

 ST. CHARLES SINCE 1834	AGENDA ITEM EXECUTIVE SUMMARY					
	Title:		RECOMMENDATION TO APPROVE AN ORDINANCE RESERVING VOLUME CAP IN CONNECTION WITH PRIVATE ACTIVITY BOND ISSUES AND RELATED MATTERS			
	Presenter:		Chris Aiston			
<i>Please check appropriate box:</i>						
	Government Operations			Government Services		
X	Planning & Development			City Council		
Estimated Cost: N/A						
Budgeted:		YES		NO		
If NO, please explain how item will be funded:						
Executive Summary:						
<p>The City has been approached by Tek Pak (a leading manufacturer of thermoformed plastic packaging) located at 942 Equity Drive in the Legacy Business Park, with additional facilities on Paramount Parkway in Batavia, in seeking Industrial Revenue Bond volume cap allocation to finance business expansion at both its Batavia and St. Charles facilities. Total expenditures are estimated to be \$5,335,000, including more than \$2,500,000 in improvements to its St. Charles facilities. Activities planned for the St. Charles facilities include: constructing a new “Clean Room” to Class 100,000 level; the purchase and installation of “Pellet-to-Tape” Extrusion Machinery, Thermoform Machine Lines, a Dedicated Chiller and Theroator, additional Plastic Grinders, a new CNC Vision System, Injection Molding Machinery; and Research and Development-related activities.</p> <p>The above-described activities will be financed and completed over a 21-month period, with an anticipated starting date in May of this year. Pursuant to the Internal Revenue Code however, the City must formally take action prior to May 1st to reserve its volume cap allocation for 2011 (total allocation is \$3,119,800). By doing so, we may ourselves issue bonds or transfer such allocation to another local government, to finance private activity(ies) through the issuance of Industrial Revenue Bonds.</p> <p>The issuance of tax-exempt, industrial revenue bonds does not place any financial burden on the City. This is strictly private debt and all costs of issuance are the developer’s responsibility.</p>						
Attachments: <i>(please list)</i>						
Ordinance						
Recommendation / Suggested Action <i>(briefly explain):</i>						
Approve the attached Ordinance Reserving Volume Cap in Connection with Private Activity Bond Issues and Related Matters						
<i>For office use only</i>		<i>Agenda Item Number:</i>				

ORDINANCE NO. _____

**AN ORDINANCE RESERVING VOLUME CAP IN CONNECTION WITH PRIVATE
ACTIVITY BOND ISSUES AND RELATED MATTERS**

WHEREAS, the City of St. Charles, Kane and DuPage Counties, Illinois (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 \$95.00 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.*, 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 2011 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 City Council of the City of St. Charles, Kane and DuPage Counties, Illinois, a home rule municipality in the exercise of its home rule powers, as follows:

SECTION ONE: That, pursuant to Section 146 of the Code and the Act, the entire volume cap of the City for calendar year 2011 is hereby reserved by the City, which shall issue the Bonds using such volume cap, or shall use or transfer such volume cap, without any further action required on the part of the City, and the passage of this Ordinance shall be deemed to be an allocation of such volume cap to the issuance of the Bonds or such other bonds; provided, that any such transfer shall be evidenced by a written instrument executed by the Mayor, the City Administrator or any other proper officer or employee of the City.

SECTION TWO: 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 THREE: That the Mayor, the City Clerk, the 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 certificates as may be necessary to further the purposes and intent of this Ordinance.

ORDINANCE NO. _____

Page 2

SECTION FOUR: 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 FIVE: That all ordinances and resolutions, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, expressly repealed.

SECTION SIX: That this Ordinance shall be in full force and effect upon its passage and approval.

Presented to the City Council of the City of St. Charles, Illinois this ____ day of _____, 2011.

Passed by the City Council of the City of St. Charles, Illinois this ____ day of _____, 2011.

Approved by the Mayor of the City of St. Charles, Illinois this ____ day of _____, 2011.

Mayor

Attest:

City Clerk

Council Vote:

Ayes: _____

Nays: _____

Abstain: _____

Absent: _____

Approved as to Form:

City Attorney _____

Date: _____, 2011