

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

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

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: William T. Lichter, Village Manager

DATE: January 11, 2007 (B of T) Date: January 18, 2007

TITLE: Downtown Restaurant Forgivable Loan Program - 229 W. St. Charles Road

SUBMITTED BY: The Department of Community Development *WTS*

BACKGROUND/POLICY IMPLICATIONS:

The Economic & Community Development through The Department of Community Development transmits for your consideration a request for the reimbursement of funds for a Downtown Restaurant Forgivable Loan in an amount not to exceed \$100,000 for the property located at 229 W. St. Charles Road. (DISTRICT #1)

The Economic & Community Development Committee recommended approval of this request.

Please place this item on the January 18, 2007 Board of Trustees agenda.

Fiscal Impact/Funding Source:

Review (as necessary):

Village Attorney X

Finance Director X

Village Manager X *W.T. Lichter*

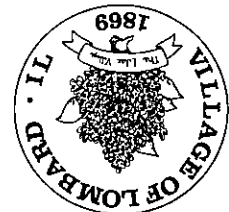
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Date

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*1/11/07*

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: William T. Lichter, Village Manager

FROM: David A. Hulseberg, AICP, Director of Community Development *DH*

DATE: January 11, 2007

SUBJECT: Downtown Restaurant Forgivable Loan Program; Praga Restaurant, 229 W. St. Charles Road

The Community Development Department has received an application for the Downtown Restaurant Forgivable Loan Program for Praga Restaurant at 229 W. St. Charles Road. Praga has operated in its current location since 2002 and now wishes to expand into the adjacent tenant space at 225 W. St. Charles Road (currently occupied by the Lombard Chamber of Commerce). This expansion will include additional seating, a larger bar, and a waiting area for customers. The owner may also wish to provide live entertainment, in which case he will need to make a separate application to the Plan Commission to obtain approval of a conditional use.

The requested forgivable loan would be structured slightly differently from previous loans. In this case, the Village would reimburse 100% of the first \$100,000 in eligible expenses and the owner would pay for 100% of all expenses beyond the initial \$100,000. The loan term would be 15 years, with 1/15<sup>th</sup> of the loan being forgiven each year. (Previous loans have been for 1/3 of eligible expenses with a maximum loan of \$100,000, forgiven over 10 years.)

Staff supports this application because the expansion would allow downtown Lombard's only fine dining establishment and a valued business to become more competitive in the growing local restaurant market. The Economic and Community Development Commission recommended supporting this request. Praga's lease is set to expire in 2007, but they will be required to extend the restaurant's lease through 2012 as part of this loan agreement.

**ACTION REQUESTED**

Staff requests that the Village Board approve a resolution authorizing the signatures of the Village President and Clerk on an Agreement Authorizing the Reimbursement of Funds for a Downtown Restaurant Forgivable Loan for Praga Restaurant in an amount not to exceed \$100,000.

**A RESOLUTION AUTHORIZING THE SIGNATURES OF THE  
VILLAGE PRESIDENT AND VILLAGE CLERK ON AN AGREEMENT  
AUTHORIZING THE REIMBURSEMENT OF FUNDS FOR A  
DOWNTOWN RESTAURANT FORGIVABLE LOAN AT  
229 W. ST. CHARLES ROAD**

WHEREAS, the Village is an agent for disbursement of funds for the Downtown Restaurant Forgivable Loan Program under the authority of the Village Board of Trustees and will provide monetary grants to qualified property owners in the Lombard Tax Increment Financing (TIF) District to enhance and improve downtown buildings and parking areas; and,

WHEREAS, Pavel Tykvar (hereinafter referred to as "Applicant"), wishes to participate in this program for a restaurant in the building located at 229 W. St. Charles Road, Lombard, Illinois; and,

WHEREAS, Daniel Harris (hereinafter referred to as "Owner"), supports an application to participate in this program for a restaurant in the building located at 229 W. St. Charles Road, Lombard, Illinois; and,

WHEREAS, the proposed restaurant will complement and support the Village's plans to maintain a quality Central Business District.

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF LOMBARD, DUPAGE COUNTY, ILLINOIS, as follows:

**SECTION 1:** That the Village shall grant up to \$100,000 for which Applicants qualify pursuant to the Downtown Restaurant Forgivable Loan Program. Such forgivable loan shall be available to Applicant upon the authorization of the Village's Director of Community Development, after receipt of satisfactory evidence that the project components have been completed and Applicant has paid all invoices for labor and materials in connection therewith. The Village will allow up to three submissions for reimbursement.

**SECTION 2:** The Applicant and Owner will perform the following obligations in connection with the project:

- a. Comply with all regulations and standards of the Village of Lombard Downtown Restaurant Forgivable Loan Program and all applicable building codes.
- b. Take all reasonable action to assure completion of the project within 6 months from the date of execution of this agreement. Failure to complete the project within 6 months from the date of execution of this agreement may result in forfeiture of the grant and loan and termination of this agreement.
- c. Allow inspection of the project by authorized employees of the Village to assure compliance with federal, state, and local regulations related to the grant, as well as compliance with applicable building codes.
- d. Maintain and allow access to the financial records that pertain to the project by authorized employees of the Village. At a minimum, all contracts, change order, bills, invoices, receipts, cancelled checks and partial and final waivers of liens shall be kept.
- e. Submit copies of all final waivers of lien, cancelled checks, invoices related to the project to the Department of Community Development.

