




MEMORANDUM

TO: Trustee Anthony Puccio, Chairperson
Economic and Community Development Committee

FROM: William J. Heniff, AICP, Director of Community Development 

MEETING DATE: January 9, 2023

SUBJECT: **Lombard Downtown TIF District Termination (Ryan Professional Services Agreement)**

The Lombard Downtown Tax Increment Financing (TIF) District was established in February, 1989 as an economic development tool to assist in the financing of numerous public and private projects within the designated Redevelopment Project Area. Originally established as a 16-year TIF District, the District time periods were extended through major changes to the TIF, as follows:

2002: Extension to a 23-year base TIF (the standard time length for TIF District in Illinois)

2007: Approval by the State legislature for a further time extension to 2023 (maximum period allowed) for the TIF District.

With the final year of the TIF starting, the Village needs to undertake a number of legal and administrative activities. Such activities include, but are not limited to:

1. **Procedural elements and issues.** Staff has discussed the TIF termination with and Kane McKenna Associates (now known as Ryan, per a recent acquisition), and they have provided staff with the attached professional services contract which will provide the Village and staff with on-call professional services to address open items and processes.
2. **Legal and statutory requirements pertaining to the TIF closeout:** Per staff discussion, Village Counsel (Klein, Thorpe & Jenkins) to assist this effort
3. **Open Village expense obligations review and balances**
 - a. Reimbursement obligation to the General Fund for past land acquisitions
 - b. Village downtown capital projects: Sidewalks, South Park parklets, etc.
 - c. Availability for "last-chance" business grants
 - d. Any outstanding grant payments
 - e.
4. **Communication efforts/process**
 - a. Village Board
 - b. ECDC

- c. Finance Committee
- d. Other taxing bodies (with special consideration to TIF School District special expense funding)
- e. Property owners/businesses

5. Lombard Downtown without TIF

- a. Impacts upon General Fund, Capital Improvement Program
- b. Revisiting/amending Economic Incentive Policy, Business Retention Improvement Policy; alternate funding sources

December 31, 2023 is considered the final date of the TIF District, however per State Statutes, 2024 is considered a reconciliation year in which funding project closeouts can occur, final year of increment is collected by DuPage County Assessor (upon request), and the final year of TIF increment from 2023 levies is transmitted to the Village. The general goal is to utilize any remaining funds in the TIF account for the identified project improvement activities and related obligations. Per State Statutes, any remaining surplus funds are required to be redistributed to the applicable taxing districts.

Over the forthcoming year, staff will be providing updates to the ECDC and other relevant committees regarding the steps underway and policy aspects associated with the TIF termination. At the January 9, 2023 ECDC meeting, a detailed PowerPoint presentation will be offered to the members, which will summarize many of the past activities and expenditures funded by TIF and provide a structure for activities which will need to be undertaken over the next two years.

To start this effort, attached is the Ryan professional services agreement that has been prepared for Village consideration. While the costs anticipated within this agreement could be approved administratively by staff, we are bringing this agreement to the ECDC and Village Board for concurrence and as a pretext for further discussions and communication. By Statute, the anticipated agreement costs for closing out the TIF District are deemed to be acceptable administrative expenditures.

ACTION REQUESTED

Staff requests the ECDC review the professional services agreement between Ryan and the Village and make a recommendation to the Village Board to authorize the Village Manager to execute the agreement relative to the future termination of the Downtown Lombard TIF District.



Kane, McKenna
and Associates

311 South Wacker Drive
Suite 4800
Chicago, Illinois 60606
Main 312.980.1122
Fax 312.980.1132
www.ryan.com

December 27, 2022

Mr. William J. Heniff, AICP
Director of Community Development
Village of Lombard
255 East Wilson Avenue
Lombard, Illinois 60148

RE: Village of Lombard - Downtown TIF Termination

Dear Mr. Heniff:

Pursuant to our discussions, Ryan LLC ("Consultant" or "KMA") is prepared to assist the Village of Lombard, Illinois (the "Village") in reference to the termination of the existing Downtown TIF District (the "TIF").

Scope of Services

KMA will provide the following services to the Village as necessary, and only for areas specifically identified by the Village.

