



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Laurel Lunt Prussing, Mayor, City of Urbana

FROM: Elizabeth H. Tyler, FAICP, Community Development Director

DATE: April 5, 2012

SUBJECT: **AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF AN INTERGOVERNMENTAL COOPERATION AGREEMENT AND CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND RELATED MATTERS (Assist MCC Program)**

Description

Included on the agenda of the April 9, 2012 meeting of the Urbana Committee of the Whole is an Ordinance authorizing the Mayor to execute an intergovernmental cooperation agreement that will allow the City to participate in a new Mortgage Credit Certificate (MCC) product now offered by Stern Brothers & Company.

This agreement is similar in nature to an agreement that the City entered into in 2001 that authorized the use of the City's Private Activity Bond Cap for a down payment assistance program known locally as AssistUrbana. Stern Brothers & Co. is now offering a new product that provides qualified homebuyers an opportunity to access down payment assistance in combination with MCC, which is a federal income tax credit that reduces a homeowner's tax liability each year for up to 30 years. Execution of this agreement will allow the City's bond cap, which was ceded in past years, to be used for this aspect of the program.

Background

The AssistUrbana Program was first started under the name of AccessUrbana in 1995 and assisted over 130 families in purchasing homes in Urbana between 1995 and 2000. The program provided non-repayable, non-taxable grants for down payment and closing costs up to 4.25 percent of the home mortgage amount. The program was marketed jointly by the city and bank personnel through direct mailers, seminars, and media advertising.

The bond counsel that helped create the AccessUrbana Program statewide for many Illinois communities notified city staff of its intent to create a new Assist Program in 2001. In March, 2001, the Urbana City Council voted to approve *An Ordinance Authorizing the Execution and Delivery of an Intergovernmental Cooperation Agreement and Certain Documents in Connection*

Therewith: and Related Matters (AssistUrbana Program - AssistUrbana Series 2001), which authorized Stern Brothers & Co. to use the City of Urbana’s bond cap for the AssistUrbana Program. Since then, the City has ceded a portion of its bond cap over the years towards this effort, and another 140 families have benefitted from the down payment and closing cost assistance provided through the program.

In 2010, the program began to lag due to a poor bond market. The bond counsel attempted to resume the program in 2011 but found that the program was not reaching a comparable number of homebuyers as it had in past years. At the same time, the Illinois Housing Development Authority (IHDA) indicated that it would no longer accept bond cap allocations for its longstanding MCC Program. The local communities of Champaign and Urbana recognized a need for this program and asked Stern Brothers & Co. if a new product could be offered that would allow the cities to invest in such a program.

Stern Brothers & Co. has responded to this request and has executed an agreement in October, 2011 through the City of Aurora, Kane, DuPage, Will and Kendall Counties, Illinois (the Issuer) to begin offering an MCC product in conjunction with the Assist Program.

Similar to IHDA’s MCC Program, the *Assist MCC* Program will allow homebuyers to benefit from an annual federal income tax credit which reduces their overall tax liability and results in a cash savings on their mortgage. An example of today’s savings is listed below:

	<u>Taxes Without MCC</u>	<u>Taxes With MCC</u>
Mortgage Amount	\$100,000	\$100,000
Mortgage Interest Rate	5.00%	5.00%
Monthly Mortgage Payment	\$536	\$536
<i>(first year interest = \$4,944)</i>		
MCC rate	N/A	25%
Monthly Credit Amount (1 st Year Avg.)	—	\$103
“Effective” Monthly Mortgage Payment	\$536	\$433
Annual Tax Savings (1st Year Avg.)	—	\$1236

In the example above, the homeowner paid \$4,944 in interest during the first year of payment and will be able to claim 25 percent of this interest, or \$1236, as a federal income tax credit. Assuming the homeowner does not owe any additional taxes that year, he or she will receive a federal tax refund in the amount of \$1236.

This type of program provides homeowners with long-term savings over a 30 year period and will increase the affordability of homeownership for those participating in the program. The income limits are higher than many other programs offered through the Illinois Housing Development Authority (IHDA), which will allow for a greater pool of homebuyers to benefit from the program.

The City's original intergovernmental cooperation agreement signed in 2001 is still in effect. The attached agreement will allow the City's carryover bond cap, which was ceded to Stern Brothers & Co. in past years, to also be used to provide the MCC component to homebuyers already taking advantage of the AssistUrbana Program. The City's carryover bond cap will be eligible for use in this program as soon as the agreement is executed. The *Assist MCC* financial package began being offered on April 1, 2012.

