



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 H. Mierkowski, Manager, Grants Management Division
DATE: March 20, 2014
SUBJECT: **A RESOLUTION APPROVING THE TRANSFER OF VOLUME CAP IN CONNECTION WITH PRIVATE ACTIVITY BOND ISSUES, SINGLE-FAMILY MORTGAGE REVENUE BONDS, AND RELATED MATTERS (Private Bond Cap Allocation – Assist MCC Programs, Series 2014)**

A RESOLUTION APPROVING THE TRANSFER OF VOLUME CAP IN CONNECTION WITH PRIVATE ACTIVITY BOND ISSUES, SINGLE-FAMILY MORTGAGE REVENUE BONDS, AND RELATED MATTERS (Private Bond Cap Allocation – EIEDA, Series 2014)

Description

Included on the agenda of the March 25, 2014 Urbana Community Development Commission meeting are resolutions to allocate the City's Private Activity Bond Cap to the Assist MCC Programs and the Eastern Illinois Economic Development Authority (EIEDA).

Issues

The issue is for the Community Development Commission (CDC) to make a recommendation to the Urbana City Council regarding the use of the City of Urbana's 2014 private activity bond cap. The Urbana City Council must decide how to allocate the City's private activity bond cap before May 1, 2014.

The options include reserving the bond cap for specific projects or participating in homebuyer assistance programs offered through the Assist MCC Program and/or reserving the bond cap for neighborhood initiatives through the Eastern Illinois Economic Development Authority (EIEDA). Any unused bond cap not ceded for any combination of these programs will automatically be ceded back to the State of Illinois for use by another municipality.

For 2014, Illinois home rule units are allocated \$100 per capita of private activity volume cap. This represents an increase of \$5 from \$95 per capita in 2013. Urbana's unified allocation for 2014 is \$4,158,100 based on a population of 41,581, which is an increase of 63 from a 2013 population of 41,518.

Background

In accordance with the IRS Code, each municipality in Illinois is allowed to issue private activity bonds in the amount of \$100 per capita population for 2014. The State of Illinois each year recaptures any bond allocation unused by the City as of May 1. The City may elect to use its allocation, allow its allocation to be recaptured by the State, or voluntarily cede its allocation to the State or to any community. The City of Urbana has a total of \$4,158,100 in 2014 Private Activity Bond Cap available that can be utilized for:

- 1) Multi-family affordable housing projects
- 2) Nonprofit development projects (i.e. hospitals, YMCAs, etc)
- 3) Industrial development projects (i.e. manufacturing)
- 4) Below-market-rate financing for affordable housing
- 5) Mortgage credit certificates in support of homeownership, or
- 6) Below-market-rate financing for limited types of industrial developments

Assist MCC Program

The *AssistUrbana* Program was first started under the name of *AccessUrbana* in 1995. Historically, the Assist Program has provided 30-year fixed rate FHA/VA mortgage loans or conventional loans at competitive interest rates through participating local lenders. The program has also provided non-repayable, non-taxable grants for down payments and closing costs up to 4.25 percent of the home mortgage amount. The Assist Program has supported both FHA and VA lending programs and was marketed in the past by the City and local lenders through direct mailers, seminars, and media advertising.

In order to qualify for the Assist homebuyer assistance programs, participating households are required to meet income and purchase price limits. Homes that meet the program guidelines are new or existing, owner-occupied, single family homes, town homes and condominiums. Income Limits and Purchase Price Limits applicable to the 2014 program are as follows:

Income Limits:	<u>1 or 2 persons</u>	<u>3 or more</u>
	\$72,100	\$82,915
Purchase Price Limits	\$250,200	

In a recent email to the City, David Rasch, Managing Director of the Assist MCC Program for Stern Brothers & Co. (copy attached), requested that the City of Urbana consider ceding all or a portion of its bond allocation to the Assist MCC Program. Mr. Rasch indicated that the program is now up and running, and after having conducted 5 or 6 large scale lender trainings they are now making loans. The current assisted mortgage rate is 4.375%, with the 3.00% cash grant. The 25% mortgage credit certificate (MCC) is also available in certain communities. MCC's are a federally authorized program created as an alternative to tax-exempt housing bonds to reduce effective interest costs for qualifying homebuyers. MCC's allow the homebuyer to qualify for a federal income tax credit equal to a percentage of the interest paid on their home loan each year. MCC holders still qualify for a regular deduction of the remaining interest paid on their home loan.

