

MEMORANDUM

TO: William T. Lichter, Village Manager

FROM: David A. Hulseberg, Assistant Village Manager/Director of Community Development

DATE: January 23, 2007

SUBJECT: Industrial Revenue Bonds - 215-220 S. Lincoln Avenue and 205 W. Maple Street (St. John's Evangelical Lutheran Church School Project)

As you will recall, the Village Board of Trustees approved Resolution 68-07 Authorizing the Execution of a Memorandum of Agreement at their December 7, 2006 meeting. On January 18, 2007, a public hearing was held relative to the issuance of these bonds. At this meeting, there was discussion among the Trustees as to whether it was appropriate to issue industrial revenue bonds to a church. Trustee Tross requested staff to obtain verification from Village Counsel that the bonds would be used for educational purposes and not for worship. Village Counsel has concluded that the project is eligible for Village contacted the appropriate parties and their responses are as follows:

According to Jim Lewis, of Ice Miller, our bond counsel, "the proceeds of the bonds will be used to finance facilities for an accredited private school, and the borrower will covenant, in the Bond and Loan Agreement, that it will operate such a school, and use the proceeds for such purposes, and that the proceeds will not be used for any facilities which will be used primarily for religious activities such as worship. This covenant is intended to guard against First Amendment concerns."

Project Description: St. John's Evangelical Lutheran Congregation, U.A.C., Lombard, Illinois presently owns and operates a state accredited education facility which is open to anyone, regardless of race, sex or religion. St. John's School has been serving the Lombard residents and surrounding area, both members and non-members, for over 100 years.

St. John's is building a new 43,000 square foot elementary school building directly across the street from the current aging school facility. This building will be used entirely for education purposes; there will be no worship facilities.

The new school building will have 12 dedicated classrooms, computer lab, learning center, art room, music room, science lab, gymnasium, multi-purpose room and warming

kitchen for the school's hot lunch program. The new building will be completely ADA accessible, which will allow all students an equal education opportunity.

All proceeds of the proposed \$6,200,000 bond issue for this project will be used solely to build the school facility, and to cover interest payments on the bonds during construction, as well as to cover the costs associated with issuing the bonds. All funding for this project will be used to build only the school facility. There are no improvements being made to either the existing school or the Church building with these funds. In fact, there are no current, or proposed, projects for anything other than the new school. Attached please find a copy of the sworn statement of the contractor retained for the construction of the new school building which lists how the funds have been and will be used. As the project has already been permitted by the Village, the plans for the project are on file with the Village.

Also, Thomas Taylor, St. John's Building Committee Chairman, has provided a more detailed list of how the bond proceeds will be spent by the Church. The attached spread sheets are for your reference.

Recommendation:

Staff recommends that the Village Board of Trustees approve a resolution providing for the issuance of not to exceed \$6,200,000 in the maximum aggregate principal amount of Industrial Project Revenue Bonds, Series 2007 and 2008; authorizing the execution and delivery of a Bond and Loan Agreement and related matters.