



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item number: 6b

Title:

Recommendation to approve an Ordinance Reserving and Authorizing the Transfer of Volume Cap in Connection with Private Activity Bond Issues and Related Matters

Presenter:

Chris Minick, Finance Director

Meeting: Government Operations Committee

Date: March 15, 2021

Proposed Cost: \$ N/A

Budgeted Amount: \$

Not Budgeted:

Executive Summary *(if not budgeted please explain):*

Our private activity bond allocation cap this year is \$3,633,520. This amount is based on a private activity allocation of \$110 per capita from the State of Illinois (City’s population estimate of 33,032 per State of Illinois 2021 Guidelines and Procedures). We have the right to reserve, transfer, or remand volume cap back to the State of Illinois. In the past, we have occasionally been able to sell our volume cap to other municipalities for applicable private activity developments and debt issuances occurring in those jurisdictions. Sale of the volume cap to another governmental entity is also approved by the attached ordinance.

The City has no current plans to utilize our volume cap during 2021, but Staff is recommending that we reserve our volume cap in the event an eligible project comes up during the year. In order to do so, we will need to pass the attached ordinance reserving our volume cap.

The City’s volume cap allocation allows for private businesses to issue tax exempt debt for industrial expansion and job creation projects under certain circumstances. These entities are able to utilize the City’s volume cap to issue the tax-exempt debt if all other IRS criteria are met. There is not typically large demand for volume cap, however projects do occasionally come up. Retaining our volume cap gives the City the maximum flexibility should an opportunity present itself.

Attachments *(please list):*

Ordinance

Recommendation/Suggested Action *(briefly explain):*

Recommendation to Approve an Ordinance Reserving and Authorizing the Transfer of Volume Cap in Connection with Private Activity Bond Issues and Related Matters.

City of St. Charles, Illinois
Ordinance No. 2021-M-____

**An Ordinance Reserving and Authorizing the Transfer of
Volume Cap in Connection with Private Activity Bond
Issues and Related Matter**

WHEREAS, the City of St. Charles, Kane and DuPage Counties, (the “City”), 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 City has volume cap equal to \$110.00 per resident of the City 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 ILCS 345/1 *et seq.* (State Bar Ed. 2006), 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 City to reserve all of its volume cap allocation for calendar year 2021 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 City Council of the City of St. Charles, Kane and DuPage Counties, Illinois, as follows:

Section 1. That, pursuant to Section 146 of the Code and the Act, the entire volume cap of the City for calendar year 2021 is hereby reserved by the City, which may issue the Bonds

using such volume cap, or without any further action required on the part of the corporate authorities of the City, may transfer such volume cap to a home rule unit of government, non-home rule unit of government, the State of Illinois or any agency thereof for the issuance of private activity bonds by such government entity, and the adoption of this Ordinance shall be deemed to be an allocation of such volume cap to the issuance of the Bonds or authorization of the transfer of such volume cap for use in the issuance of such other bonds; *provided*, that any such transfer shall be evidenced by a written instrument executed by the Mayor, City Administrator, or Finance Director of the City.

Section 2. That the City 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 City Clerk, City Administrator and all other proper officers, officials, agents and employees of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents and certifications as may be necessary to further the purposes and intent of this Ordinance and to comply with the provisions of the Act with respect to transfers of volume cap.

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 to the City Council of the City of St. Charles, Illinois, this ____ day of April, 2021.

PASSED by the City Council of the City of St. Charles, Illinois, this ____ day of April, 2021.

APPROVED by the Mayor of the City of St. Charles, Illinois, this ____ day of April, 2021.

Raymond P. Rogina, Mayor

ATTEST:

City Clerk

COUNCIL VOTE:
Ayes: _____
Nays: _____
Absent: _____
Abstain: _____

APPROVED AS TO FORM:

City Attorney

Date