EIEDA

The Eastern Illinois Economic Development Authority (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.

Since 2012, Urbana has ceded its bond cap to EIEDA to be used toward possible multi-family housing projects in the community, as other homebuyer assistance programs had been discontinued or did not have an immediate need for additional bond cap. By ceding part of the City's bond cap to EIEDA, the City may be able to access these funds for neighborhood revitalization projects such as the Aspen Court/Urbana Townhomes Redevelopment project, 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.

Options

The City must allocate or reserve its private activity bond authority for 2014 by May 1, 2014. The City can cede or reserve as much or as little of its private activity bond cap to one or all of the following activities:

- Reserve private activity bond cap for the purpose of furthering neighborhood initiatives
- Assist & Mortgage Credit Certificate (MCC) Program

Fiscal Impacts


There will be no fiscal impact to the City Budget in ceding volume bond cap to EIEDA, as any financial risk associated with issuing the bonds is removed from the City's responsibility, since the responsibility is assumed by the issuer. The City may also see benefits from eligible local projects in the future if they are supported with the bond financing provided through EIEDA.

For the Assist MCC homebuyer programs, the City would have no liability for bond repayment since the City would not be the bond issuer and all mortgage repayments would be government-insured. Under the Assist MCC program, the City would realize an increase in property taxes from new Urbana homebuyers. Program administrative fees incurred by the bond counsels and by the City's bond consultants would be paid with bond proceeds.

Recommendation

Staff recommends that the CDC forward the Resolutions to the Urbana City Council with a recommendation for allocation of the City of Urbana 2014 private activity bond cap in the following manner: Half (50%) of its allocation of \$4,158,100 in the amount of \$2,079,000 from the City of Urbana 2014 private activity bond cap to be utilized for the Assist Program and the other half (50%) to EIEDA to be utilized for possible neighborhood initiatives in the community.

Memorandum Prepared By:


Kelly H. Mierkowski, Manager
Grants Management Division

Attachments:

- 1) A 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 MORTGAGE REVENUE BONDS; AND RELATED MATTERS (Private Bond Cap Allocation – EIEDA, Series 2014)
- 2) A 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 – Assist MCC Program, Series 2014)
- 3) Copy of email from David Rasch, Managing Director of the Assist Program for Stern Brothers & Co., dated March 12, 2014, with a press release for Assist MCC Program.
- 4) State of Illinois Guidelines and Procedures for the Allocation of Private Activity Bond Authority 2014

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, MULTI-FAMILY MORTGAGE REVENUE BONDS; AND RELATED MATTERS

(Private Bond Cap Allocation - EIEDA, Series 2014)

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 \$100 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 a portion of its volume cap allocation for calendar year 2014 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 \$2,079,000 for calendar year 2014 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

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 - Assist Program, Series 2014)

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 \$100 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 a portion of its volume cap allocation for calendar year 2014 to the City of Aurora, Kane, DuPage, Will and Kendall Counties, Illinois (the "Issuer") to be applied toward the issuance of single family mortgage 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 \$2,079,000 for calendar year 2014 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, or mortgage credit certificates.

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, resolutions or 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

Mierkowski, Kelly

From: David Rasch <dsrasch@earthlink.net>
Sent: Monday, February 10, 2014 1:15 PM
To: Mierkowski, Kelly
Subject: Illinois Assist Homebuyer's Down Payment Assistance Program
Attachments: Transfer Ordinance - Urbana.doc; Report of Allocation Granted Letter - Urbana.doc; Press Release - Urbana.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

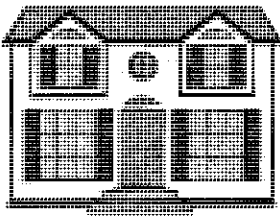
Hi Kelly:

We have been a bit quiet of late but we are now up and running again. Late in the 3rd quarter of 2013, we switched master servicers to US Bank and now after having conducted 5 or 6 large scale lender trainings we are finally making loans. Our current assisted mortgage rate is 4.375%. That is with the 3.00% cash grant. We also have the 25% mortgage credit certificate available in certain communities. I have attached a press release with eight Urbana-area lenders that are ready to make Assist loans. We are adding more on a regular basis.

