

AGENDA ITEM REPORT

DATE OF MEETING: April 10, 2017

ITEM: Ordinance Approving the Transfer of 2017 Volume Cap to City of Aurora

STRATEGIC PLAN GOAL: Goal #7 – Financial Stewardship and Sustainability

BACKGROUND:

The federal Tax Reform Act of 1986 imposes a limit on the aggregate amount of private activity bonds that can be issued in Illinois. The Governor's Office is charged with allocating that limit among all of the political subdivisions of the State. As a home rule community, the City of Collinsville has been granted the privilege of issuing \$2,475,400 (based on population) in private activity bonds for 2017. This bonding authority is commonly referred to as "volume cap." If the City of Collinsville does not use, transfer or reserve its 2017 volume cap by May 1st, it will be returned to the State of Illinois for reallocation.

This ordinance provides for the 2017 volume cap to be transferred to the City of Aurora. The City of Aurora issues bonds for Assist, a first-time homebuyer down payment assistance program. The program allows families with good credit but little extra capital to buy their first home in Collinsville by offering 30-year fixed-rate loans with low interest rates and 3% cash grants to offset some of the down payment, closing costs and origination fee.

RECOMMENDATION:

The Director of Finance recommends approval of the Ordinance Approving the Transfer of 2017 Volume Cap to City of Aurora

ITEM SUBMITTED BY: Tamara Ammann, Director of Finance

ATTACHMENTS: Ordinance