

Finance and Administration Committee Meeting

Minutes for July 3, 2001

Present: Commissioner Zabloudil
Commissioner McConnell
Mayor Krajewski

Attendance: Martin Lyons, Director of Financial Services
Trisha Steele, Assistant Director of Financial Services
Brian Pabst, Director of Redevelopment
Phil McKenna, Kane McKenna

Meeting called to order at 5:30 P.M. There were no comments to the previous minutes of June 19, 2001 and they were approved.

ITEMS FOR DISCUSSION:

1. CBD/TIF Project – Electronic Reports

Steve Friedman has seen the materials and Phil McKenna will review. Mr. Lyons stated that he spoke to Chapman and Northern Trust Bank regarding the July 17th closing for bond. The amount will be \$6 million and is planned to cover about \$2 million of deck, \$1.5 million for design, and about \$2 million for land. Mr. Lyons suggested that \$12.5 million may be needed next year but that all of the parking deck issues for calendar year 2001 should be covered with \$6 million.

Restrictions on usages and loss of tax-free status were discussed. Mr. McKenna stated that exclusive use, such as for the medical office parking, could disrupt non-taxability, per IRS rules. Providing street parking was discussed but it was not agreed that this would be a viable option. Mr. Lyons suggested that a percent of the bonds could be made “taxable” to match the percentage of the parking garage which needs to be reserved for specific private parking. Mr. McKenna explained that the restricted usage issue is not a TIF-related issue, just a bond-taxability issue. Mr. Lyons stated that he would be talking with the Village of Evanston regarding their recent parking development to see how they handled these issues. Mr. McKenna stressed that it is important to consider the land-writedown. He advised that the Village should be sure to include lots of flexibility in the bond ordinance. Mr. Lyons said that he reviewed the bond ordinance language for flexibility.

Mayor Krajewski questioned what happens to the portion of the tax-rebate that is related to TIF. Also, the Mayor questioned whether the Morningside valuation numbers should be updated. Commissioner McConnell asked for a summary of sales pricing and “for sale” estimates on Morningside property. Mayor Krajewski wanted to know if the Station Crossing numbers needed to be revised as well. Mr. Lyons stated that he has asked for this information and is waiting for feedback. He said he would contact Morningside for a revision of numbers.

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Commissioner McConnell suggested that the revised numbers be reviewed at the Committee Meeting, 1st week in August, when the Landbank numbers should be available.

2. Debt Schedule

Mr. Lyons recommended leveraging out further for Series 2002 because the Capital Projects Fund is carrying too much of the expense in the early years. Perhaps, TIF could payback at a later point but it cannot carry its share at this time. Mayor Krajewski questioned if there is a need to amend TIF before next year's bonds? Mr. McKenna explained that there is a 2.5% year inflationary feature, raising the amount from \$26 million to \$29.5 million, plus Chapman may consider a one-time adjustment of the budget by 5%, without all the red tape. Mayor Krajewski asked about the interest costs. Mr. Lyons explained that interest doesn't factor in, only principal. Mr. McKenna suggested that Capital Appreciation Bonds might be an alternative, where the Village would sell a future value (i.e. in 2020, get \$20 million). He explained that it is like a Zero Coupon Bond. This option would let the Village accumulate interest on the tax increment.

Mr. Pabst then asked Mr. McKenna to review the amendment process. Mr. McKenna explained that any of the following items would require an amendment: 1) Expansion of boundaries, 2) change of land use, 3) substantive change of plan, such as making a budget Change greater than 5%.

Mayor Krajewski questioned whether a housing-impact study would be necessary. Mr. McKenna explained that a housing-impact study would be needed if either a) 10 units of housing are displaced, or b) over 75 units of housing, total, is affected. To avoid a housing-impact study, the Village would need to either develop a relocation plan or be able to make a statement that there will be no moving of residents. The Mayor stated that he could not envision any resident displacements.

Commissioner Zabloudil asked whether the Village Hall property should be included. Commissioner McConnell questioned if this space could provide much development. She said that the Space Needs Committee should take this into consideration and interface with this Committee.

Commissioner McConnell wants to verify when and if it will be necessary to do an amendment. Mr. Lyons stated he could strategize with the Capital Project Fund. For example, it could be lowered from \$12.5 million to \$10 million by transferring the interest expense to TIF and supporting the "Brick & Mortar" portion with the Capital Projects Fund until the TIF can handle those expenses. He said he would talk to other communities and Mr. McKenna regarding the Village's options.

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Mayor Krajewski questioned if the non-renewal of the SSA (Special Assessment Area for the central business district) was included. Mr. Lyons stated that he will check, but he believes it is in 2008, with a 5-years sunset. Commissioner Zabloudil asked if there is only one opportunity for a 5% change? Mr. McKenna said there is no case law, but Chapman has allowed one-time 5% changes only. Commissioner McConnell stated that the interest component and the new valuations should be taken into consideration in evaluating the need and timing of an amendment.

3. Financial Reporting Format

Mr. Lyons discussed the revenue and expense worksheets. Commissioner McConnell stated that she would like to review the report revisions ASAP. She would like these on the August 21 Committee agenda. Mr. Lyons suggested that if the agenda was full for August 21st, perhaps a Special Committee Meeting could be set up to discuss the TIF budget and projections, the timetable for TIF, and cost refinements. Mr. Lyons asked the Committee to consider and inform him about the timing of the Phase IV Administration completion and whether staff will be re-budgeted in the Ogden TIF fund in October.

Mr. Lyons explained the SCI format options for the Balance Sheet and Income Statements and asked for the Committee's opinion regarding the format. Mayor Krajewski questioned the revenue numbers and Mr. Lyons explained that they are not fully accrued as yet, as we do not have the numbers from the State. Recent procedural changes to accounting and posting were discussed. At the meeting after next (August 7th), the format of the financial reports will be discussed and feedback will be provided.

The creation of a Current Calendar of Activities was reviewed. It is currently in development.

Commissioner McConnell added that the Space Needs Committee should report up through this Committee so that any financial impact is given adequate consideration.

Meeting was adjourned at 6:25 P.M.