For 2014, Illinois home rule units are allocated \$100 per capita of private activity volume cap. This represents an increase of \$5 from \$95 per capita in 2013. Urbana's unified allocation for 2014 is \$4,158,100 based on a population of 41,581 which is an increase of 61 from a 2013 population of 41,518. So, attached is the Transfer Ordinance and Report of Allocation Granted Letter for 2014. The Ordinance needs to be passed by the full council prior to May 1st. Within 10 days of acting on the ordinance you will need to send a copy of the executed ordinance under cover of the Report of Allocation Granted Letter to Springfield in order to notify the Governor's Office that you have transferred the cap. Please e-mail me copies of the executed ordinance and signed letter. If you want to handle the cap a different way, let me know and I can make any changes you require.

Call if you have any questions.

David Rasch
Stern Brothers & Co.
220 West Huron Street
Suite 500 East
Chicago, Illinois 60654
(312) 664-5664 - office
(312) 664-5650 - fax
(312) 961-2016 - cell

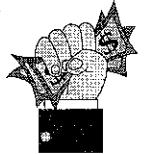


Want a home of your own, but can't meet the down payment and closing costs?

The City of Urbana in association with a number of Illinois communities, offer a two-pronged approach to assist homebuyers: The Assist program provides families with funds to pay all or most of their closing costs and down payment and the mortgage credit certificate ("MCC") program reduces the homebuyer's ongoing cost of borrowing.

What is Assist?

Assist is a program that offers individuals and families with a FHA/VA/RD, 30-year, fixed-rate mortgage and offers a full 3.00% cash grant on the amount borrowed on a mortgage to qualified home buyers for homes in Urbana. The cash assistance may be used to offset some or all of the home loan's down payment and closing costs. Assist minimizes the amount of money you need on hand to purchase your home.



What are Mortgage Credit Certificates?

MCC's are a federally authorized program created as an alternative to tax-exempt housing bonds to reduce effective interest costs for qualifying homebuyers. MCC's allow the homebuyer to qualify for a federal income tax credit equal to a percentage of the interest paid on their home loan each year. MCC holders still qualify for a regular deduction of the remaining interest paid on their home loan.

	Without MCC	With MCC
Mortgage Amount	\$100,000	\$100,000
Mortgage Interest Rate	5.00%	5.00%
Monthly Mortgage Payment (first year interest = \$4,966.49)	\$536.82	\$536.82
MCC Rate	N/A	25%
Monthly Credit Amount (First Year Average) (25% of \$4,966.49 is first year credit)	N/A	\$103.47
"Effective" Monthly Mortgage Payment	\$536.82	\$433.35

What Type of Home Can I Buy And How Much Can I Spend?

Homes that meet the program guidelines are new or existing, owner-occupied, single family homes, town homes and condominiums. Purchase Price and Income Limits are as follows:

Purchase Price Limits:	\$250,200	
Income Limits:	<u>1 or 2 persons</u>	<u>3 or more</u>
	\$72,100	\$82,915

How Do I Sign Up?

1. Contact any of the Urbana-area participating lenders set out below.
2. Meet the program guidelines and qualify for the new home.
3. Close on your purchase and enjoy your new home.

Participating Lenders:

Busey Bank (217) 326-5241	Compass Mortgage (877) 793-9362	1 st Advantage Mortgage (217) 875-5870	Heartland Bank & Trust (217) 359-5555
Wells Fargo Home Mtg. Bank Champaign (217) 363-5356	(217) 351-7630	1 st State Bank of Illinois (309) 966-4859	Mortgage Services III (217) 875-7253

STATE OF ILLINOIS



GUIDELINES AND PROCEDURES

FOR THE

ALLOCATION OF PRIVATE ACTIVITY BONDING AUTHORITY

IN ACCORDANCE WITH THE TAX REFORM ACT OF 1986

AND 30 ILCS 345

OFFICE OF THE GOVERNOR

Effective January 1, 2014

INTRODUCTION

The Federal Tax Reform Act of 1986 (the "Code") as amended, imposes a limit on the aggregate amount of "tax exempt private activity" bonds (also known as "Volume Cap") that can be issued by a state.. While the Code provides an allocation scheme for specific issuing authorities, it also provides that a state may, by law, provide a different formula for allocating the State ceiling among the governmental units in the State having authority to issue such bonds. The State of Illinois ("the State") has adopted procedures for the allocation of Volume Cap pursuant to the Illinois Private Activity Bond Allocation Act, 30ILCS 345 (the "Illinois Allocation Act").

