

VILLAGE OF LOMBARD
REQUEST FOR BOARD OF TRUSTEES ACTION
 For Inclusion on Board Agenda

 X Resolution or Ordinance (Blue) X *Waiver of First Requested*
 Recommendations of Boards, Commissions & Committees (Green)
 Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: Scott Niehaus, Village Manager

DATE: August 19, 2025 (COW)(B of T) August 21, 2025

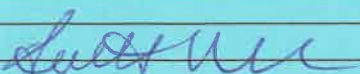
TITLE: AN ORDINANCE RE-DESIGNATING THE LOMBARD PUBLIC FACILITIES CORPORATION (LPFC) AS A PUBLIC-FACILITIES CORPORATION UNDER 65 ILCS 5/11-65-1 THROUGH 5/11-65-25, APPROVING CERTAIN AMENDMENTS TO ARTICLE IV. OF THE BY-LAWS OF THE LPFC, PROVIDING CONSENT TO THE REFUNDING OF THE DEBT OF THE LPFC AND AUTHORIZING SIGNATORIES ON BEHALF OF THE VILLAGE IN REGARD TO ANY TRANSACTION DOCUMENTS THAT NEED TO BE SIGNED ON BEHALF OF THE VILLAGE

SUBMITTED BY: Scott Niehaus, Village Manager
 Timothy Sexton, Director of Finance

BACKGROUND/POLICY IMPLICATIONS:

Attached is a draft Ordinance related to the Lombard Public Facilities Corporation (LPFC). There may be minor changes to the document by the Village Attorney prior to the meeting. A detailed memo is attached, as well as FAQ's from the 2018 restructuring for the LPFC. Staff requests that the Village Board approve the attached ordinance with a waiver of first reading.

Review (as necessary):

Village Attorney X	_____	Date	_____
Finance Director X	_____	Date	_____
Village Manager X		Date	<u>8/19/25</u>

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 noon, Wednesday, prior to the Agenda Distribution.



To: Village President & Board of Trustees

From: Scott Niehaus, Village Manager
Tim Sexton, Finance Director

Date: August 12, 2025

Subject: **LPFC Refinancing Ordinance and Resolution**

The following information provides a background on the development and financing history of the Westin Lombard Yorktown Center, as well as recent actions to right-size its debt. In 2003, a hospitality market study determined that Lombard's central DuPage County location was ideal for a large-scale hotel and conference center. That same year, the Lombard Public Facilities Corporation (LPFC), a separate non-profit entity, was formed by the Village to issue the debt and own the facility. In 2005, the LPFC sold bonds to finance construction, and the hotel opened in August 2007 adjacent to Yorktown Shopping Center. The project was intended to be a major economic anchor, attracting visitors and generating revenue for the area. While the hotel quickly became a busy and popular destination, the 2009 economic downturn sharply reduced revenues, leaving hotel operations unable to fully cover debt payments. Importantly, the Village has never owned or operated the hotel; the LPFC owns the property and manages all operations through contracted agreements. This separation was intentional to protect Village residents from liability for the hotel's debt.

In July 2017, the Village approved the Lombard Public Facilities Corporation's (LPFC) Restructuring Support Agreement for the hotel facility, and the LPFC filed for Chapter 11 in U.S. Bankruptcy Court shortly thereafter. Several parties challenged the LPFC's eligibility to file, arguing it was not separate from the Village, but the Court ruled in December 2017 that the LPFC was legally distinct and eligible for Chapter 11. The restructuring ensured the continued operation of a first-class facility, released the Village from future appropriation requests from the LPFC, reduced legal liability, and positioned the Village to improve its credit rating over time.

The hotel and conference center continue to generate significant economic benefits for Lombard, attracting over 130,000 overnight stays annually and generating tens of millions in visitor spending. The presence of the facility has supported nearby commercial development and strengthened Yorktown as a regional destination. These outcomes, combined with legal releases obtained through the restructuring, have helped stabilize the Village's financial position and preserve a valuable community asset.

Looking ahead, the LPFC plans to conduct a refinancing bond sale to optimize its debt structure. The refinancing will be structured entirely within the LPFC's obligations, with no impact on Village finances or credit. Due to the LPFC's tax-exempt status as well as Illinois statutes that allowed the LPFC to be formed, the Village is required to continue appointing the LPFC's Board, and the Village needs to approve the needed by-law amendments, provide consent to the refunding of the debt, and approve an amendment to the tax rebate agreement. Beyond these statutory obligations, no further connection exists between the Village and the LPFC.

