



FINANCE DEPARTMENT

m e m o r a n d u m

TO: Mayor Prussing and Members of the Urbana City Council

FROM: Rich Hentschel, Comptroller

DATE: February 27, 2014

SUBJECT: A RESOLUTION CREATING A NEW FUND ASSOCIATED WITH DISSOLVING THE SPECIAL TAX ALLOCATION FUND

On December 16, 2013, the City Council passed Ordinance No. 2013-12-105 which dissolved TIF 3. That ordinance required that prior to December 31, 2013, a new and separate escrow account be created and a transfer be made of certain amounts from TIF 3 to the Escrow Account. This transfer of prior TIF amounts was for the purposes of holding funds pending the final resolution of any claims related to certain prior development agreements (e.g., University Hotel LLC), These funds should also be held pending the final resolution of any claim that Provena Covenant Medical Center (now Presence Covenant Medical Center) may have in connection with real property taxes paid by the Medical Center during the tax years 2003 to 2012, which were deposited into the TIF 3, In addition, these funds could also be used for paying any annual administrative costs incurred by the City for staff and professional services related to the final business of TIF 3.

As of December 31st, 2013 the Escrow Account had been created and the associated funds transferred. Now, and as part of the final close out of TIF 3 and pursuant to generally accepted accounting procedures, I recommend that a separate fund within the accounting structure of the City be established to isolate the Escrow Account from other funds of the City. In order to be consistent of the intent of Ordinance 2013-12-105 we request that the City Council approve this resolution retroactive to December 31, 2013. There is no additional fiscal impact related to creating this new fund.

Recommendation: Approve the resolution creating a new fund associated with dissolving the special tax allocation fund.

RESOLUTION NO. 2014-01-003R

**A RESOLUTION CREATING A NEW FUND ASSOCIATED
WITH DISSOLVING THE SPECIAL TAX ALLOCATION FUND**

WHEREAS, the City Council heretofore on December 16, 2013, pursuant to Ordinance No. 2013-12-105 dissolved tax increment financing district three (“**TIF 3**”); and

WHEREAS, Ordinance No. 20013-12-105 provided that prior to December 31, 2013, an escrow account (the “**Escrow Account**”) be created and a transfer be made of certain amounts from TIF 3 to the Escrow Account for the purposes of:

(i) holding such applicable amounts pending the final resolution of any claim that University Hotel LLC (the “**LLC**”), its successors and assigns, may have in connection with any amounts due and payable by the City of Urbana (the “**City**”) to any one or more of those entities under that certain Redevelopment Agreement, Third Amended and Restated, dated as of January 1, 2002, by and between the City and the LLC;

(ii) holding such applicable amounts pending the final resolution of any claim that Provena Covenant Medical Center (now Presence Covenant Medical Center) may have in connection with real property taxes paid by the Medical Center during the tax years 2003 to 2012 inclusive, which were deposited into the TIF 3; and

(iii) paying any annual administrative costs incurred by the City for staff and professional services related to the administration of the redevelopment plan, the Redevelopment Project Area and the TIF 3 prior to December 31, 2013; and

WHEREAS, such Escrow Account has been created and all assets and liabilities as described above have been transferred; and

WHEREAS, in accordance with the requirements of Ordinance No. 2013-12-105, and generally accepted accounting principles, the City desires to create a new fund (“**Fund**”) within the accounting structure of the City to hold the Escrow Account previously created.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Urbana, Champaign County, Illinois, as follows:

Section 1. The City Council hereby finds, determines and declares that a separate fund shall be established within the accounting structure of the City and the Escrow Accounts created pursuant to Ordinance No. 2013-12-105 be accounted for therein.

Section 2. The City Comptroller be and the same is hereby authorized and directed to cause the creation of a new fund within the accounting structure of the City and to hold therein all funds to be held in escrow as required by Ordinance No. 2013-12-105.

Section 3. This Resolution shall become effective retroactive to December 31, 2013.

PASSED BY THE CITY COUNCIL this ____ day of _____, _____.

Phyllis D. Clark, City Clerk

APPROVED BY THE MAYOR this ____ day of _____, _____.

Laurel Lunt Prussing, Mayor