The Governor's Office is the entity charged with authority to allocate Volume Cap among the political subdivisions within the State. In the event of conflict between the Code and Illinois Allocation Act and these "2014 Guidelines and Procedures" (the "Guidelines"), the Code and the Illinois Allocation Act shall control. Any matters not covered by the Code or the Illinois Allocation Act or the Guidelines shall be decided by the Governor's Office, and the Governor's Office reserves the right to amend the Guidelines at any time.

These Guidelines are provided by the Governor's Office to assist issuers in understanding how the allocation formula will be administered. They do not represent a binding legal interpretation of either the Code or the Illinois Allocation Act. The Governor's Office will not make a legal determination of the applicability of the Code to an issuer nor will it determine an issuer's compliance under the Code. Issuers should consult their own legal counsel to make these determinations.

The Guidelines require certain issuers to submit requests to the Governor's Office for allocations of Volume cap. In addition, they require issuers within the State to report on reallocations and their use of Volume Cap.

PLEASE NOTE – ALL REQUESTS AND REPORTING SUBMISSIONS, AS DESCRIBED HEREIN, MUST BE SUBMITTED IN BOTH (i) HARD AND (ii) ELECTRONIC FORMATS (ADOBE ACROBAT "PDF") TO THE FOLLOWING ADDRESSES:

HARD COPY SUBMISSIONS TO:

**Governor's Office of Management and Budget
Debt Management Unit – Volume Cap Submission
603 Stratton Building
Springfield, IL 62706**

ELECTRONIC (PDF) SUBMISSIONS TO:

OMB.VolumeCapRequest2014@illinois.gov

Please indicate the (i) name, (ii) status of your organization (Home Rule, Non-Home Rule or State Agency) and (iii) type of submission (either a "REPORT" or a "REQUEST") in the "SUBJECT" line of your submission e-mail. Please include the following information for a primary and secondary contact person in the body of each electronic submission (email):

Name
Title
Department/Division
Phone Number
Email address

IMPORTANT NOTE – The time and date stamp of the email will be used for the purpose of determining the order in which the submissions are received unless otherwise noted herein.

HOME RULE UNITS

Allocation

January 1 Benchmark

As described in “2014 State Ceiling – Background and Calculation” above, each Home Rule community is allocated an amount equal to \$100.00 multiplied by its population and Cook County, as a Home Rule county, is allocated an amount equal to \$100.00 multiplied by the population of its unincorporated area. Based on the most recent US Census estimates the total amount for all Home-Rule units has been determined to be \$804,741,100.00. Appendix C attached identifies the list of Home Rule units and the population count used by the Governor’s Office for the volume cap allocation. Special census estimates or other estimates for individual municipalities are not recognized by the Governor’s Office.

During the period from January 1, 2014 through May 1, 2014 Home Rule units may not apply to the State for an allocation under the Illinois Allocation Act. Rather, Home Rule units must determine and monitor their own private activity bond limits as provided in the Illinois Allocation Act. Please see reporting requirements detailed below in “Home Rule Reporting”.

June 1 Benchmark

Of the total amount available to each Home Rule unit of government with less than 2,000,000 inhabitants, the amount that has not been granted, transferred, or reserved by Home Rule units for specific projects or purposes as of May 1, 2014, shall be reserved to the Governor’s Office on June 1, 2014 (the “home Rule Pool”). From the period of June 1 through July 15, 2014, one-half of the Home rule Pool will be available to all Home Rule units with less than 2,000,000 inhabitants (the remaining half is available for allocation to the State or State Agencies as herein after described).

The Governor’s Office will accept Home Rule units’ requests for volume cap from the Home Rule Pool beginning on the first State business day on or after June 1, 2014. Requests will be accepted, via the methods described on page 3, only on or after 8:30 a.m., June 1, 2014. No requests can or will be accepted prior to this date and time. **On the first date that applications may be received all applications received between 8:30am and 5pm on such date shall be deemed equally first in line and the Governor’s Office shall grant cap as it may determine. If more than one request is received in a day, other than the first day that applications may be submitted, completed requests will be logged in by the time the electronic submission is received, and processed on a first-come, first-granted basis.**

If a determination is made that there is a sufficient amount of allocation remaining in the Home Rule Pool upon a request made, an allocation approval letter will be sent to the applicant. The approval letter will be mailed by first class U.S. Mail to the signator of the application letter Express mail will be used upon request and at the issuer’s expense. The allocation is valid for a period of 60 calendar days from the date of the letter or December 27 of the year of the allocation. This period is set by Illinois Allocation Act and cannot be extended.