**SECTION 3:** The Applicant and Owner and any subsequent business or property owner agrees to maintain the business in accordance with local codes and obtain any and all necessary licenses and permits required to allow for the service and consumption of alcohol on the premises, and agrees not to substantially change the use of the business or interior space for which this grant was received for a period of not less than fifteen (15) years from the date the Loan Agreement was executed. Failure to maintain the business in accordance with local codes or negatively changing the use of the business or interior space will require pro rated repayment of forgivable loan funds to the Village of Lombard.

**SECTION 4:** The Owner agrees that this Agreement may be duly recorded against the property located at 229 W. St. Charles Road to serve notice upon future purchasers, assigns, estate representatives, mortgages, and all other interested persons of the conditions outlined in this Agreement.

**SECTION 5:** The Village may suspend or terminate this Agreement if the Applicant or Owner fails to comply with any of the terms of this Agreement. In the event of suspension or termination, the Owner shall be required to repay any amount of the grant disbursed.

**SECTION 6:** That the Village President be and hereby is authorized to sign on behalf of the Village of Lombard said document as attached hereto.

**SECTION 7:** That the Village Clerk be and hereby is authorized to attest said agreement as attached hereto.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

Ayes: \_\_\_\_\_

Nays: \_\_\_\_\_

Absent: \_\_\_\_\_

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

\_\_\_\_\_  
William J. Mueller  
Village President

ATTEST:

\_\_\_\_\_  
Brigitte O'Brien  
Village Clerk

**DOWNTOWN RESTAURANT FORGIVABLE LOAN PROGRAM AGREEMENT**

This Agreement, entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2007, by and between the Village of Lombard, Illinois, (hereinafter referred to as the "Village"), Daniel Hartis (hereinafter referred to as "Property Owner") and Pavel Tykvar (hereinafter referred to as "Business Owner") doing business as a Restaurant at 229 W. St. Charles Road, Lombard, Illinois (said business location being legally described on Exhibit A attached hereto and made part hereof – hereinafter referred to as the "Subject Property"), with personal property being secured at 229 W. St. Charles Road, Lombard, Illinois.

**WITNESSETH**

**WHEREAS**, the Village, pursuant to Sections 35.60 through 36.55 of the Lombard Village Code, has established a Downtown Restaurant Forgivable Loan Program (hereinafter referred to as the "Program") and, as such, will provide monetary forgivable loans to qualified business owners and property owners in the Eligible TIF Districts (as said term is defined in Section 36.51 of the Lombard Village Code) for the conversion of storefront space into a restaurant; and

**WHEREAS**, the Program complements and supports the Village's plans to maintain a quality Central Business District; and

**WHEREAS**, restaurants are desirable uses within the Central Business District and contribute to an economically strong Central Business District; a commercial area where the image, appearance, and environment encourage the attraction of shoppers; and

**WHEREAS**, the Business Owner wishes to participate in this program for a proposed restaurant to be located at 229 W. St. Charles Road, Lombard, Illinois; Restaurant Forgivable Loan Program Application No.: 07-01 (hereinafter referred to as the "Project"); and

**WHEREAS**, the Property Owner has agreed to the property lien provisions as required by the Program;

**NOW, THEREFORE**, in consideration of the foregoing, and other good and valuable consideration, the receipt of which is hereby acknowledged by the parties hereto, the parties agree as follows:

**SECTION 1:** The Village shall provide the Business Owner with a forgivable loan under the Program in an amount not to exceed one hundred thousand and no/100 dollars (\$100,000.00). Such loan shall be available to Business Owner upon the authorization of the Village's Director of Community Development, and after the Business Owner has complied with the provisions of this Agreement and Section 36.54 of the Lombard Village Code. The maximum amount of the forgivable loan, as set forth above, is based upon the Business Owner expending no less than one hundred thousand and no/100 dollars (\$100,000.00) in relation to the Project. In the event that the Business Owner's expenditures for the Project are less, the forgivable loan shall be reduced such that the maximum amount of the forgivable loan shall not exceed the amount expended by the Business Owner in relation to the Project.

**SECTION 2:** The Business Owner shall undertake the following in connection with the Project:

- a. Comply with all applicable ordinances, rules and regulations of the Village including, but not limited to, all applicable building codes and the requirements of the Program.
- b. Take all reasonable action to assure completion of the Project within six (6) months from the date of execution of this Agreement. Failure to complete the Project within six (6) months from the date of execution of this Agreement may, at the Village's sole and absolute discretion, result in forfeiture of the forgivable loan and termination of this Agreement.
- c. Allow inspection of the Project by authorized employees and agents of the Village, to assure compliance with all applicable federal, state, and local laws, rules and regulations.
- d. Maintain, and allow authorized employees of the Village access to, the financial records that pertain to the Project. At a minimum, all contracts, change orders, bills, invoices, receipts, canceled checks and partial and final waivers of liens shall be maintained and subject to review by the Village.
- e. Submit copies of all final waivers of lien, canceled checks, and invoices related to the Project to the Department of Community Development.

