

## COUNCIL WORKSHOP ITEM

**ITEM:** 2004 Reservation of IRB Volume Cap  
**DATE:** April 27, 2004  
**PREPARED BY:** Joseph Skach  
Director, Planning and Community Development  
**PURPOSE:** Approval of Ordinance to reserve the Village's authorized 2004 Industrial Revenue Bond (IRB) Volume Cap to be applied toward private activity bond issues

### DISCUSSION

Consistent with this action last year, and in years previous, the Village has an expression of interest by Stern Brothers & Co. to use the Village's authorized IRB volume cap to help finance eligible projects in the State of Illinois. The amount an Illinois Home Rule community can issue (Volume Cap) for 2004 is currently \$80 per capita, or in the Village's case, (est.) \$3,909,520 based on a State recognized population figure of 48,869. Note the volume cap this year is based on \$5.00 more per capita than last year.

Although the Village lends its private activity bonding authority, the Village has no financial liability or responsibility for repayment of bonds and the borrower pays any costs incurred by the Village to provide this opportunity. In order to provide such an opportunity, the Village must reserve its volume cap prior to May 1.

As previously, based on market conditions for the demand for such volume cap, it is expected that Stern Brothers would compensate the Village of Downers Grove a fee of at least 1.0% of the Village's volume cap, or (est.) \$39,095 for the authority to use the volume cap upon the passage of the attached Ordinance; the actual fee would be negotiated prior to the time of sale/closing of such bonds. The Village would review any bond documents. In addition, the one week waiting period is requested to be waived in order for the Village to comply with the requirements that the volume cap be reserved prior to May 1, 2004. The Village would subsequently advise the Office of the Governor subsequent to approval of the Ordinance per the attached draft letter from the Village Manager.

### ATTACHMENT

1. Expression of Interest, Stern Brothers & Co.
2. Draft Ordinance to Reserve Village's IRB Volume Cap
3. Draft Letter by Village Manager to State

### RECOMMENDATION

That, consistent with previous years, the Village Council reserve the Village's entire (est.) \$3,909,520.00 IRB volume cap and grant subsequent authority to Stern Brothers & Co., or other similar entity determined to be acting in the Village's best interest, to purchase or arrange for the purchase of an expected subsequent bond sale that it is expected, would result in (est.) \$39,095 in proceeds to the Village. In addition, the one week waiting period is requested to be waived in order for the Village to comply with the requirements that the volume cap be reserved prior to May 1, 2004.

c: Rick Ginex, Village Manager  
Enza Petrarca, Village Attorney  
Dave Van Vooren, Deputy Village Manager  
Rita Trainor, Director, Finance

# SternBrothers&Co.

Investment Banking Since 1917

220 West Huron Street  
Suite 500 East  
Chicago, Illinois 60610  
Tel: 312.664.5656  
Fax: 312.664.5650

April 19, 2004

Mr. Joe Skach  
Director of Planning & Community Development  
Village of Downers Grove  
801 Burlington Avenue  
Downers Grove, Illinois 60515

Re: Buena Vista Apartments, Elgin, IL

Dear Mr. Skach:

Stern Brothers & Co. is working with the City of Elgin and Evergreen Management, LLC ("Evergreen"), a developer of affordable multifamily housing, to acquire and renovate an affordable housing project in Elgin, Illinois.

The project, Buena Vista Apartments, is a 230-unit apartment complex, which will serve the need for affordable housing in and around Elgin and create more than 15 full-time construction jobs primarily drawn from the immediate area.

Toward that end, we are seeking 2004 volume cap from Illinois home rule communities to assist Elgin in financing the project. We intend to raise approximately \$14 million of private activity bonding authority to finance the acquisition price of the property and costs of renovation.

We will compensate the village a fee of 1.00% (\$39,095.20) based on a population of 48,869 for committing Downers Grove's 2004 bonding authority in the amount of \$3,909,520 to this worthy project. The village will be paid for the bond cap upon the closing of the bonds.

Please call me with a date convenient for you to schedule the reservation ordinance, a copy of which is attached, for board review and passage. I look forward to hearing from you.

