

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

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

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: Scott Niehaus, Village Manager

DATE: August 28, 2019 (COW)(B of T) September 5, 2019

TITLE: Proceeds from the Sale of 101 S. Main St. – Policy Options

SUBMITTED BY: Timothy Sexton, Director of Finance

BACKGROUND/POLICY IMPLICATIONS:

The Finance and Administration Committee reviewed the attached memo at their meeting on August 14, 2019. The Committee prefers a blend of Option 1 – Mirror Policy on Year-End Revenues Over Expenditures (Waterfall), and Option 7 – TIF Replacement/Economic Incentive, because it will help pay down pension liabilities and provide some flexibility for the future if needed. They recommended that \$1 million go through the waterfall (Option 1) and the remaining amount (expected to be approximately \$500,000 less closing costs) be set aside for potential replacement of current TIF funding and/or to be used for a potential economic incentive as needed throughout the Village.

The Finance and Administration Committee voted unanimously to recommend that the Village Board of Trustees approve allocating \$1 million of the proceeds through the waterfall (Option 1) and the remaining balance will be set aside for potential replacement of current TIF funding and/or to be used for an economic incentive as needed throughout the Village. The Committee will review any funds that remain set aside after two years.

Review (as necessary):

Village Attorney X _____	Date _____
Finance Director X <u>Timothy Sexton</u>	Date <u>8/28/19</u>
Village Manager X <u>Scott Niehaus</u>	Date <u>8/28/19</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.



## MEMORANDUM

To: Finance and Administration Committee  
From: Timothy Sexton, Director of Finance  
Date: August 8, 2019  
Subject: Proceeds from the sale of 101 S. Main St. – Policy Options

The Village currently has a contract to sell the property at 101 S. Main St. for \$1.5 million as part of redevelopment of that property. Closing on this property is expected to take place in late October or early November. Therefore, staff is bringing the potential options for the use of these funds to the F&A Committee for discussion, and a recommendation to the Village Board.

As this discussion is similar to the use of LRP funds that is also on the agenda for the August 14th F&A Committee, briefly summarized below are the potential options being discussed for the LRP funds, as those likewise would be potential options for the use of these funds. Following that are two additional options due to the unique nature of this situation.

As previously discussed for the LRP funds, here were the four potential options for the use of LRP funds, in addition to the fifth option of not applying the funds anywhere currently. Additional information on the pros and cons of these options was in the LRP funds memo from this same agenda.

**Option 1 - Mirror Policy on Year-End Revenues Over Expenditures (Waterfall)**

**Option 2 – Pay Down Pension Liabilities**

**Option 3 – Apply to DuComm Facility Expenses/Remaining Amount for Another Option**

**Option 4 – Keep in Reserve and Earmark for Potential LPFC Payment Under Settlement Agreement**

**Option 5 – Status Quo/Do Nothing**

**Additional Options**

## **Option 6 – Put the funds into the Downtown TIF Fund**

101 S. Main St. was a property that was donated to the Village in 2000. Since that time, the Village has spent \$1,168,736.62 for this property for various expenses including demolition, site remediation, and legal and professional costs. This money came from the Downtown TIF Fund, as eligible TIF expenses. So one potential option is to pay the money that came from the TIF for this property back into the TIF fund. This is not required at all, as all of the expenses were eligible TIF expenses, but it is an option. If this option is chosen, the remaining \$331,263.38 could be allocated under any of the options being discussed.

### Pros:

- Refund the Downtown TIF Fund for amounts previously paid

### Cons:

- Putting the money in this Fund would have more restrictions than if it is put elsewhere, such as the next option
- As the Downtown TIF expires on December 31, 2024, any funds remaining in the TIF will be declared surplus and rebated back to the taxing districts
- As the Village is not required to put the funds into the Downtown TIF, by doing so we would be passing up other available uses for the funds

## **Option 7 – TIF Replacement/Economic Incentive**

As previously discussed, the Downtown TIF will be expiring on December 31, 2024 and any funds remaining in the TIF Fund at that point will be declared surplus and returned to the taxing districts. There are various costs in the Downtown TIF that will need to be paid elsewhere after the expiration of the TIF. These include various minor capital projects, such as streetscape improvements and right of way beautification, as well as various grants that have been funded for increased economic development in the area. Therefore, an option could be to set aside these funds as a replacement for the current TIF funding for these expenses.

### Pros:

- This option would provide more flexibility for the same purposes under Option 6.
- The Village could choose to generally follow the TIF/Economic Incentive Policy guidelines.
- In addition, the Village could choose to use these funds on properties outside of the Downtown TIF district, such as other properties along Main St. or the Yorktown area.

### Cons:

- Does not provide any immediate benefits to other funds

As previously stated, this does not need to be all or nothing for any particular option. The Committee can choose to split up the proceeds between two or more options if they prefer.

Staff is seeking a recommendation from the F&A Committee for the application of the \$1.5 million of proceeds from the sale of 101 S. Main St. Specifically, the F&A Committee should make a recommendation to the Village Board regarding which option they prefer, or which

combination of options they prefer stated as a percentage as the amount may not be exactly \$1.5 million due to closing costs.