**SECTION 3:** Upon completion of the Project, the Business Owner agrees to maintain the business in accordance with all applicable federal, state and local laws, rules and regulations.

**SECTION 4:** The Property Owner hereby consents to the recording of this Agreement to serve as notice to future purchasers, assigns, estate representatives, mortgagees, and all other interested persons of the conditions outlined in this Agreement.

**SECTION 5:** The Property Owner hereby agrees to be bound by the lien conditions set forth in Section 36.55 of the Lombard Village Code, including, but not limited to, the condition that, upon disbursement of the forgivable loan funds by the Village, no business, other than a restaurant, may operate at 229 West St. Charles Road, Lombard, Illinois, for a period of fifteen (15) years from the recording of the lien referenced in said Section 36.55 of the Lombard Village Code, without the consent of the Village.

**SECTION 6:** The Property Owner agrees that a lien may be placed on the Subject Property, in accordance with Section 36.55 of the Lombard Village Code, to secure said forgivable loan. One-fifteenth (1/15<sup>th</sup>) of the forgivable loan amount shall be forgiven for each full year after the recording of the lien that a restaurant is operated at the Subject Property. In the event that a business other than a restaurant operates at the Subject Property, the lien shall become permanent (no more amortized "forgiveness") and the Village shall record a document to memorialize same. In addition, in the event that a business other than a restaurant operates at the Subject Property at any time during the fifteen (15) year period referenced in Section 6 above, the balance of the forgivable loan then due shall immediately become due and payable from the Business Owner and/or Property Owner.

**SECTION 7:** The Property Owner and Business Owner agree to extend the Business Owner's lease on the Subject Property through 2012.

**SECTION 8:** In the event the Village suspends or terminates this Agreement as a result of the Business Owner or Property Owner failing to comply with any of the terms of this Agreement, the Business Owner and/or Property owner shall be required to repay any amount of the forgivable loan that has been disbursed by the Village. In the event said amount is not repaid, the Village shall have the right to record a lien against the Subject Property for said amount.



**SECTION 9:** This Agreement shall be binding upon the successors and assigns of the parties hereto.

VILLAGE OF LOMBARD

By: Village President

Attest: Village Clerk

BUSINESS OWNER

By: \_\_\_\_\_

Attest: \_\_\_\_\_

Address \_\_\_\_\_

City, State \_\_\_\_\_

PROPERTY OWNER

By: \_\_\_\_\_

Attest: \_\_\_\_\_

Address \_\_\_\_\_

City, State \_\_\_\_\_

STATE OF ILLINOIS

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COUNTY OF DUPAGE

I, the undersigned, a Notary Public, in and for the County and State aforesaid, DO

HEREBY CERTIFY that William J. Mueller, personally known to me to be the President of the Village of Lombard, and Brigitte O'Brien, personally known to me to be the Village Clerk of

said municipal corporation, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally

acknowledged that as such President and Deputy Village Clerk, they signed and delivered the

said instrument and caused the corporate seal of said municipal corporation to be affixed thereto, pursuant to authority given by the Board of Trustees of said municipal corporation, as their free and voluntary act, and as the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein set forth.

GIVEN under my hand and official seal, this \_\_\_\_\_ day of 2007.

Commission expires \_\_\_\_\_, 20\_\_\_\_\_.

Notary Public

\_\_\_\_\_

STATE OF ILLINOIS )  
)SS )  
COUNTY OF DUPAGE )

I, the undersigned, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY that Pavel Tykvar, personally known to me to be the Business Owner and Applicant and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such Business Owner and Applicant, he signed and delivered the said instrument, as his free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and official seal, this \_\_\_\_\_ day of 2007.  
Commission expires \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public

STATE OF ILLINOIS

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COUNTY OF DUPAGE

I, the undersigned, a Notary Public, in and for the County and State aforesaid, DO

HEREBY CERTIFY that Daniel Harris, personally known to me to be the Property Owner and

personally known to me to be the same person whose name is subscribed to the foregoing

instrument, appeared before me this day in person and severally acknowledged that as such

Property Owner, he signed and delivered the said instrument, as his free and voluntary act, for the

uses and purposes therein set forth.

GIVEN under my hand and official seal, this \_\_\_\_\_ day of 2007.

Commission expires \_\_\_\_\_, 20\_\_\_\_\_.

Notary Public

\_\_\_\_\_

**EXHIBIT A**

**Legal Description**

LOT 1 IN BELFAST CONSOLIDATION PLAT, BEING A SUBDIVISION IN  
THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 39 NORTH,  
RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, RECORDED  
JANUARY 23, 1984 AS DOCUMENT NO. R1984-6799 IN DUPAGE  
COUNTY, ILLINOIS.

PIN 06-07-209-020