

APPROVED

TIF Joint Review Board Meeting Minutes December 5, 2013

Attendees:

Board Members: Kathy Zalewski - School District 65, Ald. Ann Rainey – City of Evanston, Bill Stafford - District 202, Brian Rosinski - Ridgeville Park District, Valerie Kretchmer - Member at Large

Board Members Absent: Carolyn Dellutri - Downtown Evanston, Bob Novak - Oakton Community College, Larry Kaufman - Member at Large, Richard Kwasneski - PACE, Margaret Lee – Oakton Community College, Kathleen Therese Meany - Metropolitan Water Reclamation District, Robert Berry- North Shore Mosquito Abatement, Mayor Tisdahl – City of Evanston

City Staff: Johanna Nyden, Martin Lyons, Cindy Plante, Janella Hardin

Others in Attendance: Bob Rychlicki – Kane McKenna

I. Call to Order by Ald. Ann Rainey, Chair

Chair Ann Rainey called the meeting to order at 10:06 a.m.

II. Approval of Joint Review Board Meeting Minutes of February 21, 2013

Bill Stafford of School District 202, motioned to approve the minutes from February 21, 2013.

The minutes from February 21, 2013 were approved unanimously 4-0.

III. Review of Annual Reports for Fiscal Year January 1, 2012 – December 31, 2012

Johanna Nyden, Economic Development Division Manager, distributed maps to the committee and gave a brief overview of the five TIF districts.

- Chicago Main TIF was established in 2012 (not presented).
- Howard Hartrey TIF was expanded to include 222 Hartrey; Autobarn, located on Chicago Ave is interested in relocating their operations to that property.
- Southwest TIF will close soon; Major activity in this district is Ward Manufacturing.
- West Evanston has included small façade projects; The increment has not grown quickly.
- Downtown TIF completed street improvements; In 2013, the Music Institute of Chicago relocated to 1702 Sherman.
- Howard Ridge TIF borders the south end of Evanston; The City has purchased several properties along Howard Street to rehab in an effort to bring new businesses to Evanston; Peckish Pig, 623 Howard, a restaurant and Evanston's first brewpub will be opening later this month; The property was

purchased using funds that will be paid by to the TIF in increments. Funds from the TIF are being used for rehab and to bring the building up to code; When the owners of Peckish Pig purchase the property from the City all the funds used to pay for the property as well as the rehab will be recouped.

Assistant City Manager Martin Lyons provided a consolidated summary of each TIF, including projected activity and summary of revenues.

A. Southwest TIF District #2

Martin Lyons provided an executive summary to the Joint Review Board detailing the revenue and assessed value for each of the TIF Districts. He brought the Board's attention to page 19 of the report. He stated that the Southwest TIF District will terminate in October 2014.

At Ald. Rainey's request, Mr. Lyons confirmed the boundaries of this TIF are Main/Oakton/McCormick/Dodge. This district includes Ward Manufacturing and Sam's Club. The TIF went negative to complete the Ward Manufacturing project. There were not many distributions because the TIF began with a negative balance. He explained that the TIF is now positive, stable and active. There is one potential capital project scheduled in 2014 that would encompass the \$304,000 in the balance plus an additional increment of \$450,000. Any distributions at the close of this TIF will be nominal.

Ald. Rainey thought a report from Ward Manufacturing would be helpful in understanding how they have prospered from this TIF. Ms. Nyden suggested a tour of the facility.

Mr. Lyons added that the TIF's Equalized Assessed Value has increased from \$1 million to \$7 million. There are no anticipated changes in value. Ald. Rainey noted the community is well developed even with the lack of signage.

Mr. Lyons will provide "dates terminated" and "dates to be terminated" for the cover page of the report in the future. At Mr. Stafford's inquiry, Mr. Lyons confirmed that all efforts will be made to ensure that all necessary documentation is on file and the notification is made earlier notification regarding the dissolution of the TIFs.

Mr. Lyons noted that Arlington Heights sued Cook County after closing a TIF and receiving a bill for a \$250,000 refund that happened within the TIF. The City of Evanston took the opposite position after being charged \$180,000 for the Downtown TIF. The City had been paying down debt on the City's parking garages using TIF funds. We received a notice from the County 3 days ago and is being reviewed by Legal.

Mary Gavin, Evanston Roundtable, asked if the school districts will receive a distribution from the Southwest TIF like they did in the past. Mr. Lyons explained that the agreement expired. In the last year, \$1 million in surplus distributions were split between all taxing bodies from the Howard Hartrey TIF.

B. Howard Hartrey TIF District #3

The beginning balance as of January 1, 2012 was \$5,000,873, expenditures of \$1,882,296, for an ending balance as of December 31, 2012 of \$4,245,639. Mr. Lyons noted that the boundaries of the TIF have changed. There is also a new development in process with a total value in excess of \$10 million, which will be calculated into the assessed value for the remainder of the TIF.

Mr. Stafford thinks this will be a win/win for everyone involved. This TIF will become more valuable and add to the pie for the taxing bodies.

Ald. Rainey clarified that this project includes the shopping center on Howard that houses the Jewel, Best Buy, Target and Office Max. She added that there has never been a vacancy there.

Mr. Lyons confirmed the boundaries of the TIF are Howard/Hartrey/canal. He informed the group of the expansion of the Autobarn auto maintenance and detailing business from the Chicago Ave location. They would bring all of their stock to this area and potentially bring other dealerships into Evanston.

Mr. Stafford added that District 202 has a wonderful relationship with Autobarn. Three of their graduates work as mechanics there. They also host an internship program for students and donated cars to the district's autoshop classes.