July 15 Benchmark

On and after July 15, 2014, the amount of the unused allocation from the Home Rule Pool shall be available to both Home Rule units of government (with less than 2,000,000 inhabitants) and to State agencies. Requests submitted prior to July 15 that are not completely fulfilled must be re-filed after July 15 if cap still is requested.

Home Rule Reporting

Confirmation of Issuance

Pursuant to Section 7 of the Illinois Allocation Act, any Home Rule unit utilizing Volume Cap (regardless of its source) is required to report, within 10 calendar days of issuance, the following:

- (a) Name of the Issuer;
- (b) Principal amount of the issue;
- (c) Purpose for which the private activity bonds were issued;
- (d) The amount, if any, used to refund any prior issue of private activity bond; and
- (e) IRS 8038

A form of the "Confirmation of Bond Issuance" letter is provided in Appendix A.

If the amount of bonds issued as stated in the confirmation letter is less than the amount approved for allocation for that project, the amount of unused allocation shall be added to the remaining pool allocation available. This "lapsed" volume cap will be offered first to all issuers who have requested volume cap whose requests were not completely fulfilled, in the order that such requests were initially filed. If more than one request was initially filed at the same time, the order of filing will be randomly assigned for purposes of offering lapsed cap. Volume cap is not considered lapsed unless the issuer or issuer's representative states in writing that all or a portion of the cap will not be used.

Mid-Year Reporting

No later than May 10, 2014, each Home Rule unit with less than 2,000,000 inhabitants must report to the Governor's Office in writing on volume cap (i) granted, (ii) transferred, or (iii) reserved by official action of the unit's governing body prior to May 1, 2014. The form described in Appendix A is provided for this purpose - "Report of Allocation Granted by Home Rule".

Once Volume Cap is properly reserved by a Home Rule unit prior to May 1, 2014, the Governor's Office will not object to the subsequent transfer or reallocation of such cap, or filing of a carry-forward of such volume cap, and no notice to the Governor's Office of any such subsequent action is required. {Please note, however, that Home Rule units must provide notice to the Governor's office, as provided in Section 6 of the Illinois Allocation Act, within fourteen days of said reallocation.}

Please Note - Copies of "Official Action", as defined in the Illinois Allocation Act, must accompany this reporting submission. Submission will not be deemed complete unless a copy of Official Action is included with the submissions.

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prima facie evidence. Units planning to pool their allocations must certify their intent to comply with this section in their request letter.

- **The allocation approval letter is valid for a period of 60 calendar days from the date of the letter. This period is set by the Illinois Allocation Act and cannot be extended.**
- **Pursuant to Section 6 of Illinois Allocation Act, a Non-Home Rule unit IS NOT AUTHORIZED TO REALLOCATE all or any unused portion of its allocation. Direct and indirect reallocations by Non-Home Rule Units are strictly prohibited. This prohibition is discussed more fully in the “Reallocation Provisions” of these Guidelines.**
- **The proceeds from bonds utilizing Volume Cap allocated to a Non-Home Rule unit pursuant to these Guidelines must be used within the jurisdiction of the Non-Home Rule unit.**

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STATE AGENCIES

Allocation Requests

For calendar year 2014 there is expected to be \$241,392,200.00 for use by State Agencies, (the “State Agency Pool”), defined as any State agency, commission, board, authority, or body politic and corporate of the State authorized by law to issue Private Activity Bonds, other than a Non-Home Rule or Home-Rule unit.

The Governor’s Office may allocate among all State agencies from the State Allocation Pool available after January 1, 2014 (January 2, 2014). In addition, State agencies may apply beginning on or after the first State business day after June 1, 2014 for the allocation retained by the Governor’s Office from the Home-Rule Pool and beginning on or on July 15, 2014 for the allocation retained, if any, from the Non-Home Rule Pool. Requests submitted prior to June 1 which are not completely fulfilled and requests submitted prior to July 15 which are not completely fulfilled must be re-filed after July 15 if cap from the Non-Home Rule pool is requested. Please see “HOME RULE” and “NON-HOME RULE” sections for submission procedures.