- 1) Review the current EAV of the existing TIF properties in relation to potential recapture amounts to all applicable taxing districts.
- 2) Assist the Village in meeting with affected taxing districts concerning the proposed TIF termination.
- 3) Prepare additional information for Village staff with respect to the following:
 - a. Use of TIF funds on hand and TIF Budget.
 - b. Potential transfer of such funds.
- 4) Recommend necessary notices and publications.
- 5) Meet with the Joint Review Board.
- 6) Meet, as requested, with the Village Board.

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RESPONSIBILITIES

All services will be conducted under the supervision of Mr. Joe Stachnik, Principal. Mr. Chuck Durham will serve as Project Leader for this engagement and will be responsible for staffing, project coordination, technical direction, and related issues.

FEES FOR SERVICES

The Client shall pay KMA's fees for the Services based on the time that our professionals spend performing them, billed monthly at the standard hourly rate for each individual, as adjusted annually multiplied by the time KMA's professionals expend in performing the Services. KMA's current hourly rates are as follows:

<u>Personnel</u>	<u>Hourly Rates</u>
Principal/Executive Consultant	\$300.00/Hour
Manager	\$275.00/Hour
Consultants	\$250.00/Hour
Associates	\$225.00/Hour
Administrative	\$ 75.00/Hour

Our estimated fees for these services will be between \$4,500 to \$6,500.

All invoices are due and payable in full within thirty (30) days. The Village agrees to pay interest of one and one-half percent (1½%) per month on any past due fees. The Village further agrees to pay all costs of collection, including, but not limited to, any collection agency or attorneys' fees incurred by Ryan in connection with fees more than sixty (60) days past due. Ryan's preferred method of payment is via electronic funds transfers ("EFT"), and EFT instructions will be provided to the Village on each invoice. In the event the Village is unable to remit payment via EFT, Ryan will accept checks, credit cards, or purchasing cards; however, if payment is made using a credit card or purchasing card, the Village authorizes Ryan to add a processing fee to the payment. Such processing fee is currently three percent (3%) of the payment amount and is subject to change upon thirty (30) days prior notice. Out-of-pocket expenses are not inclusive of hourly rates.

NOTICE

Any notice to be given under this Agreement shall be given in writing and may be made by personal delivery or hand delivery by courier, by overnight reputable national courier, or by placing such in the United States certified mail, return receipt requested. Notices to the Village

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should be sent to the address indicated on the first page of this Agreement and notices to Ryan should be addressed as follows:

Ryan, LLC
Three Galleria Tower
13155 Noel Road
Suite 100
Dallas, Texas 75240
Attn: Chairman and CEO

With a copy to: Attn: General Counsel

INTEGRITY AND CONFIDENTIALITY

We guarantee that all matters associated with the professional services we render will be directed with the highest degree of professional integrity. Accordingly, all information that the Village makes available to Ryan shall be considered confidential, proprietary information, and Ryan shall not disclose such information to any third party except as required in fulfilling duties described by this Agreement or to comply with an official order of a court of law.

Additionally, the Village agrees that Ryan's work product, including specific engagement procedures and techniques, constitutes proprietary and exclusive information, and the Village further agrees not to disclose such information to any third party without obtaining prior written approval from Ryan. Additionally, Ryan's tax saving strategies constitute proprietary and exclusive information; provided, however, that notwithstanding the foregoing, Ryan does not limit the Village's disclosure of the tax treatment or the tax structures of the transactions. This Agreement does not include information independently developed by the Village, information previously known to the Village, or information rightfully received by the Village from a third party without confidential limitations.

LAW GOVERNING AGREEMENT

This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois. Exclusive venue for any dispute with respect to this Agreement shall reside in a court of competent jurisdiction in DuPage County, Illinois.

ACKNOWLEDGMENT

This Agreement shall be effective December 27, 2022, regardless of its actual date of execution.

Thank you for the opportunity to assist you with this project. If the above terms and conditions meet with your approval, please sign, and return the enclosed copy of this Agreement at your convenience. Upon acceptance, we will contact you to arrange a mutually acceptable time to begin

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our review. If you have any questions, or if you would like to discuss this Agreement further, please contact Mr. Zoran Milutinovic at 312.444.1709 or Mr. Joseph Stachnik at 312.980.1122.

RYAN, LLC:

VILLAGE OF LOMBARD:

By: Joseph Stachnik

By: _____

Name: Joseph Stachnik

Name: _____

Title: Principal

Title: _____

Date: 12/27/2022

Date: _____