



# Lake County Illinois

## Legislation Text

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**File #:** 08-0455, **Version:** 1

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Your Health & Community Services and Financial & Administrative Committees herewith present an Inducement Resolution and Memorandum of Agreement for the acquisition, renovation and improvement of the Carriage House Apartments in Gurnee, IL

- This is a request for \$10.0 million in tax exempt bond volume cap to acquire, renovate and expand the 134 1BR and 2 2BR development (total of 136 units) to a mix of 66 1BR units, 70 2BR units and 17 studios, for an expanded total of 153 dwelling units.
- This 1960 era complex of buildings will be completely renovated; each apartment will be equipped with its own heating unit, washer/dryer and electric meter. Previously these services were consolidated in each buildings common area; the relocation of these items will facilitate the construction of 17 new studios, one in each building.
- These units will be rented by low to moderate income individuals or families. The total project cost is \$15,165,633 and \$10,000,000 will be financed with the proceeds of this Revenue Bond.

WHEREAS, The County of Lake, Illinois ("County"), is a duly organized and existing unit of local government within the meaning of Section 1 of Article VII of the 1970 Constitution of the State of Illinois and is a body politic and corporate operating under the general laws of the State of Illinois and is not a home rule unit of local government; and

WHEREAS, the County is authorized under the Industrial Building Revenue Bond Act, 50 ILCS 445/1 *et seq.* ("Bond Act"), to issue its revenue bonds to finance, in whole or in part, the cost of the construction, rebuilding, acquisition, improvement, or extension of an "industrial project," as defined in Section 2 of the Bond Act; and

WHEREAS, TSM Development, LLC, an Illinois limited liability company ("Borrower"), wishes to secure financing for the acquisition, construction, rehabilitation and improvement of an industrial project consisting of a 136 unit (153 units after completion of the Project) affordable housing multifamily housing development and related facilities to be owned by the Borrower to be located at 4344, 4347, 4358, 4387, 4376, 4373, 4390 and 4359 McClure Avenue, 513 and 545 Gillings Drive and 4370, 4350, 4334, 4321, 4333, 4349 and 4369 Finch Court, all in the Village of Gurnee, Illinois, within the County ("Project"); and

WHEREAS, the County has been informed by the Borrower that the Borrower will employ two new employees at the site of the Project immediately and will employ a variety of members of the construction trades during the period of construction and rehabilitation of the Project; and

WHEREAS, the Borrower has requested the County issue in one or more issues and series its revenue bonds to provide funds for the acquisition, construction, rehabilitation and improvement of the Project ("Revenue Bonds"); and

WHEREAS, based solely on information provided by the Borrower, on which it is reasonable for the County to rely, including an opinion of Bond Counsel to be provided to the County prior to the

issuance of the Revenue Bonds, the Project constitutes an “industrial project” as defined in Section 2 of the Bond Act; and

WHEREAS, the estimated cost of the Project is anticipated to be approximately \$15,165,633 of which \$10,000,000 will be financed with proceeds of the Revenue Bonds; and

WHEREAS, based upon information supplied by the Borrower, the County Board considers it necessary and desirable to finance the Project in order to (a) provide increased employment opportunities and relieve conditions of unemployment and underemployment within the County, (b) encourage the increase of industry and commerce within the County, and (c) increase the tax base within the County and, thus, to enhance the public health, safety, and general welfare of the County and its inhabitants; and

WHEREAS, the Borrower, in reliance on the intention of the County to finance all or a portion of the costs of acquiring, constructing, rehabilitating and improving the Project through the issuance of the Revenue Bonds, has determined to locate the Project within the corporate limits of the County; and

WHEREAS, all or a portion of the expenditures relating to the Project (“Expenditures”) have been paid within 60 days prior to the passage of this Resolution or will be paid on or after the passage of this Resolution; and

WHEREAS, the County reasonably expects (based upon information supplied by the Borrower, upon which it is reasonable and prudent for the County to rely) to reimburse the Borrower or persons acting on its behalf for the Expenditures with the proceeds of the Revenue Bonds; and

WHEREAS, the Revenue Bonds, when issued in one or more issues and series, shall not be a charge against the general revenues or the taxing powers of the County, but shall be payable solely from the proceeds of the Revenue Bonds, the earnings on such proceeds, and from the revenues and receipts derived with respect to the Project, and no holder of any of the Revenue Bonds shall have the right to compel any exercise of the taxing power of the County, the State of Illinois, or any political subdivision of the State to pay the Revenue Bonds or the interest or any premium thereon, and the Revenue Bonds and the interest thereon shall not constitute an indebtedness or a loan of credit of the County, the State of Illinois, or any political subdivision of the State; and

WHEREAS, a form of Memorandum of Agreement with respect to the proposed issuance of the Revenue Bonds for the Project has been presented to this meeting of the County Board; and

WHEREAS, it is intended that this Resolution shall constitute evidence of the County’s official intent to issue the Revenue Bonds within the meaning of Sections 1.103-8(a)(5) and 1.150-2(e) of the Income Tax Regulations (26 C.F.R., Part 1) (“Regulations”) promulgated pursuant to the Internal Revenue Code of 1986, as amended (“Code”);

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY BOARD OF THE COUNTY OF LAKE, ILLINOIS, as follows:

SECTION 1: The foregoing recitals are hereby incorporated herein as if fully set forth.

