



**VILLAGE OF BARTLETT
COMMITTEE MINUTES
July 5, 2016**

President Wallace called the Committee of the Whole meeting to order at 8:06 p.m.

PRESENT: Trustee Arends, Camerer, Carbonaro, Deyne, Hopkins, Reinke, and President Wallace

ABSENT: None

ALSO PRESENT: Assistant Administrator Paula Schumacher, Assistant to the Village Administrator Scott Skrycki, Finance Director Jeff Martynowicz, Director of Public Works Dan Dinges, Public Works Engineer Bob Allen, Community Development Director Jim Plonczynski, Building Director Brian Goralski, Food & Beverage Manager Paul Petersen, Police Chief Kent Williams, Deputy Chief Joe Leonas, Deputy Chief Patrick Ullrich, Village Attorney Bryan Mraz and Village Clerk Lorna Giles.

FINANCE & GOLF COMMITTEE

Brewster Creek Business Park TIF District Refinancing

Trustee Deyne presented the Brewster Creek Business Park TIF District Refinancing and asked staff to give the details.

Community Development Director Jim Plonczynski stated that the Brewster Creek Business Park started in 1999 when they adopted the TIF District. It was a 670 acre business park and the original cost estimates in those TIF redevelopment plans were \$30 million dollars. The bulk of it was site preparation which is the earth work that goes into taking that quarry and making it an industrial park as well as the roads, public improvements, storm water detention, etc. Tax revenue bonds and developer notes were issued for the project to pay back the interest and principal over the past sixteen years when the original TIF is a 23 year timeframe which ends on June 1, 2022. There are currently 36 buildings and 76 businesses and a couple more in the pipeline. There are about 145 acres of land left to develop both in Cook and in DuPage County. The bulk of the Cook County portion remains undeveloped. Elmhurst Stone is requesting to increase the TIF budget as allowed by the statute, issue additional bonds at a lower rate than they currently have and issuing new developer tax increment revenue notes with a new interest rate. They have a TIF consultant that will do a new project cost estimate.

Attorney Mraz stated that there is the ability to amend the TIF budget within certain parameters without having Public Hearings. There is a built in inflation factor plus 5% and what they are proposing is within that guideline. They first need to amend the TIF budget that was in the original plan. If we don't approve of what they are asking then what you see is what that development will look like. This is to enable them to continue without extending the TIF to make further improvements. There are pieces in DuPage



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(because of the tax rate, most of DuPage has been built up) and not much happening in Cook. There is the big retention pond that ultimately will go to the Park District and be walking paths. The second 72 acres behind the fire station has the ability to at least get it graded so it can potentially be developed in the future. He stated that Peter Raphael from William Blair has a Powerpoint presentation for some of the technical things. They will be issuing additional bonds and a new developer tax increment revenue note. With that savings it will allow them to put the increment back in. They will be funding the money by taking out loans from their bank. The savings generated by the difference in interest rates between the two instruments will allow money to be put back into TIF eligible expenses where they continue to make improvements. They are looking to give notice to the taxing districts. There is no extension of time to this TIF so they should not have objection. If that money is poured back in then the increment will actually be bigger and the assessed value will be higher as well as the tax revenues to the taxing bodies. He felt that it is a win-win situation.

Peter Raphael from William Blair stated that he has been working with the Village and Elmhurst Chicago Stone on this transaction since 1999. Given where interest rates are today, it is a great opportunity to reduce the interest rate on some of the obligations as well as generate a few more dollars to keep this development moving forward. He stated that they are not extending the TIF and secondly, these transactions are non-recourse to the Village. It does not count against the general obligation bonding capabilities. It is essentially a revenue bond secured solely by the incremental taxes to be generated out of this district. That is the way it's always been and that's the way they will continue with this proposed expansion or financing. He presented the Board with a map showing the developed and non-developed areas of the business park and indicated where they wanted them to grow through 2022.

