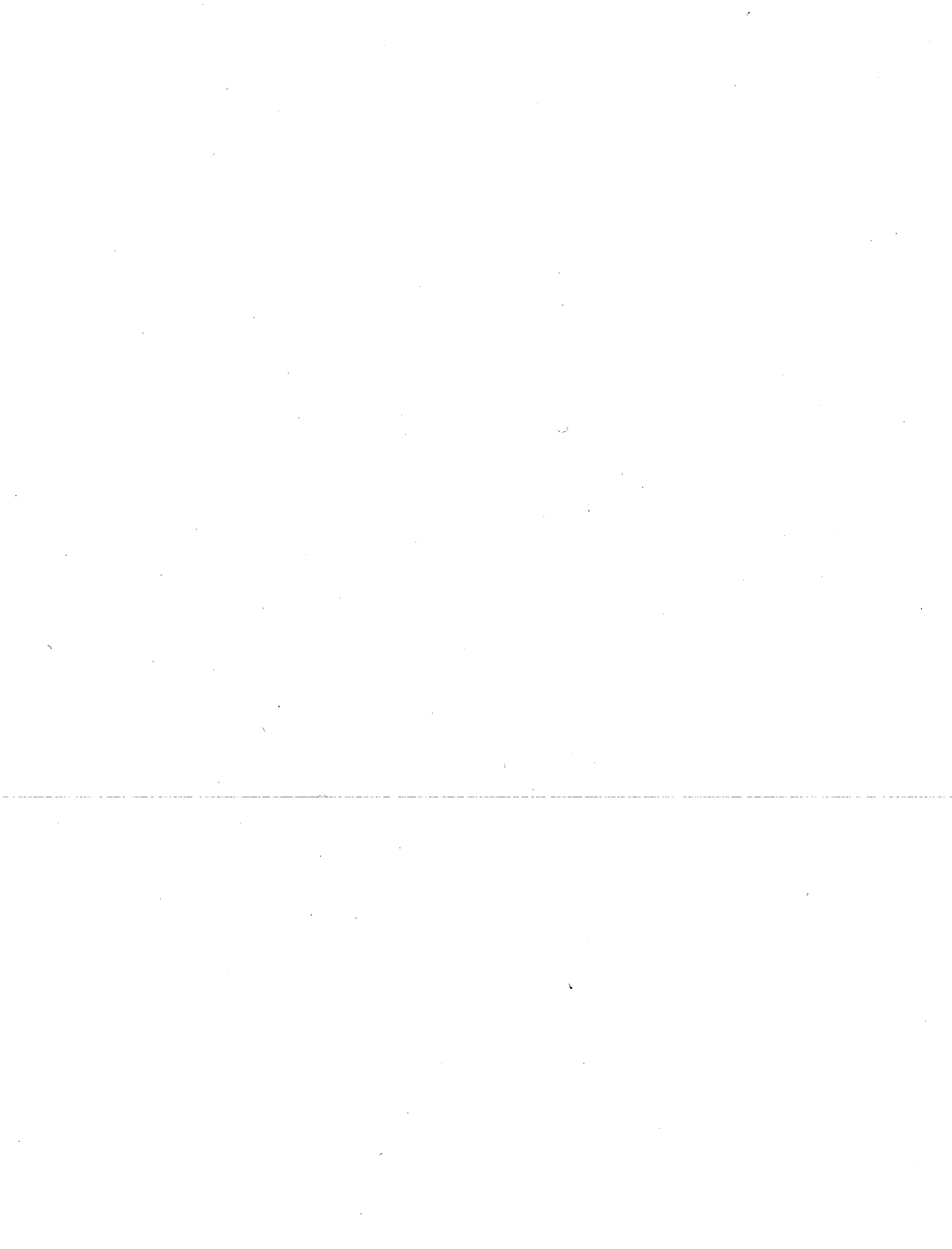


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**Jen Gonzalez, Grant Coordinator  
Grants Management Division**

Attachments:

- 1) RESOLUTION EVIDENCING THE INTENTION OF THE CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, TO TRANSFER VOLUME CAP IN CONNECTION WITH PRIVATE ACTIVITY BOND ISSUES, MULTI-FAMILY REVENUE BONDS; AND RELATED MATTERS (Private Bond Cap Allocation – EIEDA, Series 2012)



RESOLUTION NO. \_\_\_\_\_

RESOLUTION EVIDENCING THE INTENTION OF THE CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, TO TRANSFER VOLUME CAP IN CONNECTION WITH PRIVATE ACTIVITY BOND ISSUES, SINGLE-FAMILY MORTGAGE REVENUE BONDS; AND RELATED MATTERS

(Private Bond Cap Allocation - EIEDA, Series 2012)

WHEREAS, the City of Urbana, Champaign County, Illinois (the "Municipality") is a municipality and a home rule unit of government under Section 6 of Article VII of the 1970 Constitution of the State of Illinois; and Whereas, Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"), provides that the Municipality has volume cap equal to \$95 per resident of the Municipality in each calendar year, which volume cap may be allocated to certain tax-exempt private activity bonds; and

WHEREAS, the Illinois Private Activity Bond Allocation Act, 30 Illinois Compiled Statutes 2006, 345/1 et seq., as supplemented and amended (the "Act"), provides that a home rule unit of government may transfer its allocation of volume cap to any other home rule unit of government, the State of Illinois or any agency thereof or any non-home rule unit of government; and

WHEREAS, it is now deemed necessary and desirable by the Municipality to transfer its volume cap allocation for calendar year 2012 to the Eastern Illinois Economic Development Authority (the "Issuer") to be applied toward the issuance of multi-family revenue bonds by the Issuer (the "Bonds") or for such other purpose permitted by this Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, AS FOLLOWS:

Section 1. That, pursuant to Section 146 of the Code and the Act, volume cap of the Municipality in the amount of \$3,918,750 for calendar year 2012 is hereby transferred to the Issuer, which shall issue the Bonds using such transfer of volume cap, without any further action required on the part of the Municipality, and the adoption of this Resolution shall be deemed to be

an allocation of such volume cap to the issuance of the Bonds or other private activity bonds.

Section 2. That the Municipality and the Issuer shall maintain a written record of this Resolution in their respective records during the term that the Bonds or any other such bonds to which such volume cap is allocated remain outstanding.

Section 3. That 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.

Section 4. That the provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision of this Resolution shall for any reason be declared to be invalid, such declaration shall not affect the remainder of the sections, phrases and provisions of this Resolution.

Section 5. That all resolutions, orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby superseded; and that this Resolution shall be in full force and effect upon its adoption and approval.

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

AYES:

NAYS:

ABSTAINS:

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

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

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