Autobarn confirmed that this opportunity will enhance training for the school districts. They will also hire 30 new employees for the expansion.

Mr. Lyons explained there are still some refinanced 2008D bonds left from the original bond issue. Ald. Rainey reminded the group that bonding in advance is a great way to jumpstart a TIF district.

The TIF started in 1992 starting with \$7,034,353 and grew to \$21,866,716 as of December 31, 2012. Mr. Lyons also noted page 24, which shows a \$1 million surplus.

C. Washington National TIF #4

Mr. Lyons confirmed the boundaries of the Washington National TIF are Church/Davis/Chicago/Elmwood. The fund balance as of December 31, 2012 was \$7,291,304.

The Davis Street construction is being partially financed by this TIF. A balance decrease is expected for 2013, which includes \$3.7 million in bond payments for Sherman Garage. A transfer is made from the TIF to the Parking Fund where the asset is. The Parking Fund then pays off the bond.

At Ald. Rainey's inquiry, Mr. Stafford explained that under the TIF Act sales tax generated from businesses within the TIF district can be accessed to reimburse the City.

Ald. Rainey requested reporting sales tax increments generated in districts that have never reported in the past.

Ms. Kretchmer asked about the potential of future developments that could increase the estimated assessed value during the term of the TIF. Ms. Nyden responded that it is unlikely since this TIF is scheduled to terminate in 2018. The Chicago/Main development is scheduled to open and operate in late 2015 or early 2016. The best case scenario is that the assessor would reassess with one year left before the TIF expires.

At Ms. Kretchmer's inquiry, Ms. Nyden explained that the space that used to house the Walgreens is fully leased with a daycare, Naf Naf Grill and a hair salon is relocating to that space. Lyfe Kitchen is relocating to the rotunda.

Mr. Lyons explained that there will still be funds here. The increment is approximately \$3-\$5 million. This TIF was hit by a downward reassessment with its value dropping to \$85,241,864 from close to \$100 million. We are awaiting a June/July report from the County with a new assessed value.

D. Howard Ridge TIF District #5

This TIF is bordered by Howard and Ridge. The balance is \$1,055,510 with some debt in the form of a line of credit with First Bank & Trust. The 2012 expenses included a property tax reimbursement for 415 Howard. This development was substantially reassessed downward, which lowered the property taxes from \$600,000 to \$300,000.

Ald. Rainey asked if the reassessment was based on formula reassessments or if it was based on vacancies. Mr. Lyons agreed to inquire and confirm. The development has confirmed it is 100% occupied.

Ms. Nyden discussed the new developments west of Chicago Ave. There are a few smaller projects in process including some property acquisition. Ald. Rainey noted that once the properties are rented or sold we will receive reimbursements.

Ms. Nyden confirmed that the cocktail lounge has completed 1 1/2 years of a 3 year lease-to own-portion of a 5 year deal. They will purchase the property in a year and a half. If they choose not to purchase the property between years 3 and 5, the City can sell it to someone else as an investment property.

Peckish Pig has a 7 year lease-to-own deal, which includes 18 months of free rent. After 18 months payments will ramp up toward the eventual purchase of the property. They will pay back every penny invested.

Ms. Nyden confirmed that Ward Eight has never missed a payment on any of their loans. They have paid rent since June of last year that goes to Community Development. There is a commercial portion that goes to a fund backed by the TIF. They have also been repaying a \$30,000 loan for equipment through the Community Development Block Grant since January 1, 2013. Ald. Rainey stated that despite community outcry, Ward Eight will not fail.

E. West Evanston TIF District #6

Mr. Lyons explained that this TIF contributed \$600,000 to the Emerson Square residential development. It is currently a short-term line of credit with First Bank and Trust, which is still paying under 2% interest. The current balance is \$872,847 with \$600,000 as a loan.

The TIF will have a negative increment next year. The highest increment in this TIF was \$450,000. The beginning EAV for the TIF area was \$37 million and is now \$45 million

There are a variety of deals in the works at Church at Dodge and property east of Dodge. The West Evanston plan will be revisited with Aids. Holmes and Braithwaite. We are awaiting the June/July report from the County with a new assessed value.

At Ms. Kretchmer's inquiry, Ms. Nyden discussed the west side plan implementation. Autobarn has been leasing a portion of the Robinson lot. Once they move to 222 Hartrey, it will set into motion a number of things. There is a plan in place when things become available for redevelopment.

From District 202's point of view, Mr. Stafford feels that West Evanston TIF is very important. It is viewed as a partnership with the City and is well positioned for the future.

Mr. Lyons stated that there is still 16 years left in this TIF. Most of the TIF property is a lot or the right-of-way, which means less demolition and more remediation.

Mr. Lyons thanked First Bank & Trust for stepping up and agreeing to extend a line of credit when the County was late with property taxes.

At Ms. Kretchmer's inquiry, Mr. Rychlicki explained that the TIFs are doing very well compared to other west suburban towns. Overall, these TIFs have done better Cook County wise than others. Potential issues could arise from the newer TIFs. However, they do not have a lot of debt.

Mr. Lyons explained that the Downtown TIF is a visible success. It is a huge community center.

Ald. Rainey asked if there will be an assessment for the children of the Emerson Square schools. Mr. Rychlicki explained that there must be a redevelopment agreement on file. Mr. Lyons will confirm the assessment due to the funds from the West Evanston TIF in support of the Emerson Square project.

Mr. Stafford motioned to accept the annual report; seconded by Ms. Kretchmer. Vote called and taken.

IV. Adjournment

Mr. Stafford motioned to adjourn, seconded by Ms. Kretchmer. Meeting adjourned at 11:26 a.m.