The Village engaged the same restructuring attorneys, Saul Ewing LLP, that were used during the 2017/2018 restructuring to review the documents, to ensure that the Village has not agreed to any additional financial obligations as part of this refinancing, other than rebating the taxes generated by the property. Based upon their review, there are no concerns that the Village would be directly responsible for repayment of the bonds. In addition, the Village's financial advisor, Speer Financial, has also provided the opinion that the LPFC refinancing will not affect the Village's credit rating.

Recommendation:

Staff requests that the Village Board approve the ordinance and resolution related to the LPFC on the agenda.

DRAFT

Restructuring Confirmation Update

March 2018

Overview

- The Village approved The Lombard Public Facilities Corporation's (LPFC), Restructuring Support Agreement for the hotel facility on July 25, 2017
- The LPFC, which owns the hotel, filed for restructuring of debt in the U.S. Bankruptcy Court on July 28, 2017
- Several parties contested the LPFC's eligibility to file for Chapter 11 Restructuring arguing that the LPFC and the Village really were the same
- The Judge ruled in December 2017 that the LPFC **IS SEPARATE** from the Village of Lombard and is eligible to file Chapter 11 Restructuring
- It is anticipated that the Judge will confirm the LPFC's restructuring plan on March 6, 2018
- The plan is expected to have an effective date of March 15, 2018

Frequently Asked Questions

- 1. If the restructuring plan is accepted on March 6th and implemented on March 15, what is the Village's contribution to the Restructuring Support Agreement (RSA)?**

Under the plan, the Village will reimburse the LPFC \$3,000,000. This amount is a reimbursement to the LPFC for \$3,000,000 that the Village received from the LPFC's 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.

- 2. Why would the Village contribute funds when the Village does not own the hotel and conference center?**

During the original construction of the facility, a new water main was installed along Ring Rd. (See map at www.villageoflombard.org/hotel.) The new water main was installed to meet the hotel'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 40 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 RSA reimburses the LPFC for funds provided relative to the construction of the water main that has benefited the Village since 2007.

The Village received \$3,000,000 from the LPFC, from the original bond issuance, to fund the Yorktown water main improvements, and the \$3,000,000, which will be used by the LPFC for

capital improvements at the hotel and conference center, is a return of this amount that helped fund the water main construction to benefit the Yorktown area. This is an appropriate expenditure from the water fund, and a return of "fronted money," relative to the water main improvement.

In addition, 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. We want to be very clear in stating that the Village will not be covering any of the LPFC's debt with this payment. As stated above, the infrastructure improvements involved with the original construction of the hotel and conference center included a new water main, which is a core service of the Village.

3. How is the Village going to fund its contribution to the Restructuring Support Agreement?

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 so.

4. Will this have an impact on my taxes?

NO. The debt restructuring will NOT increase taxes.

5. Will the Village's contribution to the RSA increase my water rates?

NO. The contribution is coming from existing reserves.

6. Will the Village reduce services levels or eliminate employees to participate in this restructuring?

NO. Participation in the restructuring will not require the Village to eliminate any positions or reduce service levels. However, the Village consistently works to ensure that we provide core services in a cost efficient manner. Specifically, the Village Board and Finance Committee have been addressing structural budget challenges for the past two years, which have resulted in over \$1,000,000 of expense reductions during that time. These reductions are on an annual and recurring basis as opposed to one-time expenses. Furthermore, we need to be cognizant of the potential impact that the State budget impasse and ultimate resolution may have on local governments. As such, it is possible that future changes may be necessary to address budget issues for items that are not related to the LPFC Chapter 11 Restructuring.

7. Beyond the reimbursement contribution, is the Village obligated to provide any financial support?

Yes. The agreement does include an obligation for future payments to come from a TIF district

that was recently formed by the Village. The TIF District is primarily focused 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 TIF eligible expenses related to long term maintenance and improvements of the hotel and conference center's property. As this funding comes from TIF District and cannot be used to pay for general fund expenses of the Village, it will have no impact on service levels or property taxes within the Village.

8. How does the hotel and conference center benefit our community?

An average visitor to our 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.

Additionally, the conference center portion of the facility benefits other hotels in the area. Visitors attending conferences or meetings at the conference center portion of the facility also stay at other Lombard hotels.

9. Beyond tourism, how has this project benefited our community?

Since the construction of the hotel, the Village has experienced substantial investments and improvements in the immediate area, including, but not limited to, the developments listed below. For a map of these locations please visit www.villageoflombard.org/hotel.