Sincerely,



David S. Rasch  
Managing Director

enclosures

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE RESERVING VOLUME CAP IN CONNECTION WITH  
PRIVATE ACTIVITY BOND ISSUES, AND RELATED MATTERS

WHEREAS, the Village of Downers Grove, DuPage 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 \$80.00 per resident of the Municipality in each calendar year, which volume cap may be reserved and allocated to certain tax-exempt private activity bonds; and

WHEREAS, the Illinois Private Activity Bond Allocation Act, 30 *Illinois Compiled Statutes 1998, 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 reserve all of its volume cap allocation for calendar year 2004 to be applied toward the issuance of private activity bonds (the "*Bonds*"), as provided in this Ordinance, or to be transferred, as permitted by this Ordinance;

NOW, THEREFORE, Be It Ordained by the Mayor and Council of the Village of Downers Grove, DuPage County, Illinois, as follows:

*SECTION 1.* That, pursuant to Section 146 of the Code and the Act, the entire volume cap of the Municipality for calendar year 2004 is hereby reserved by the Municipality, which shall issue the Bonds using such volume cap, as shall be directed by Stern Brothers & Co., or shall use or transfer such volume cap in such manner as shall be directed by Stern Brothers & Co., without any further action required on the part of the Municipality, and the adoption of this Ordinance shall be deemed to be an allocation of such volume cap to the issuance of the Bonds or such other bonds; provided, that any such transfer shall be evidenced by a written instrument executed by the President or any other proper officer or employee of the Municipality; provided further, upon the adoption of this Ordinance, there shall be paid to the Municipality a fee by the obligor of the bonds to be negotiated prior to the sale of such bonds.

*SECTION 2.* That the Municipality shall maintain a written record of this Ordinance in its 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 Village Clerk and all other proper officers, officials, agents and employees of the Municipality are hereby authorized, empowered and directed to do



**DRAFT**  
**REPORT OF ALLOCATION GRANTED  
BY HOME-RULED UNITS**

<http://www.vil.downers-grove.il.us>

**COMMUNITY RESPONSE  
CENTER**

630.434.CALL (2255)

May 1, 2004

Via Facsimile and Post

**CIVIC CENTER**

801 Burlington Avenue  
Downers Grove  
Illinois 60515-4776  
630.434.5500  
TDD 630.434.5511  
FAX 630.434.5571

Office of the Governor  
603 Stratton Building  
Springfield, IL 62706

ATTENTION: Mr. Brad Scott

**FIRE DEPARTMENT  
ADMINISTRATION**

6701 Main Street  
Downers Grove  
Illinois 60516-3426  
630.434.5980  
FAX 630.434.5998

*Re: Issuer: Village of Downers Grove, DuPage County  
Total 2004 Volume Cap Allocation \$3,909,520.00*

Volume cap allocations granted, transferred, or reserved by Issuer resolution prior to May 1, 2003:

1. Principal Amount of Issue: \$3,909,520.00  
Bond Description: Revenue Bond  
If reallocation to another issuer, state name of issue:  
Stern Brothers & Co.

**POLICE DEPARTMENT**

825 Burlington Avenue  
Downers Grove  
Illinois 60515-4783  
630.434.5600  
FAX 630.434.5690

Copy of allocation resolution is attached.

Total Allocation Reallocated: \$3,909,520.00

**PUBLIC WORKS**

**DEPARTMENT**

5101 Walnut Avenue  
Downers Grove  
Illinois 60515-4074  
630.434.5460  
FAX 630.434.5495

Sincerely,

Riccardo Ginex  
Village Manager

VILLAGE OF DOWNERS GROVE, ILLINOIS

**DEPARTMENT OF  
SOCIAL AND HEALTH SERVICES**

842 Curtiss Street  
Downers Grove  
Illinois 60515-4761  
630.434.5595  
FAX 630.434.5599

Attachment:

cc: Stern Brothers & Co.  
Enza Petrarca, Village Attorney  
David Van Vooren, Deputy Village Manager  
Joseph Skach, Director, Planning and Community Development  
Rita Trainor, Director, Finance



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 Ordinance.

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

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

Presented, passed, approved and recorded this \_\_\_ day of \_\_\_\_\_, 2004.

Approved:

\_\_\_\_\_  
Mayor

[SEAL]

ATTEST:

\_\_\_\_\_  
Village Clerk

11mWord.11121111BondAlo-Reserve