At its regular meeting on March 27, 2012, the Urbana Community Development Commission unanimously forwarded the Ordinance to City Council with a recommendation for approval:

Options

1. Approve the Ordinance Authorizing the Execution and Delivery of an Intergovernmental Cooperation Agreement and Certain Documents in Connection Therewith; and Related Matters.
2. Approve the Ordinance with changes.
3. Do not approve the Ordinance.

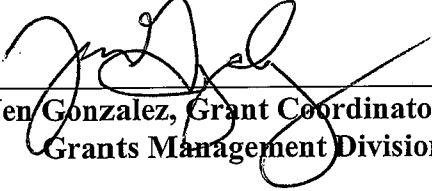
Fiscal Impacts

There will be no fiscal impact to the City Budget as a result of executing this agreement, as the volume cap in question was ceded from previous years. The proposed Ordinance will not cede the City's 2012 bond cap allocation to Sterns Brothers and Co.

Recommendation

Staff and CDC recommend approval of the Ordinance.

Memorandum Prepared By:



Jen Gonzalez, Grant Coordinator
Grants Management Division

Attachments:

- 1) AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF AN INTERGOVERNMENTAL AGREEMENT AND CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND RELATED MATTERS (Assist MCC Program)
- 2) Assist MCC Program Description Sheet
- 3) Intergovernmental Cooperation Agreement By and Among the Units of Government Which are Signatories Hereto, Dated as of October 1, 2011
- 4) Relevant minutes from the March 27, 2012 regular meeting of the Community Development Commission (Unapproved)

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF AN INTERGOVERNMENTAL COOPERATION AGREEMENT AND CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND RELATED MATTERS

(Assist MCC Program)

WHEREAS, pursuant to Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois, the City of Urbana, Champaign County, Illinois, is a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois (the "Municipality"); and

WHEREAS, pursuant to the Constitution and the laws of the State of Illinois, and particularly Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois, the Municipality is authorized to issue mortgage credit certificates in order to aid in providing an adequate supply of safe, decent and sanitary residential housing for low and moderate income persons and families within the Municipality, which such persons and families can afford, which constitutes a valid public purpose for the issuance of mortgage credit certificates by the Municipality; and

WHEREAS, the Municipality has now determined that it is necessary, desirable and in the public interest to issue mortgage credit certificates to provide an adequate supply of safe, decent and sanitary residential housing for low and moderate income persons and families within the Municipality, which such persons and families can afford; and

WHEREAS, pursuant to Section 10 of Article VII of the 1970 Constitution of the State of Illinois and the Intergovernmental Cooperation Act (*5 Illinois Compiled Statutes 2010, 220/1 et seq.*, as supplemented and amended), public agencies may exercise and enjoy with any other public agency in the State of Illinois any power, privilege or authority which may be exercised by such public agency individually, and, accordingly, it is now determined that it is necessary, desirable and in the public interest for the Municipality to enter

into an Intergovernmental Cooperation Agreement (the "Cooperation Agreement") dated as of October 1, 2011, by and among the Municipality and certain other units of local government named therein (the "Units"), to provide for the joint issuance of such mortgage credit certificates to aid in providing an adequate supply of residential housing in such Units (the "Program"); and

WHEREAS, to provide for the Program, the City of Aurora, Kane, DuPage, Will and Kendall Counties, Illinois (the "City") proposes to issue mortgage credit certificates in an aggregate principal amount not to exceed \$600,000,000 (the "MCCs") and to implement the Program from time to time by allocating the MCCs to certain qualified mortgage loans under the Program from time to time (the "Mortgage Loans"), on behalf of the Municipality and the other Units all under and in accordance with the Constitution and the laws of the State of Illinois; and

WHEREAS, a notice to the public and all interested mortgage lenders of the intent to implement the Program through the issuance of the MCCs has been or will be published in The News-Gazette, a newspaper of general circulation in the Municipality, pursuant to Section 25 of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, a form of the Cooperation Agreement has been presented to and is before this meeting.