Please Note-

- **Requests will be processed only for allocation to be used directly by the requesting State agency. Requests may be requested and granted on a lump-sum by private activity bond category or individual project basis as the Governor’s Office may determine. Joint requests from more than one State agency or units of government or requests from one State agency for an allocation that will be used by other units of government will not be considered. Once an allocation is given to a specific State agency, the Governor’s Office will not object if units pool their allocations and join together in a bond issue as advised by legal counsel.**
- **State agencies may submit requests for allocations of any amount. The 10% limit does not apply to State Agencies**
- **The Governor’s Office may consult with State agencies prior to submission of their allocation requests and determine the amount of allocation that shall be requested and approved. The allocation shall be valid through the end of the calendar year.**
- **State agencies may reallocate their unused allocation in the manner described in “REALLOCATION PROVISIONS” with the approval of the Governor’s Office. A State agency that issues bonds after receiving a reallocation from a Home-Rule unit or another State agency shall submit the information described in the “Reporting” section below.**
- **State agencies also may file a carry-forward of an allocation remaining at the end of one calendar year to the next under certain circumstances, with the approval of the Governor’s Office. Issuers should consult their legal counsel with respect to the applicability of this provision to their circumstances**

REALLOCATION PROVISIONS

Reallocations by the State, a State Agency or a Home Rule Unit

The State, any State Agency or Home Rule unit may voluntarily reallocate to any Non-Home Rule unit of local government, Home-Rule unit, the State or any State agency all or any portion of its unused allocation. {The State Agency or Home Rule unit reallocating all or a portion of its unused allocation must provide notice to the Governor's office within fourteen days of said reallocation.}

Consistent with the Illinois Allocation Act and these guidelines, entities that issue private activity bonds on the basis of reallocations must submit to the Governor's Office written evidence of such reallocation and a confirmation of bond issuance letter within ten calendar days from the date the bonds are issued.

Reallocations by a Non-Home Rule Unit Are Prohibited

Non-Home Rule units may not reallocate to any issuer. This prohibition applies to direct reallocations and to reallocations attempted via an intergovernmental or other agreement. Allocations made to Non-Home Rule units pursuant to the Illinois Allocation Act and these Guidelines may not be used in an issuance by another governmental entity on behalf of the Non-Home Rule unit or as a surrogate for the Non-Home Rule unit via an intergovernmental or other agreement.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

(Letterhead of Signator)

**ALLOCATION REQUEST LETTER
FROM ALL ISSUERS**

(Date)

Office of the Governor
Governor's Office of Management and Budget
603 Stratton Building
Springfield, Illinois 62706

ATTENTION: Debt Management Unit

RE: Issuer: _____
Type: (Home-Rule, Non-Home Rule or State agency)
Maximum Principal Amount: _____
Bond Description: (project, beneficiary, location, type/category of bonds)

Dear Governor Quinn:

In accordance with the Tax Reform Act of 1986 as passed by 99th Congress 2nd Session (1986), as amended, and 30 ILCS 345, the (name of issuer) respectfully requests an allocation for the above-captioned private activity bonds. In preparation for this bond issue to date, all applicable Federal and State requirements have been complied with. A copy of the inducement resolution or similar official action for this issue has been attached herewith.

[(The following is required only of Non-Home Rule units which expect to join other units in a single bond issue as described in the guidelines): I hereby certify that (name of issuer) intends to comply with requirements set forth in the Governor's Office guidelines and will not transfer or reallocate any cap received from the Governor's Office to other Non-Home Rule or Home-Rule units and will use the cap only within our jurisdiction.]

I hereby certify under penalty of perjury, that to the best of my knowledge, the issuance of the Private Activity Bond was or will not be made in consideration of any bribe, gift, gratuity or direct or indirect contribution to any political campaign.

Please forward the allocation approval letter to the undersigned [or to: _____]. Bond counsel for these bonds [is expected to be _____, who may be reached at [phone number]] [has not yet been selected].

Sincerely,

(Name of issuer)

(Signature of authorized public official)

(Title)

(Phone number)

[Note: The Bond description cannot be materially changed after submission.]

(Letterhead of Signator)

**CONFIRMATION OF BOND ISSUANCE
TO BE PROVIDED BY ISSUER**

(Date) [Within 10 calendar days of issuance]

Allocation Number: (assigned by us in the allocation approval letter)

Office of the Governor
Governor's Office of Management and Budget
603 Stratton Building
Springfield, Illinois 62706

ATTENTION: Debt Management Unit

Re: Issuer: _____
Type: (non Home-Rule, Home-Rule or State agency)
Date of Issuance: _____
Principal Amount Issued: _____
Bond Description: (project, beneficiary, location, type/category of bonds)

Dear _____:

In accordance with the Tax Reform Act of 1986, as amended, and 30 ILCS 345, the above-captioned Issuer is giving notice that the above-captioned private activity bonds have been issued. With regard to the issuance of these bonds, all applicable federal and state requirements have been complied with. The total allocation provided for this bond issue in the Allocation Approval Letter dated _____ was \$ _____. The total principal amount actually issued was \$ _____ and, therefore, the amount of \$ _____ is unused allocation that may be added to the total available allocation.