- 2007
 - The Shops on Butterfield development was constructed
- 2011
 - Chase Bank approved, constructed
- 2011
 - McDonald's approved, constructed
- 2013
 - \$20 million in capital improvements undertaken at Yorktown Center for building enhancements, food court, common areas and signage
- 2014
 - H&M clothing opens

- AMC renovation
- 2016
 - Dunkin Donuts completed
 - 100 Yorktown Last Chance opens
 - APEX Apartments
- 2017
 - GrayStar development/Yorktown Commons began construction for Phases 1 & 2 of the site which are expected to come on-line in late 2018/early 2019

10. What has the Village accomplished by participating in this process?

The Village's main goals were considered as part of the Village's participation in the restructuring. A list and a short summary of each goal are provided below:

- **Continued Operation of a First Class Hotel and Conference Center in Lombard**
This hotel and conference center continues to be a major attraction for overnight stays in the Village. Overnight stay totals for the hotel and conference center were 130,000 in 2016, which brought in an additional \$17.4 million of daily visitor spending into Lombard and DuPage County. Additionally, the conferences and events hosted at the facility positively impact other hotels in the Village and the Yorktown area. It is important to take into account the future viability of Yorktown Shopping Center, and to keep this shopping destination competitive in a business landscape where other malls are struggling.
- **Roadmap Toward a Hopefully Improved and Stable Bond Rating**
The credit rating agency, Standard & Poor's, has downgraded the Village's credit rating due to the Village declining to pay the debt shortfalls of the LPFC. Moving forward with this Restructuring Support Agreement will allow the Village to demonstrate it was involved with the solution, and the Village hopes to improve its credit rating over time.

11. How does this restructuring benefit the Village of Lombard?

As part of the restructuring, the Village will be released from any future appropriation requests from the LPFC. In addition, 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.

ORDINANCE ____

**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,
PROVIDING CONSENT TO THE REFUNDING OF THE DEBT OF THE LPFC AND
AUTHORIZING SIGNATORIES ON BEHALF OF THE VILLAGE IN REGARD TO ANY
TRANSACTION DOCUMENTS TO BE SIGNED ON BEHALF OF THE VILLAGE**

WHEREAS, the Lombard Public Facilities Corporation (the “LPFC”) is a not-for-profit corporation created and existing under the Illinois General Not-for-Profit Corporation Act of 1986 (805 ILCS 105/1 *et seq.*); and

WHEREAS, the LPFC was formed as a not-for-profit corporation to assist in the financing and construction of a convention hall and hotel facility (the “Hotel and Conference Center”) in the Village of Lombard, DuPage County, Illinois (the “Village”), and currently owns, and operates through hotel and restaurant managers, said Hotel and Conference Center; and

WHEREAS, the LPFC previously issued its Conference Center and Hotel Revenue Bonds, Series 2005A through Series 2005C (the “Series 2005 Bonds”) for the purpose of financing the acquisition, construction and equipping of the Hotel and Conference Center, and related improvements; and

WHEREAS, the Series 2005 Bonds were cancelled and exchanged for the following: (i) Conference Center and Hotel Revenue Bonds (Lombard Public Facilities Corporation Project), First Tier Series 2018A-1 (the “First Tier Series 2018A-1 Bonds”), (ii) Conference Center and Hotel Revenue Bonds (Lombard Public Facilities Corporation Project), First Tier Series 2018A-2 (the “First Tier Series 2018A-2 Bonds” and together with the First Tier Series 2018A-1 Bonds, the “First Tier Series 2018A Bonds”), (iii) Conference Center and Hotel Revenue Bonds (Lombard Public Facilities Corporation

Project), First Tier Series 2018A-1 (Capital Appreciation Bonds), (iv) Conference Center and Hotel Revenue Bonds (Lombard Public Facilities Corporation Project), First Tier Series 2018A-2 (Capital Appreciation Bonds), (v) Conference Center and Hotel Tax Revenue Bonds (Lombard Public Facilities Corporation Project), Second Tier Series 2018B, (vi) Conference Center and Hotel Tax Revenue Bonds (Lombard Public Facilities Corporation Project), Second Tier Series 2018B (Capital Appreciation Bonds), which were issued by the Public Finance Authority (the “PFA”) pursuant to an Indenture of Trust dated as of March 15, 2018, as amended by a First Amendment to Indenture of Trust dated as January 20, 2021, between the Authority and UMB Bank, N.A., as trustee; and

