

Village of Lombard

*Village Hall
255 East Wilson Ave.
Lombard, IL 60148
villageoflombard.org*



Minutes

Thursday, March 8, 2018

4:30 PM

Board Room

Special Meeting Board of Trustees

*Village President Keith Giagnorio,
Village Clerk Sharon Kuderna,
Trustee Dan Whittington, Trustee Mike Fugiel,
Trustee Reid Foltyniewicz, Trustee Bill Johnston,
Trustee Robyn Pike and Trustee Bill Ware*

I Call to Order

The Special Meeting of the President and Board of Trustees of the Village of Lombard held on Thursday, March 8, 2018 in the Board Room of the Lombard Village Hall was called to order by Village President Keith Giagnorio at 4:31 pm.

II Pledge of Allegiance

Director of Community Development Bill Heniff led the Pledge of Allegiance.

III Roll Call

Present 8 - Village President Keith Giagnorio, Village Clerk Sharon Kuderna, and Trustees Dan Whittington, Mike Fugiel, Reid Foltyniewicz, Bill Johnston, Robyn Pike and Bill Ware

Staff Present:
Village Manager Scott Niehaus
Director of Finance Tim Sexton
Director of Community Development Bill Heniff
Chief of Police Roy Newton
Communications Coordinator Avis Meade
Assistant Village Manager Nicole Aranas
Executive Coordinator Carol Bauer
Also Present was Village Attorney, Tom Bayer

IV Public Participation

V Agenda

Ordinance on First Reading (Waiver of First Requested)

- A. [180120](#) **Lombard Public Facilities Corporation (LPFC) Re-Designation and Approvals**
An Ordinance re-designating the Lombard Public Facilities Corporation (LPFC) as a public-facilities corporation under 65 ILCS 5/11-65-1 through 5/11-65-25, approving certain amendments to Article IV, of the by-laws of the LPFC, providing consent to the restructuring of the debt of the LPFC and authorizing signatories on behalf of the Village relative to said restructuring and documents to be executed on behalf of the Village in relation thereto. Waiver of first reading requested.

Village Manager Scott Niehaus provided the following information:

Timeline overview:

July 25, 2017 - Village approved LPFC Restructuring Support Agreement (RSA);

July 28, 2017 - The LPFC which owns the hotel and conference center, filed for restructuring of debt in the U.S. Bankruptcy Court; Several parties contested the LPFC's eligibility to file for Chapter 11 Restructuring arguing that the LPFC and the Village really were the same;

December 2017 - The judge rules the LPFC is separate from the Village of Lombard and is eligible to file for Chapter 11 Restructuring;

March 6, 2018 - The Judge confirmed the LPFC's restructuring plan;

March 15, 2018 - date that the plan is expected to become effective.

If the restructuring plan as approved by the Bankruptcy Court on March 6th, is implemented on March 15th, under the plan the Village would reimburse the LPFC \$3,000,000. This amount is a reimbursement to the LPFC for the \$3,000,000 that the Village received from the LPFC's 2005 bond issue to construct the facility, which the Village used for water main and water system improvements that were installed as part of the original construction of the hotel and conference center. During the original construction of the facility, a new water main was installed along the Yorktown Ring Road. The water main was installed to meet the hotel and conference center's water usage for day-to-day operations, but it also benefited the Yorktown area as a whole and allowed for future construction, including the new Yorktown Commons/Greystar Development. While the development of the hotel and conference center was the catalyst for the installation of the new water main, this project would have been an eventual necessity in order to meet the needs of development in the area, as the original water mains were over forty years old. Providing residents and businesses with access to clean drinking water fits within the Village's scope of "core services".

The Village's contribution to the plan reimburses the LPFC for funds provided relative to the construction of the water main that has benefited the Village since 2007. The reimbursed funds will be used for improvements to the physical building of the hotel and conference center, as opposed to being part of a financial settlement that benefits other parties. This investment will improve the hotel and conference center and encourage visitors to the Village. The Village will not be covering any of the LPFC's debt with this payment.