Sincerely,

(Name of issuer)

(Signature of authorized public official)
(Title)

Attachments

[Note: If the bonds were issued on the basis of a voluntary reallocation of unused allocation or as a result of a carry-forward of allocation from a prior year, this fact should be so stated in this confirmation letter and a copy of the written evidence of such reallocation or carry-forward should be attached.]

APPENDIX B

ANNUAL HOUSING REPORT

SAMPLE FORM

(Excel version available for download on GOMB website - <http://www.state.il.us/budget/>)

APPENDIX C
POPULATION ESTIMATES

<u>Home Rule Unit¹</u>	<u>Population²</u>	<u>Home Rule Unit¹</u>	<u>Population²</u>
McCook Village	230	Prairie Grove Village	1,895
McHenry City	26,825	Quincy City	40,798
Manhattan Village	7,136	Rantoul Village	12,937
Marion City	17,315	Riverdale Village	13,609
Mascoutah City	7,853	Riverwoods Village	3,658
Maywood Village	24,164	Robbins Village	5,415
Meirose Park Village	25,527	Rockdale Village	1,974
Mettawa Village	552	Rock Island City	38,920
Midlothian Village	14,896	Rolling Meadows City	24,241
Moline City	43,259	Romeoville Village	39,752
Monee Village	5,150	Rosemont Village	4,230
Monmouth City	9,476	Round Lake Beach Village	28,116
Morton Grove Village	23,461	St. Charles City	33,327
Mound City City	576	Sauget Village	156
Mount Prospect Village	54,505	Schaumburg Village	74,781
Mount Vernon City	15,218	Schiller Park Village	11,858
Muddy Village	68	Sesser City	1,924
Mundelein Village	31,249	Sherman Village	4,339
Murphysboro City	7,894	Skokie Village	65,074
Naperville City	143,684	South Barrington Village	4,656
Naples town	129	South Holland Village	22,145
Nauvoo City	1,134	Springfield City	117,126
New Lenox Village	24,715	Standard Village	215
Niles Village	29,962	Stickney Village	6,817
Normal town	53,837	Stone Park Village	4,965
Norridge Village	14,653	Streamwood Village	40,238
Northbrook Village	33,477	Sycamore City	17,481
North Chicago City	29,667	Thornton Village	2,345
Northfield Village	5,470	Tilton Village	2,686
Northlake City	12,370	Tinley Park Village	57,144
North Utica Village	1,381	Tuscola City	4,450
Oakbrook Terrace City	2,155	University Park Village	7,139
Oak Forest City	28,155	Urbana City	41,581
Oak Lawn Village	56,995	Valier Village	667
Oak Park Village	52,015	Valmeyer Village	1,271
O'Fallon City	29,193	Vernon Hills Village	25,678
Old Mill Creek Village	180	Voio Village	3,363
Onarga Village	1,338	Warrenville City	13,316
Orland Park Village	57,392	Washington City	15,410
Oswego Village	31,672	Watseka City	5,199
Palatine Village	69,144	Waukegan City	88,862
Park City City	7,516	West Chicago City	27,576
Park Forest Village	22,035	West City Village	661
Park Ridge City	37,721	West Dundee Village	7,393
Pekin City	34,084	West Frankfort City	8,139
Peoria City	115,687	Wheaton City	53,469
Peoria Heights Village	6,124	Wheeling Village	37,946
Peru City	10,187	Williamsville Village	1,494
Phoenix Village	1,974	Wilmette Village	27,294
Plainfield Village	40,466	Winnetka Village	12,370
Posen Village	6,019	Woodridge Village	33,305

1. Home Rule Communities: Secretary of State – Index Department

2. Population Data Source: Population Division of the U.S. Census Bureau - "Table 1: Annual Estimates of the Population for the United States, Regions, States, and Puerto Rico: April 1, 2000 to July 1, 2012 (NST-EST2012-01) on December 30, 2013