

	AGENDA ITEM EXECUTIVE SUMMARY		Agenda Item number: IIIA2
	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:	Bill Hannah, Director of Finance	
Meeting: City Council		Date: April 1, 2024	
Proposed Cost: \$ <i>N/A</i>		Budgeted Amount: \$ N/A	Not Budgeted: <input type="checkbox"/>
TIF District: None			
Executive Summary (if not budgeted, please explain):			
<p>The City annually receives a volume cap allocation of tax-exempt private activity bonds (PAB) per Section 146 of the IRS code from the State. The City may use this allocation to allow private businesses or not-for-profits to finance eligible activities also known as “qualified private activities” which can include affordable housing initiatives, industrial development projects, nonmanufacturing and other uses. The City has no financial liability for any activities that may be financed by private activity bonds and the City’s volume cap. Federal guidelines determine an annual limit allocated to each State and this limit is known as the volume cap limit.</p> <p>The State of Illinois has issued its annual guidance for volume cap allocation and the allocation is \$125 per capita or \$4,093,750. This amount is based on the City’s population estimate listed in the State of Illinois 2024 Guidelines and Procedures for private activity bonding authority. The City has the right to reserve, transfer, or remand the volume cap back to the State of Illinois. In the past, the City has used its volume cap to issue private activity bonds and occasionally been able to sell its volume cap to other municipalities for other uses. The City currently does not have active plans to utilize volume cap during 2024, but Staff is recommending that we reserve the volume cap in the event an eligible project comes up during the year. The attached ordinance preserves the City’s options with regards to its volume cap.</p> <p>The City’s volume cap allocation allows for certain private activities to be funded at tax-exempt rates. Any allocation provided to a private entity would not constitute an obligation of the City. The City must adopt the ordinance reserving its volume cap by May 1 and report such reservation to the State by May 10 of its intention to reserve its volume cap for the year, or allow it to go back into a pool to be used by other home rule units of government or other State agencies.</p>			
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. 2024-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 \$125.00 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. 2016), 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 2024 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 2024 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, 2024.

PASSED by the City Council of the City of St. Charles, Illinois, this ____ day of April, 2024.

APPROVED by the Mayor of the City of St. Charles, Illinois, this ____ day of April, 2024.

Lora Vitek, Mayor

ATTEST:

City Clerk

COUNCIL VOTE:

Ayes: _____

Nays: _____

Absent: _____

Abstain: _____

APPROVED AS TO FORM:

City Attorney

Date