NOW, THEREFORE, Be It Ordained by the City Council of the City of Urbana, Champaign County, Illinois, as follows:

Section 1. That it is the finding and declaration of the City Council of the Municipality that the issuance of the Mortgage Credit Certificates by the City and the implementation of the Program is advantageous to the Municipality, as set forth in the preamble to this authorizing ordinance, and therefore serves a valid public purpose; that this authorizing ordinance is adopted pursuant to the Constitution and the laws of the State of Illinois, and more particularly Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois, Section 10 of Article VII of the 1970 Constitution of

the State of Illinois and the Intergovernmental Cooperation Act; and that, by the adoption of this authorizing ordinance, the City Council of the Municipality hereby approves the issuance of the MCCs by the City and the implementation of the Program for the purposes as provided in the preamble hereto, the text hereof and the notice of intent to implement the Program referred to in the preamble hereto, which notice is hereby incorporated herein by reference.

Section 2. That the form, terms and provisions of the proposed Cooperation Agreement be, and they are hereby, in all respects approved; that the Mayor of the Municipality be, and is hereby, authorized, empowered and directed to execute, and the City Clerk of the Municipality be, and is hereby, authorized, empowered and directed to attest and to affix the official seal of the Municipality to, the Cooperation Agreement in the name and on behalf of the Municipality, and thereupon to cause the Cooperation Agreement to be delivered to the other Units; that the Cooperation Agreement is to be in substantially the form presented to and before this meeting and hereby approved or with such changes therein as shall be approved by the officer of the Municipality executing the Cooperation Agreement, his or her execution thereof to constitute conclusive evidence of his or her approval of any and all changes or revisions therein from the form of Cooperation Agreement before this meeting; that from and after the execution and delivery of the Cooperation Agreement, the 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 as may be necessary to carry out and comply with the provisions of the Cooperation Agreement as executed, including without limitation any allocations of unified volume cap to the issuance of the MCCs and the implementation of the Program; and that the Cooperation Agreement shall constitute and is hereby made a part of this authorizing ordinance, and a copy of the Cooperation Agreement shall be placed in the official records of the Municipality, and shall be available for public inspection at the principal office of the Municipality.

Section 3. That the Mayor, the City Clerk and the 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 carry out and comply with the provisions of the Cooperation Agreement and to further the purposes and intent of this authorizing ordinance, including the preamble to this authorizing ordinance.

Section 4. That all acts of the officers, officials, agents and employees of the Municipality heretofore or hereafter taken, which are in conformity with the purposes and intent of this authorizing ordinance and in furtherance of the issuance and sale of the MCCs and the implementation of the Program, be, and the same hereby are, in all respects, ratified, confirmed and approved, including without limitation the publication of the notice of intent to implement the Program.

Section 5. That the Mayor of the Municipality is hereby authorized to request unified volume cap from the Office of the Governor of the State of Illinois for the Program in each of the years of 2011, 2012, 2013 and 2014; that the Municipality hereby allocates all unified volume cap received or to be received by the Municipality from the Office of the Governor of the State of Illinois for the Program, if any, to the issuance of the MCCs; and that the Municipality, by the adoption of this authorizing ordinance, hereby represents and certifies that such volume cap has not been and will not be allocated to any other bond issue or transferred back to the Office of the Governor or otherwise.

Section 6. That after the Cooperation Agreement is executed by the Municipality, this authorizing ordinance shall be and remain irrevocable until the MCCs shall have been fully allocated.

Section 7. That the provisions of this authorizing ordinance are hereby declared to be separable, and if any section, phrase or provision of this authorizing ordinance shall for any reason be declared to be invalid,

such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this authorizing ordinance.

Section 8. That all ordinances, resolutions and orders, or parts thereof, in conflict with the provisions of this authorizing ordinance are, to the extent of such conflict, hereby superseded; and that this authorizing ordinance shall be in full force and effect upon its adoption and approval as provided by law.

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

Assist 2011 Homebuyer Assistance

Affordable home ownership for families

Program Outline

Utilizing a two-pronged approach to assist homebuyers, the program is sponsored by communities throughout the state to promote home ownership. The home buyer assistance feature of the **Assist 2011** program provides families with funds to pay all or most of their closing costs and down payment, enabling families with good credit but little available capital to buy their first home.



The mortgage credit certificate (“MCC”) feature reduces the homebuyer’s ongoing cost of borrowing whenever market conditions result in uncompetitive interest rates for loans funded in the tax-exempt bond market.