The existing developer note that is out there is at 9% and was done when interest rates were very high. They need to reduce that and therefore the savings will go back into the project. The current balance on that note is slightly under \$6 million. They anticipate saving over \$500,000 on this \$6 million dollar refinancing. They also want to provide a few extra dollars up front and can do that through the issuance of additional bonds providing they have 150 coverage. This developer note is subordinate to the bonds. First the bonds get paid and on then they can pay off the developer note. The developer note would be issued to Elmhurst Chicago Stone and they have to go to their bank to borrow the money and put it into the project with the hopes that the project is successful enough that there will be enough increment to pay it back. The risk is all on the developer in this case. If this is approved they will have the bond documents approved at the August meeting.

Trustee Reinke asked what the refinancing will cost the residents of Bartlett.

Mr. Raphael stated "nothing". All costs are paid by the TIF.



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Trustee Reinke stated that all the risk is on the developer and there is no recourse against the Village and are not on the hook to pay if something goes wrong.

Attorney Mraz stated that it is all paid by Elmhurst Chicago Stone and a draft of those ordinances is at their dime. We hired Mike Laube, a TIF Consultant, to look at the 150 coverage. They have begun the process and all that is an expense that the developer pays.

Trustee Camerer asked if this is something they plan to continue if the banks do not give them 6%.

Mr. Raphael stated that they have to go to their bank and negotiate that. The Village will not be a part of that lending and negotiation. The Village will simply issue the note to them and they go before the bank and ask for money against the note.

Trustee Hopkins asked if 145 acres in Cook County and 94 acres in DuPage County will be developed?

Attorney Mraz stated "no". That is the goal – you take out that whole seventy some acres with the detention pond. They are trying to develop what is left in DuPage and the piece that is a little further west behind the Fire Station. The other seventy plus acres may have a portion that they can develop. In the northeast corner by the detention, will not be developed. It will be donated to the Park District and include some paths, etc. They had to spend a lot of money to plant dead trees for the wetlands and this is a sore subject for them.

Mr. Plonczynski stated that until the detention pond is turned over to the Park District, there is upwards of \$50,000-\$100,000 in annual maintenance and planting. This is still a big expense in the TIF District. Until it is turned over, it will remain the expense of the developer.

Trustee Hopkins asked if they will come back to the Board in 2022 and ask for an extension of the TIF?

Attorney Mraz stated that they could say "no" but they won't. They could have asked for that but we dissuaded them from asking to extend it. We talked about doing what was allowed in the statute and amending the budget. They already were told "no" and the Board would have the option to say "no". An extension is the thing that the taxing bodies sometimes have objection to since they will not be getting their money when they thought they would. This will increase the assessed value. The Board would have total discretion to say "no" if they dared to ask.



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Trustee Camerer asked if TIF money can be used to make improvements on roadways that already exist. He felt that Spitzer Road has a big problem with trash all over the place. As chairing the Bicycle Committee he took a tour through that area and it is in pretty bad shape. If TIF money can be used to clean it up, he would love to see it happen.

Attorney Mraz stated that it could be used for that.

Mr. Plonczynski stated that there are two property owners, Elmhurst Stone and the property owner to the west. They both mutually agreed to chain off the road so it is essentially closed. Elmhurst Stone and the other property owner are doing clean up.

Attorney Mraz stated that there is a lot of fly dumping because the Fire District wanted it open. Now that it is closed off this will allow the clean up.

President Wallace ask if there was any reason why this can't be on the next Board meeting?

Attorney Mraz stated "yes".

Mr. Plonczynski stated that they have a schedule. They have to notice the taxing districts and that is on a time frame. That is why it will be on the August 16th agenda.

President Wallace stated that the rate environment is perfect for what he is trying to accomplish.

Mr. Plonczynski stated that he didn't think they could do it any sooner.

Mr. Raphael stated that it would be a little presumptuous to pass the ordinance before notifying the taxing bodies.

Trustee Deyne asked if there was any objection to sending of notices to the taxing districts.

There were none.

President Wallace asked them not to put the word "Extension" on any part of the notice.



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There being no further business to discuss, Trustee Camerer moved to adjourn the Committee of the Whole meeting and that motion was seconded by Trustee Carbonaro.

ROLL CALL VOTE TO ADJOURN

AYES: Trustees Arends, Camerer, Carbonaro, Deyne, Hopkins, Reinke

NAYS: None

ABSENT: None

MOTION CARRIED

The meeting adjourned at 8:27 p.m.

Lorna Gilles
Village Clerk

LG/