Director of Finance Tim Sexton noted that because the financial reimbursement from the Village is due to water system/infrastructure improvements, the money used for the reimbursement will come from the Village's Water Fund. This is revenue that has already been collected for projects of this nature, and is in line with the Village's goals of providing excellent core services to residents and businesses. Using LPFC bond

proceeds originally, just enabled the Village to construct the project earlier than the Village would have otherwise have been able to do. This will not increase taxes and will also not have an impact on water rates. The contribution is coming from existing reserves. The Village participation in the restructuring will not require the Village to eliminate any positions or reduce service levels, and the Village will continue to work to ensure quality core services. The Village Board and Finance Committee have been addressing structural budget challenges for the past two years, and will continue to do so in the future. The plan does include an obligation for future payments to come from a TIF District that was recently formed by the Village. The TIF District focused primarily on the redevelopment of the Northern Baptist Theological Seminary property located just east of the hotel and conference center property. The TIF District boundaries also include the hotel and conference center and portions of the Yorktown Mall area that are underdeveloped or in need of major renovations. Based upon preliminary and conservative estimates, the TIF District could generate over \$100 million in incremental revenue, of which \$3.7 million would be set aside to pay for the TIF eligible expenses related to long term maintenance and improvements of the hotel and conference center's property. The TIF will have no impact on service levels or property taxes within the Village. This funding will come from the TIF District and cannot be used to pay for General Fund expenses of the Village.

Village Manager Scott Niehaus noted that an average visitor to the area spends \$134 per day with meeting attendees spending more than twice that amount. The facility continues to remain busy with the hotel and conference center attracting more than 130,000 overnight stays in 2016 amounting to \$17.4 million spent in Lombard and the surrounding area. The conference center portion of the facility benefits other hotels in the area and visitors attending conferences and meetings at the conference center also stay at other Lombard hotels. Construction of the hotel and conference center has spurred the following developments: 2007 Shops on Butterfield constructed; 2011 Chase Bank and McDonald's at Yorktown; 2013 \$20 million in improvements at Yorktown including building enhancements, food court and signage; 2014 H&M Clothing opens and renovation of the AMC Theater; 2016 Dunkin' Donuts, Last Chance and APEX Apartments constructed; and 2017 Greystar Yorktown Commons construction which is a \$150 million private investment that will be home to 1,000 residents who will eat and shop Yorktown and in the area. The Village's main goals were considered as part of the Village's participation in the restructuring including the continued operation of a first class hotel and conference center in Lombard and a roadmap toward hopefully improving the Village's bond rating. The hotel and conference center continues to be a major attraction for overnight stays in the Village. Conferences and events

hosted at the facility positively impacted other hotels in the Village and the Yorktown area. It is important to take into account the future viability of the Yorktown Shopping Center, and to keep this shopping destination competitive in a business landscape where other malls are struggling. Standard & Poor's, the bond rating agency, has downgraded the Village's bond rating due to the Village declining to pay the debt service shortfalls of the LPFC. The plan will allow the Village to demonstrate it was involved with the solution and the Village hopes to improve its bond rating over time. The Village has adopted conservative approach financial policies and fiscal management. The Village's bond rating is always subject to external factors beyond the Village's control, such as the State of Illinois. As part of the restructuring, the Village will be released from any future appropriation requests from the LPFC. The restructuring contains various legal releases for the Village which will significantly reduce legal liability associated with this project. This will also help to increase the Village's S&P bond rating over time.

Trustee Reid Foltyniewicz asked about the \$3 million payment.

Village Manager Scott Niehaus noted the \$3 million was used for water and sewer improvements at Yorktown and that the improvements were necessary and were completed earlier than had been anticipated due to the \$3million from the sale of the bonds. The Village will reimburse the LPFC the \$3 million which will be used for improvements such as the parking lot and parking garage, but will not be used to pay the bond holders. There will be \$10 million pumped back into the hotel and conference center property over the next ten years and this money will be coming from the bond holders and not from the Village.

Trustee Reid Foltyniewicz inquired about the TIF funds.

Village Manager Scott Niehaus stated the TIF runs through 2040. No General Fund dollars will be used to pay the \$3 million.

Village Attorney Tom Bayer noted that the ordinance serves the following purposes:

- 1) Re-designates the Lombard Public Facility Corporation (LPFC) as a public-facilities corporation under 65 ILCS 5/11-65-1 through 11-65-25;
- 2) Approves amendments to Article IV of the LPFC's By-Laws, as requested by the LPFC, reducing the number of LPFC Directors from five (5) to three (3), and providing reasonable reimbursement to the Directors for the Directors' time and expenses for attending meetings of the LPFC;
- 3) Provides Village consent to the restructuring of the LPFC's debt, pursuant to the LPFC's Plan of Reorganization, as approved by the Bankruptcy Court on March 6, 2018; and
- 4) Authorizes the Village President, Village Clerk, Village Manager and Finance Director to execute any and all documents, relative to the LPFC's Plan of Reorganization and the restructuring of the LPFC's debt as part thereof, that may require execution on behalf of the Village.