SECTION 2: The County Board finds that (a) the lack of employment opportunities within the

County is harmful to the public health, safety, and general welfare of the County and its inhabitants and (b) based upon information supplied by the Borrower, assisting the Borrower through the issuance of the Revenue Bonds, the proceeds of which shall be loaned to the Borrower and used to finance all or a portion of the costs of the Project, will provide increased employment opportunities and relieve conditions of unemployment and underemployment within the County; will encourage the increase of industry and commerce within the County; and will increase the tax base within the County.

SECTION 3: A memorandum of agreement with the Borrower, in substantially the form of the memorandum of agreement that was presented to this meeting and that is attached hereto and by this reference incorporated herein and made a part hereof as Exhibit A (“Memorandum of Agreement”), is hereby approved, and the Chairman of the County Board is hereby authorized to execute, and the County Clerk is hereby authorized to attest and to affix the seal of the County to, the Memorandum of Agreement with such changes in it as shall be approved by them, their approval to be evidenced by their execution of the Memorandum of Agreement.

SECTION 4: To the extent not already available to the County, the Chairman of the County Board is hereby authorized to submit to the Village of Buffalo Grove, Illinois (“Buffalo Grove”) a request for reallocation by Buffalo Grove to the County of private activity bond volume cap available for use for housing purposes for calendar year 2008 from the Private Activity Bond Clearinghouse Pool (the “Pool”) of Buffalo Grove in the principal amount not to exceed \$10,000,000 with respect to the Revenue Bonds for the Project.

SECTION 5: Upon final determination of the details of the financing, and subject to the terms and conditions of this Resolution and the Memorandum of Agreement as executed, and to the availability to the County of sufficient private activity bond volume cap pursuant to Section 146 of the Code to permit the Revenue Bonds to be issued, the County shall take all further steps necessary to issue in one or more issues and series the Revenue Bonds on behalf of the Borrower in a maximum aggregate principal amount not to exceed \$10,000,000 to finance a portion of the costs of the Project; provided, however, that on or before December 31, 2008 (or such earlier date upon which the volume cap shall expire), or such later date as shall be mutually approved by the County Board, by resolution or ordinance duly adopted, and the Borrower, the County and the Borrower shall have agreed to mutually acceptable terms for the Revenue Bonds and the contracts, agreements, and proceedings related to the Revenue Bonds and referred to in the Memorandum of Agreement.

SECTION 6: Pursuant to the provisions of Section 147(f) of the Code, the County Board (as the “applicable elected representative” of the County) intends to approve (a) the issuance of the Revenue Bonds in the maximum aggregate principal amount not to exceed \$10,000,000 and (b) the plan of financing of the Project for the purpose of financing the costs of acquiring, constructing, rehabilitating and improving the Project to be owned by the Borrower for use in its operations and to be located at 4344, 4347, 4358, 4387, 4376, 4373, 4390 and 4359 McClure Avenue, 513 and 545 Gillings Drive and 4370, 4350, 4334, 4321, 4333, 4349 and 4369 Finch Court, all in Gurnee, Illinois, subject to the issuance of public notice and consideration of any and all written and oral statements presented at the public hearing required by Section 147(f) of the Code.

SECTION 7: Other than the volume cap to be sought pursuant to Section 4 of this Resolution, the County shall have no obligation or duty, and no reservation is made, for any other volume cap that may be obtained by or transferred to the County pursuant to the Pool or pursuant to Section 6 of

the Illinois Private Activity Bond Allocation Act, 30 ILCS 345/1 *et seq.* ("Bond Allocation Act") for calendar year 2008 or for any other calendar year.

SECTION 8: The officers and employees of the County are hereby authorized to take such further action as is necessary to carry out the intention and purpose of this Resolution and of the Memorandum of Agreement as executed and, subject to the terms and conditions of this Resolution and of the Memorandum of Agreement as executed, to cause the Revenue Bonds of the County to be issued in the maximum aggregate principal amount not to exceed \$10,000,000 for the purpose of financing all or a portion of the costs of the Project. All actions of the officers, agents, and employees of the County that are in conformity with the purpose and intent of this Resolution, whether taken before or after the adoption hereof, or before or after the adoption of any amendment hereto, are ratified, confirmed, and adopted.

SECTION 9: The County reasonably expects (based upon information supplied by the Borrower, upon which it is reasonable and prudent for the County to rely) to reimburse the Expenditures with proceeds of an obligation.

SECTION 10: All Resolutions and parts thereof in conflict with this Resolution are hereby superseded to the extent of such conflict.

SECTION 11: This Resolution shall be in full force and effect upon, but not before, (a) its passage as provided by law and (b) the Chairman of the County Board shall have been presented with copies of the Memorandum of Agreement executed by the Borrower.

DATED, at WAUKEGAN, LAKE COUNTY, ILLINOIS on this 12th of August, 2008.