Overview

- Communities join together through an Inter-governmental Cooperation Agreement.
- Home rule communities may contribute private activity bond volume cap to support either a tax-exempt bond issuance or the MCC feature
- Non-home rule communities apply for volume cap from the State
- No financial contribution or commitment required from any participant
- Any Illinois municipality can participate

Loan Funding

- Loans are funded with proceeds of tax-exempt bonds or through the direct sale of taxable mortgage-backed securities based on the sale method providing the lowest interest rate
- The bonds and securities are sold at a premium, a price greater than their face amount, which provides funding for the home buyer assistance
- Proceeds of the bonds and securities are used to make the home loans and fund the assistance
- The bonds and securities are not a debt of the municipalities or paid from any participating community’s funds, and are secured only with loans on homes purchased with **Assist 2011**
- The City of Aurora acts as issuer on behalf of all the communities

Loan Description

- 30 year fixed rate loans
- FHA/VA loans available
- **Assist** pays 3% cash assistance to qualifying home buyers to fund closing costs and down payment assistance
- Loans are funded with proceeds of tax-exempt bonds or direct sale of mortgage-backed securities

Qualifying Homebuyers

- First time home buyers (not owned residence in three years)
- Will occupy the home as their residence
- Meet income guidelines
- Meet purchase price guidelines

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

Assist 2011 Advantages

- Provides additional home ownership opportunities in each Community
- Home ownership provides added stability in a community
- Serves the large segment of potential home buyers who qualify for loans but lack funds for a down payment and closing costs
- Strategic alliance with lenders throughout the state
- Customized marketing in each municipality
- No out-of-pocket expense to any community to participate

Program Details

Total Home Buyer Assistance:	4.75% (est.)
Closing Costs and Down Payment:	3.00%
Origination Fee:	1.75% (est.)

INTERGOVERNMENTAL COOPERATION AGREEMENT

BY AND AMONG

THE UNITS OF GOVERNMENT WHICH ARE SIGNATORIES HERETO

DATED AS OF OCTOBER 1, 2011

INTERGOVERNMENTAL COOPERATION AGREEMENT

THIS INTERGOVERNMENTAL COOPERATION AGREEMENT (the "*Cooperation Agreement*") dated as of October 1, 2011, by and among the CITY OF AURORA, KANE, DUPAGE, WILL AND KENDALL COUNTIES, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Aurora*"), the VILLAGE OF BARTONVILLE, PEORIA COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Bartonville*"), the CITY OF BELLEVILLE, ST. CLAIR COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Belleville*"), the CITY OF BELVIDERE, BOONE COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Belvidere*"), the VILLAGE OF BRIDGEVIEW, COOK COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Bridgeview*"), the CITY OF CHAMPAIGN, CHAMPAIGN COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Champaign*"), the CITY OF CHARLESTON, COLES COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Charleston*"), the CITY OF COLLINSVILLE, MADISON AND ST. CLAIR COUNTIES, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Collinsville*"), the CITY OF CREST HILL, WILL COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Crest Hill*"), the VILLAGE OF CREVE COEUR, TAZEWELL COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Creve Coeur*"), the CITY OF DECATUR, MACON COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Decatur*"), the CITY OF EAST MOLINE, ROCK ISLAND COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*East Moline*"), the CITY OF EAST PEORIA, TAZEWELL COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*East Peoria*"), the CITY OF EDWARDSVILLE, MADISON COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Edwardsville*"), the VILLAGE OF GODFREY, MADISON COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Godfrey*"), the CITY OF JOLIET, WILL AND KENDALL COUNTIES, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Joliet*"), the VILLAGE OF JUSTICE, COOK COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Justice*"), the CITY OF LASALLE, LASALLE COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*LaSalle*"), the CITY OF LOCKPORT, WILL COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Lockport*"), the CITY OF LOVES PARK, WINNEBAGO COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State