A motion was made by Trustee Ware, seconded by Trustee Johnston that the first reading be waived, and the Ordinance re-designating the Lombard Public Facilities Corporation (LPFC) as a public-facilities corporation under 65 ILCS 5/11-65-1 through 5/11-65-25, approving certain amendments to Article IV of the by-laws of the LPFC, providing consent to the restructuring of the debt of the LPFC and authorizing signatories on behalf of the Village relative to said restructuring and documents to be executed on behalf of the Village of Lombard in relation thereto be passed on second reading.

Enactment No: Ordinance 7483

On a roll call vote, the vote was as follows:

Ayes: Trustees Ware, Whittington, Fugiel, Foltyniewicz, Johnston and Pike

Nays: None

Absent: None

Motion approved

Resolutions

B. [180121](#)

First Amendment to Tax Rebate Agreement Between the Lombard Public Facilities Corporation (LPFC) and the Village of Lombard

A Resolution approving a First Amendment to Tax Rebate Agreement between the Lombard Public Facilities Corporation (LPFC) and the Village of Lombard, DuPage County, Illinois, in regard to the development of a Convention Hall and Hotel in the Village of Lombard, relative to the Lombard Public Facilities Corporation's Plan of Reorganization.

Village Attorney Tom Bayer noted that the Resolution approves a First Amendment to Tax Rebate Agreement which:

- 1) Amends the existing Tax Rebate Agreement to eliminate the optional Village debt service appropriation in the event that funds generated by the Hotel and Conference Center are insufficient to make a debt service payment on the bonds issued to finance the construction of the Hotel and Conference Center;
- 2) Continues the tax rebate, that applied to the Series 2005 Bonds relative to the Hotel and Conference Center, relative to the Series 2018 Bonds in regard to the Hotel and Conference Center; and
- 3) Should be approved subject to revising the reference to "document R95-167762, "as contained in the legal description set forth in Exhibit A to Exhibit 1 to the First Amendment to Tax Rebate Agreement, as attached to the Resolution as Exhibit A, to read "document R95-162762."

A motion was made by Trustee Whittington, seconded by Trustee Pike to approve the Resolution approving the First Amendment to Tax Rebate Agreement between the Lombard Public Facilities Corporation and the Village, subject to the legal description for the Subject Property, as set forth in Exhibit A to Exhibit 1 to the First Amendment to Tax Rebate Agreement, as attached to the Resolution as Exhibit A, being amended by revising the reference therein to "document R95-167762" to read, "document R95-162762."

Enactment No: Resolution R-18-18

Enactment No: R 18-18

On a roll call vote, the vote was as follows:

Ayes: Trustees Whittington, Fugiel, Foltyniewicz, Johnston, Pike and Ware

Nays: None

Absent: None

Motion approved

C. [180122](#)

Contingent TIF Payment Agreement

A Resolution approving a Contingent TIF Payment Agreement relative to the Lombard Public Facilities Corporation's Plan of Reorganization.

Village Attorney Tom Bayer noted that the Resolution approves a Contingent TIF Payment Agreement which:

- 1) Provides for a \$1,500,000 payment to the LPFC, in the event that the Village and the LPFC cannot agree upon the terms of a TIF Redevelopment Agreement in regard to the Hotel and Conference Center, that provides the LPFC with \$3,700,000 in TIF incremental revenues as a reimbursement for TIF eligible redevelopment project costs to be incurred by the LPFC for capital improvements at the Hotel and Conference Center;
- 2) Provides that the \$1,500,000 payment, if made to LPFC, would have to be used by the LPFC for capital improvements to the Hotel and Conference Center which are TIF eligible redevelopment project costs; and
- 3) Memorializes a portion of the provisions of the Plan Term Sheet that the Village approved in July of 2017 relative to the LPFC's Plan of Reorganization.

A motion was made by Trustee Johnston, seconded by Trustee Foltyniewicz to approve the Resolution approving a Contingent TIF Payment Agreement relative to the Lombard Public Facilities Corporation's Plan of Reorganization.

Enactment No. Resolution R-19-18

Enactment No: R 19-18

On a roll call vote, the vote was as follows:

Ayes: Trustees Johnston, Pike, Ware, Whittington, Fugiel and Foltyniewicz

Nays: None

Absent: None

Motion approved

VI Adjournment

A motion was made by Trustee Mike Fugiel, seconded by Trustee Bill Ware, that the Special Meeting of the President and Board of Trustees of the Village of Lombard held on Thursday, March 8, 2018 in the Board Room of the Lombard Village Hall be adjourned at 4:57 p.m. The motion carried by the following vote:

On a roll call vote, the vote was as follows:

Ayes: Trustees Fugiel, Foltyniewicz, Johnston, Pike, Ware and Whittington

Nays: None

Absent: None

Motion approved