



LOCAL GOVERNMENT DIRECT BOND PURCHASE (ALTERNATE REVENUE BONDS)

Description

The IFA directly purchases the debt (i.e., alternate revenue bonds, or bonds secured by a Borrower-IFA Agreement that pledges state income tax, sales tax, and personal property replacement tax receipts as additional security) originated by units of local government. The IFA has the ability to allocate unencumbered treasury funds to purchase Bonds directly to fund this Program.

Benefits

Benefits of Alternate Revenue Bond financing include:

- Long-term financing at interest rates lower than conventional financing
 - More favorable interest rates and document provisions than available for General Obligation bonds.
 - Fixed rate financing based on the most recent *Thomson Reuters Municipal Market Data* General Obligation Yields for Baa1-rated bonds of similar maturity
 - Finance up to 100% of project cost (subject to IFA credit approval and IFA underwriting standards)
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Type of Financing

The Local Government Direct Bond Purchase Program is designed primarily to serve non-rated units of local government that have a small borrowing (i.e., less than \$1.5 million) located in a community lacking its own commercial bank. Projects that are ineligible or only partially eligible for other programs (including Illinois's Environmental Protection Agency State Revolving Fund Loan Programs) can be financed with IFA's Local Government Direct Bond Purchase Program.

Pledged revenues shall have been determined by the governing body to be sufficient to provide for or pay in each year to final maturity an amount not less than 1.25 times debt service of all Alternate Revenue Bonds, even when pledged revenues are a government revenue source (i.e., 1.10 times debt service is insufficient for the requirements of the Local Government Direct Bond Purchase Program).



Eligibility

In Illinois, Alternate Revenue Bonds are issued under the authority of the Illinois Municipal Code (the “Municipal Code”) and the Local Government Debt Reform Act (the “Debt Reform Act”). Final determination of project eligibility is subject to a legal opinion from a recognized municipal bond attorney (“Bond Counsel”).

Application and Fee

Interested parties should contact the staff listed below. A non-refundable application fee may be required. In most cases, applications can be reviewed by staff and considered by the Board of Directors within 30 to 45 days of submission. Please contact IFA for additional information regarding fees.

Contact

- Rich Frampton: 312.651.1313
- Brad Fletcher: 312.651.1329