



Lake County Illinois

Legislation Text

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Resolution expressing the intention of the County of Lake, Illinois, to make a loan to Hebron Townhouse Apartments, LP, an Illinois limited partnership, to finance a portion of the costs of acquiring, constructing, rebuilding, improving, and extending a multifamily housing facility located in Zion, Illinois, and approving and authorizing the execution of a memorandum of agreement relating to the project.

- Hebron Townhouse Apartments, located at 2705-2719 Hebron Avenue in Zion, Illinois, consists of 63, three-bedroom, townhome rental units originally constructed in the 1960s. The rental units have been eligible for Section 8 rental assistance for more than 30 years.
- Current ownership intends to sell the development to a new group of owners, who will use the funds to rehabilitate the property and maintain its affordable housing use.
- The issuance of federal tax-exempt Private Activity Bonds will benefit the public health and safety by providing adequate, decent, safe, sanitary, and affordable housing to persons within Lake County, and will also provide employment opportunities in connection with the rehabilitation and maintenance of the property.
- Private Activity Bonds are “pass-through” or “conduit” bonds rather than debt of the County. The County issues these bonds but assumes no financial liability or responsibility for issuance or repayment of the bonds. The borrower services the debt and pays any costs incurred by the County to provide this service.
- The federal Tax Code limits the volume of these bonds which may be issued in each state each year, currently \$100 per capita in Illinois. State law allocates an amount to each home rule community equal to \$100 multiplied by a home rule community’s population.
- In the current year, the volume cap can be used for industrial projects-that is why the Private Activity Bonds are also referred to as Industrial Revenue Bonds. The volume cap can also be used for bonds to finance affordable housing developments and not-for-profit organizations’ capital investments.
- In Lake County, Lake County Partners has taken the role of coordinating the “pooling” of volume cap from the home rule communities as well as additional requests for volume cap from the Office of the Governor.

RESOLUTION

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, Hebron Townhouse Apartments, LP, an Illinois limited partnership (“Borrower”), wishes to

secure financing for the construction, rebuilding, acquisition, improvement, and extension of a multifamily housing project consisting of a 63-unit development known as Hebron Townhouse Apartments, located in Zion, Illinois, within the County ("Project"), to be owned by the Borrower in order to enhance employment opportunities within the County and to provide adequate, decent, safe, and sanitary affordable housing to those residing in 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 construction, rebuilding, acquisition, improvement, and extension of the Project ("Revenue Bonds"); and

WHEREAS, the Project constitutes an "industrial project" as defined in Section 2 of the Bond Act; and

WHEREAS, the estimated cost of the Project is not more than \$10,000,000; 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 enhanced employment opportunities within the County, (b) provide adequate, decent, safe and sanitary affordable housing within the County, (c) encourage the increase of industry and commerce within the County and (d) 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 constructing, rebuilding, acquiring, improving, and extending 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 as well as adequate, decent, safe and sanitary affordable housing 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 increased adequate, decent, safe and sanitary affordable housing 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 required, the Chairman of the County Board is hereby authorized to submit to the Office of the Governor of the State of Illinois an allocation request pursuant to Section 5 of the Illinois Private Activity Bond Allocation Act, 30 ILCS 345/1 *et seq.* ("Bond Allocation Act"), seeking a volume cap allocation of \$10,000,000 with respect to the Revenue Bonds for the Project, and the Chairman of the County Board and the County Clerk are hereby authorized to take such further actions as they deem necessary or appropriate to obtain, from the Local Government Pool under Section 5 of the Bond Allocation Act or from other available means, the necessary volume cap allocation with respect to the Revenue Bonds.

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 and the Bond Allocation Act 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 all or a portion of the costs of the Project; provided, however, that on or before December 15, 2017, (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 constructing, rebuilding, acquiring, improving, and extending the Project to be owned by the Borrower for use in its operations and located at 2705-2719 Hebron Avenue, Zion, Illinois 60099, 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, or otherwise specifically transferred to the County for the Project, 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 Section 6 of the Bond Allocation Act for calendar year 2017 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: All Resolutions and parts thereof in conflict with this Resolution are hereby superseded to the extent of such conflict.

SECTION 10: 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 14th of March, 2017