of Illinois ("*Loves Park*"), the VILLAGE OF MACHESNEY PARK, WINNEBAGO COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Machesney Park*"), the CITY OF MARQUETTE HEIGHTS, TAZEWELL COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Marquette Heights*"), the CITY OF MATTOON, COLES COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Mattoon*"), the CITY OF MENDOTA, LASALLE COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Mendota*"), the VILLAGE OF MINOOKA, GRUNDY, KENDALL AND WILL COUNTIES, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Minooka*"), the VILLAGE OF MONTGOMERY, KANE AND KENDALL COUNTIES, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Montgomery*"), the CITY OF NAPERVILLE, DUPAGE AND WILL COUNTIES, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Naperville*"), the CITY OF PEKIN, TAZEWELL AND PEORIA COUNTIES, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Pekin*"), the CITY OF PEORIA, PEORIA COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Peoria*"), the VILLAGE OF PEORIA HEIGHTS, PEORIA COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Peoria Heights*"), the CITY OF PERU, LASALLE COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Peru*"), the VILLAGE OF PLAINFIELD, WILL COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Plainfield*"), the CITY OF PRINCETON, BUREAU COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Princeton*"), the CITY OF ROCHELLE, OGLE COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Rochelle*"), the CITY OF ROCKFORD, WINNEBAGO COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Rockford*"), the VILLAGE OF ROCKTON, WINNEBAGO COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Rockton*"), the VILLAGE OF ROMEOVILLE, WILL COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Romeoville*"), the VILLAGE OF SCHAUMBURG, COOK COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Schaumburg*"), the VILLAGE OF SHOREWOOD, WILL COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Shorewood*"), the CITY OF SOUTH BELOIT, WINNEBAGO COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*South Beloit*"), the CITY OF SPRINGFIELD, SANGAMON COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Springfield*"), the CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, a municipality and a

home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Urbana*"), the CITY OF WASHINGTON, TAZEWELL COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Washington*"), the CITY OF WOOD RIVER, MADISON COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Wood River*"), and the UNITED CITY OF YORKVILLE, KENDALL COUNTY, ILLINOIS, a municipality duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Yorkville*"), THE COUNTY OF BOONE, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Boone County*"), THE COUNTY OF CHAMPAIGN, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Champaign County*"), THE COUNTY OF COLES, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Coles County*"), THE COUNTY OF COOK, ILLINOIS, a political subdivision and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Cook County*"), THE COUNTY OF DEKALB, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*DeKalb County*"), THE COUNTY OF KANKAKEE, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Kankakee County*"), THE COUNTY OF KENDALL, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Kendall County*"), THE COUNTY OF LAKE, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Lake County*"), THE COUNTY OF MACON, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Macon County*"), THE COUNTY OF MADISON, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Madison County*"), THE COUNTY OF MCLEAN, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*McLean County*"), THE COUNTY OF OGLE, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Ogle County*"), THE COUNTY OF PEORIA, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Peoria County*"), THE COUNTY OF ROCK ISLAND, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Rock Island County*"), THE COUNTY OF TAZEWELL, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Tazewell County*"), and THE COUNTY OF WINNEBAGO, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois ("*Winnebago County*");

WITNESSETH:

WHEREAS, Section 10 of Article VII of the Constitution of the State of Illinois authorizes units of local government and school districts to contract or otherwise associate among themselves in any manner not prohibited by law or by ordinance, and to use their credit, revenues and other reserves to pay cash and to service debt related to intergovernmental activities; and

WHEREAS, the Intergovernmental Cooperation Act (*5 Illinois Compiled Statutes 2010, 220/1 et seq.*, as supplemented and amended), authorizes public agencies to exercise any power or powers, privileges or authority which may be exercised by any such public agency individually to be exercised and enjoyed jointly with any other public agency in the State of Illinois; and

WHEREAS, Aurora, Bartonville, Belleville, Belvidere, Bridgeview, Champaign, Charleston, Collinsville, Crest Hill, Creve Coeur, Decatur, East Moline, East Peoria, Edwardsville, Godfrey, Joliet, Justice, LaSalle, Lockport, Loves Park, Machesney Park, Marquette Heights, Mattoon, Mendota, Minooka, Montgomery, Naperville, Pekin, Peoria, Peoria Heights, Peru, Princeton, Rochelle, Rockford, Rockton, Romeoville, Schaumburg, Shorewood, South Beloit, Springfield, Urbana, Washington, Wood River, United City of Yorkville, Champaign County, Coles County, Cook County, DeKalb County, Kankakee County, Kendall County, Lake County, Macon County, Madison County, McLean County, Ogle County, Peoria County, Rock Island County, Tazewell County and Winnebago County (collectively, and together with any public agencies in the State of Illinois that may become parties hereto, the "Units") are each a unit of local government and a public agency of the State of Illinois; and