WHEREAS, the LPFC has determined to take all steps necessary for the PFA to issue bonds for the purpose of (i) refinancing and restructuring the First Tier Series 2018 Bonds, (ii) paying a portion of unpaid accrued interest on the First Tier Series 2018A Bonds, (iii) funding hotel capital expenditures, (v) funding a debt service reserve fund, and (vi) paying certain costs of issuing the First Tier Series 2025 Bonds (collectively, the “Transaction”); and

WHEREAS, the Village is not the issuer of, has not assumed and will not assume, and has not pledged and will not pledge its full faith and credit, taxing power or any Village revenues to the payment of, any bonds issued by the Public Finance Authority or the LPFC in connection with the Hotel and Conference Center; and no holder of any such bonds shall have any right to compel the levy of any tax by the Village or the exercise of any governmental powers of the Village; and

WHEREAS, the President and Board of Trustees of the Village (the “Corporate Authorities”) have determined that it is in the best interests of the Village for the PFA to

issue bonds to provide funds for the Transaction, and for the PFA and LPFC to take actions necessary to facilitate such exchange in furtherance of the Transaction; and

WHEREAS, the Corporate Authorities have determined it to be in the best interests of the Village to re-designate the LPFC as a public-facilities corporation under 65 ILCS 5/11-65-1 through 5/11-65-25 relative to the Hotel and Conference Center;

NOW, THEREFORE, BE IT ORDAINED by the President and Board of Trustees of the Village of Lombard, DuPage County, Illinois, as follows:

SECTION 1: That the Recitals, as set forth above, are hereby incorporated herein by reference.

SECTION 2: That the LPFC is hereby re-designated as a public-facilities corporation under 65 ILCS 5/11-65-1 through 5/11-65-25, relative to the Hotel and Conference Center.

SECTION 3: That the issuance, delivery and exchange by the PFA of one or more series of bonds designated as "Conference Center and Hotel Revenue Bonds (Lombard Public Facilities Corporation Project) Series 2025," with such other notations to designate the specific series as needed, in the aggregate principal amount of not to exceed \$95,000,000, and actions required for issuance and related thereto by the LPFC, are hereby approved and consented to; the Village's approval and consent in this Section 3 is ministerial, shall not be construed as the issuance of, or a pledge or guarantee by, the Village of any such bonds, and shall not constitute a debt or liability of the Village within the meaning of any constitutional or statutory limitation.

SECTION 4: That the Village President, Village Clerk, Village Manager and Finance Director are hereby authorized and directed to execute, on behalf of the Village,

only such certificates, consents and acknowledgments as are ministerial or confirmatory in nature and necessary to evidence the actions authorized by this Ordinance.

SECTION 5: Limitation on Village Obligations.

(a) **No Debt/Pledge.** Nothing in this Ordinance, the Second Amendment to the Tax Rebate Agreement, or any related instrument shall be or be deemed to be a debt of the Village, a pledge of the full faith and credit, ad valorem property taxes or taxing powers of the Village, or a liability of the Village within any constitutional or statutory limitation.

(b) **Bonds Not Village Obligations.** Any bonds issued in connection with the Transaction shall be special, limited obligations of the Public Finance Authority and/or the Lombard Public Facilities Corporation, payable solely from the sources provided therefor in the applicable financing documents; no recourse shall be had against the Village or its corporate authorities, officers, employees or agents for the payment thereof.

(c) **No Moral Obligation/Appropriation Undertaking.** The Village has not undertaken and shall not undertake any "moral obligation," appropriation undertaking, or other similar commitment to budget or appropriate funds to pay debt service on any such bonds or to replenish any reserve fund.

(d) **No Continuing Disclosure/Official Statement.** The Village assumes no responsibility for any preliminary or final official statement or other disclosure document, and makes no representation, warranty or covenant with respect thereto.

(e) **Execution Limitation.** No Village officer is authorized to execute any document that imposes indemnification, continuing disclosure, or other financial obligations on the Village with respect to any bonds issued under the Transaction, and any such provision shall be void and of no effect as to the Village unless later approved by ordinance.

(f) **No Third-Party Beneficiaries.** This Ordinance shall not create any third-party beneficiary rights in favor of any bondholder or other person.

SECTION 6: That this Ordinance shall be in full force and effect from and after its passage and approval as provided by law.

Passed on first reading this ___ day of _____, 2025.

First reading waived by action of the Board of Trustees this ___ day of August, 2025.

Passed on second reading this ___ day of August, 2025, pursuant to a roll call vote as follows:

AYES: _____

NAYS: _____

ABSENT: _____

APPROVED by me this ___ day of August, 2025.

Anthony Puccio, Village President

ATTEST:

Ranya Elkhatib, Village Clerk