WHEREAS, pursuant to the Constitution and the laws of the State of Illinois, and particularly Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois, in the case of the Units which are home rule units of government, *65 Illinois Compiled Statutes 2010, 5/11-74.5-1 et seq.*, as supplemented and amended, in the case of the Units which are municipalities, but are not home rule units of government, and *50 Illinois Compiled Statutes 2010, 465/1 et seq.*, as supplemented and amended, in the case of Units which are counties, each Unit has the power to issue its revenue bonds for public purposes, including the financing and purchase of mortgage loans to finance single family residences for low and moderate income persons within its corporate boundaries, and to pledge to the payment of the principal of, premium, if any, and interest on such revenue bonds the payments made with respect to the mortgage loans purchased with and financed by the proceeds of such revenue bonds; and

WHEREAS, pursuant to the Constitution and the laws of the State of Illinois, and particularly Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois, and pursuant to Section 25 of the Internal Revenue Code of 1986, as amended (the "Code"), the Units which are home rule units of government have the power to issue mortgage credit certificates in lieu of issuing revenue bonds which are "qualified mortgage bonds" under Section 143 of the Code; and

WHEREAS, pursuant to the Constitution and the laws of the State of Illinois, and particularly *30 Illinois Compiled Statutes 2010, 340/7*, as supplemented and amended, and pursuant to Section 25 of the Code, an issuer authorized to issue qualified mortgage bonds under Section 143 of the Code is authorized to issue mortgage credit certificates under Section 25 of the Code in lieu of issuing such qualified mortgage bonds under Section 143 of the Code, and, consequently, the Units that are municipalities which are not home rule units of government and the Units that are counties all have the power to issue revenue bonds which constitute qualified mortgage bonds under Section 143 of the Code, and thereby have the power to issue mortgage credit certificates under the MCC Act in lieu of such revenue bonds; and

WHEREAS, the Units have determined that it is necessary and desirable to have Aurora and/or any other Unit designated for the purpose (the "*Issuers*") of issuing such mortgage credit certificates on behalf of all of the Units for the purpose of providing an adequate supply of residential housing in such Units through the enhancement of mortgage loans to finance single family residences for low and moderate income persons within the corporate boundaries of the Units (the "*Program*"); and

WHEREAS, to provide for the Program, the Issuers propose to issue mortgage credit certificates from time to time in an aggregate principal amount not to exceed \$3,000,000,000 (the "*MCCs*") on behalf of all of the Units and to implement the Program from time to time by allocating the MCCs to purchase qualified mortgage loans under the Program (the "*Mortgage Loans*") on behalf of such Issuer and the other Units, all under and in accordance with the Constitution and the laws of the State of Illinois; and

WHEREAS, *30 Illinois Compiled Statutes 2010, 345/6 et seq.*, as supplemented and amended, permits the corporate authorities of any home rule unit of government to reallocate its private activity bond allocation to another home rule unit, and to allocate volume cap which has been allocated to it toward the issuance of the MCCs, subject to certain restrictions, guidelines and procedures, which guidelines and procedures also permit units of government (including without limitation non-home rule units of government) to allocate volume cap which has been allocated to it toward the issuance of the MCCs and to pool allocations of volume cap received from the Office of Governor of the State of Illinois;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Units hereby agree, as follows:

Section 1. MCCs/Approval. The Issuers (or any of them) hereby agree to issue the MCCs from time to time and to implement the Program from time to time on behalf of all of the Units, as provided in the documents pursuant to which the MCCs will be issued from time to time and the Program will be implemented from time to time, for the purpose of providing an adequate supply of residential housing in such Units through the enhancement of Mortgage Loans for single family residences for low and moderate income persons within the corporate boundaries of each Unit. The MCCs shall be issued in such aggregate principal amounts from time to time and shall have such other terms, all as shall be agreed upon by the Issuers and approved by ordinances of the respective governing body of each Issuer (or any of them). The MCCs shall be allocated, and the Program shall be implemented, as shall be approved by ordinances of the respective governing body of each Issuer (or any of them). It is the intention of the parties hereto that the MCCs may be issued in calendar year 2011 and each calendar year thereafter during the term of this Agreement. Each Unit hereby ratifies and approves the publication of the notice to the public and all interested mortgage lenders of the intent to implement the Program through the issuance of the MCCs (and the publication of any similar notices in the future as may be necessary to implement the Program), and hereby approves the issuance of the MCCs as described in the notice (which is hereby incorporated by reference).

Section 2. Transfer and Allocation of Unified Volume Cap. Certain Units which are home rule units of government, other than the Issuers, may transfer to the Issuers and/or allocate unified volume cap for activity bonds to the issuance of the MCCs. Certain Units which are not home rule units of government may receive allocations of unified volume cap for private activity bonds, and hereby allocate such unified volume cap to the issuance of the MCCs. The Units may transfer or allocate unified volume cap, as appropriate, to the issuance of the MCCs, pursuant to appropriate proceedings.

Section 3. Allocation of Program Allocation. The program agreement or agreements implementing the Program through the issuance of the MCCs shall provide that, from the date of issuance of the MCCs through a date 120 days after the date of issuance of such MCCs or such other term as shall be approved by the Units (the "*Reservation Period*"), the tax credits resulting from the MCCs shall be made available to each Unit which is not a home rule unit of government in the amounts received from the State of Illinois (the "*Program Allocation*"), subject to the requirements of Section 25 of the Code. There shall be no Reservation Period for Units which are home rule units of government; *provided*, that if a Unit which is a home rule unit of government receives an allocation of volume cap from the Governor of the State of Illinois, the tax credits resulting from the MCCs shall be made available only to such Unit in the amount of such allocation for the Reservation Period. The Program Allocation allocated to a Unit may not be reallocated during the Reservation Period; *provided*, that, after the Reservation Period, the program administrator with respect to the Program may reallocate in the manner set forth in the program agreement or agreements relating to the Program.

Section 4. Consent to Allocation of Tax Credit. Each Unit that is a municipality which is not a home rule unit of government and each county (other than Cook County) hereby consent to the allocation of tax credits made by any Issuer, resulting from the MCCs, to any Mortgage Loan made within the jurisdiction of such Unit.

Section 5. Documents and Instruments. The Issuers hereby agree to enter into all such documents and instruments as shall be necessary or appropriate in connection with the implementation of the Program through the issuance of the MCCs, including without limitation program agreements, program manuals, program administration agreements, lender participation agreements and closing certificates. The Issuers hereby further agree to enter into all such other documents and instruments as shall be necessary or appropriate in connection with the implementation of the Program through the issuance of the MCCs, including without limitation closing certificates.

Section 6. Additional Units. Units who are not parties to this Agreement on the effective date of this Agreement may subsequently become parties to this Agreement by authorizing pursuant to appropriate proceedings, executing and delivering this Agreement with the approval of the Issuer or Issuers of the MCCs to be issued immediately thereafter, which approval shall be exclusive, and shall be effective to supplement and amend this Agreement without any further action of any of the other Units who are parties to this Agreement.

Section 7. Absolute and Irrevocable Conditions; Amendment. All terms and conditions contained herein are intended to be absolute and irrevocable conditions hereof and are

agreed to by the Units. Except as otherwise provided herein, this Cooperation Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of all of the Units, authorized by ordinances adopted by their respective governing bodies, certified copies of which shall be filed with the other Units.

Section 8. Units' Obligations Unconditional. The Units shall have no right to terminate, cancel or rescind this Cooperation Agreement, it being the intent hereof that the Units shall be absolutely and unconditionally obligated to perform all covenants contained in this Cooperation Agreement.

Section 9. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, addressed to the appropriate address set forth in *Exhibit B* attached to and made a part of this Cooperation Agreement. A duplicate copy of each notice, certificate or other communication given hereunder to any Unit shall also be given to the others. Any Unit, by notice given hereunder, may designate a different or further address to which subsequent notices, certificates or other communications will be sent.

Section 10. Binding Effect. This Cooperation Agreement shall inure to the benefit of and shall be binding upon the Units and their respective successors and assigns.

Section 11. Severability. In the event any provision of this Cooperation Agreement shall be held invalid or unenforceable by a court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Cooperation Agreement.

Section 12. Further Assurances and Corrective Instruments. The Units agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Cooperation Agreement.

Section 13. Execution in Counterparts. This Cooperation Agreement may be executed simultaneously in any number of counterparts, each of which counterparts shall be original and all of which counterparts shall constitute but one and the same instrument.

Section 14. Applicable Law. This Cooperation Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

Section 15. Effective Date; Term. This Cooperation Agreement shall be in full force and effect on October 1, 2011, or on the date when it is executed by all Units, whichever is later. Time is of the essence. This Agreement shall remain in effect so long as any MCCs remain unallocated, but no later than 2099.

Section 16. Filing of Authorizing Ordinances. Each Unit shall file with the other Units a certified copy of the ordinance adopted by the governing body of such Unit, authorizing the execution of this Cooperation Agreement within thirty (30) days of the adoption of such ordinance.

IN WITNESS WHEREOF, the Units have caused this Cooperation Agreement to be executed in their respective names by their respective duly authorized officials shown below:

CITY OF AURORA, KANE, DUPAGE, WILL AND
KENDALL COUNTIES, ILLINOIS

By _____
Mayor

(SEAL)

ATTEST:

City Clerk

CITY OF URBANA, CHAMPAIGN COUNTY,
ILLINOIS

By _____
Mayor

(SEAL)

ATTEST:

City Clerk

STATE OF ILLINOIS)
) SS.
COUNTY OF CHAMPAIGN)

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of Urbana, Champaign County, Illinois, and as such officer I am the keeper of the records and files of the City Council of said City.

I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the legally convened meeting of said City Council of said City held on the 16th day of April, 2012, insofar as same related to the adoption of an ordinance entitled:

AN ORDINANCE authorizing the execution and delivery of an Intergovernmental Cooperation Agreement and certain documents in connection therewith; and related matters (Assist MCC Program)

a true, correct and complete copy of which said ordinance as adopted at the same meeting appears in the foregoing transcript of the minutes of said meeting.

I do hereby further certify that the deliberations of the City Council of said City on the adoption of said ordinance were taken openly; that the vote on the adoption of said ordinance was taken openly; that said meeting was called and held at a specified time and place convenient to the public; that notice of said meeting was duly given to all the news media requesting such notice; that an agenda for said meeting was posted at the location where said meeting was held and at the principal office of the City Council of said City on a day which was not a Saturday, Sunday or legal holiday for Illinois municipalities at least forty-eight (48) hours in advance of the holding of said meeting; that said agenda contained a separate specific item concerning said ordinance; and that said meeting was called and held in strict accordance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and with the provisions of the Illinois Municipal Code, as amended, and that said City Council has complied with all of the applicable provisions of said Act and said Code and its procedural rules in the adoption of said ordinance.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of said City, this ____ day of _____, 2012.

City Clerk, City of Urbana,
Champaign County, Illinois

[SEAL]



**UNAPPROVED
MINUTES
COMMUNITY DEVELOPMENT COMMISSION MEETING
Tuesday, March 27, 2012, City Council Chambers
400 South Vine Street, Urbana, IL 61801**

[...]

Call to Order: Chairperson Cobb called the regular meeting of the Community Development Commission to order at 7:16 p.m.

Roll Call: Connie Eldridge called the roll. A quorum was present.

Commission Members Present: Fred Cobb, Janice Bengtson, Chris Diana, George Francis, Theresa Michelson, Jerry Moreland, Brad Roof, and Anne Silvis

Commission Members Absent: Dennis Vidoni

Others Present: Kelly H. Mierkowski, Jennifer Gonzalez, Connie Eldridge, and Matt Murphy, Community Development Services; Robin Arbiter, Lierman Neighborhood Action Committee (LNAC); Eric Trusner, Kerrie Lee Dunn, and Paula Vanier, Persons Assuming Control of Their Environment (PACE); Aaron P. Smith, Homestead Corporation; Janice McAteer, Developmental Services Center (DSC); Darlene Kloepfel, Champaign County Regional Planning Commission (CCRPC)

[...]

An Ordinance Authorizing the Execution and Delivery of an Intergovernmental Cooperation Agreement and Certain Documents in Connection Therewith; and Related Matters (Assist MCC Program) – Ms. Gonzalez said this was the second part of the bond cap discussion. Stern Brothers & Company is offering a new program that offers Mortgage Credit Certificate (MCC) product. Homebuyers who participate in this program will receive federal tax credit for the life of their mortgage. This effectively reduces the homeowner's monthly payment; however, it is not received until the homeowner files his/her federal income taxes. This program is different from the earlier AssistUrbana, which provided down payment and closing cost assistance.

Chairperson Cobb asked if there was anything negative about this program, and Ms. Gonzalez answered no. For a certain period of time, the bond cap is reserved for homebuyers in Urbana. After that, the funds become available statewide. Ms. Gonzalez reviewed the example of the tax savings.

There was discussion on if a homebuyer can transfer the credit if he/she refinances, whether or not income eligibility could be maintained, and that homebuyers must understand this process and claim the credit on their tax returns.

Commissioner Silvis moved to recommend to City Council approval of an Ordinance Authorizing the Execution and Delivery of an Intergovernmental Cooperation Agreement and Certain Documents in Connection Therewith; and Related Matters (Assist MCC Program). Commissioner Francis seconded the motion, and the motion carried unanimously.

[...]

UNAPPROVED