

MEMORANDUM

To: William T. Lichter, Village Manager

From: David A. Hulseberg, AICP, Director of Community Development

Date: November 12, 2003

Subject: Lombard Hotel and Convention Center

This memorandum provides an overview to the salient points of the Agreement between the Village of Lombard and Harp Lombard LLC.

Background:

The Village has been working with the Harp Group for more than three years in locating a hotel/convention facility in the community. Numerous sites have been considered and the Yorktown property has been identified as the most appropriate location. Yorktown Mall ownership has signed a Purchase and Sale Agreement with Harp Lombard LLC for the acquisition of lot 2 of the Yorktown/Target Subdivision. The Purchase and Sale Agreement is attached (attachment A). This agreement affords significant checks and balances for Yorktown Mall to ensure that the project is of a four-star quality nature. Further as part of that agreement \$2 million dollars is escrowed for ring road improvements.

The Agreement between the Village and Harp Lombard LLC represents the obligations of each party to the document. Staff has spent significant time in addressing the needs of the community and the obligations of the parties. The document is structured to address the boards concerns.

Overview:

This section reviews the salient points of the agreement that have been raised in the past by staff and the Village Board.

- The developer is responsible to secure the investors for the series C bonds.
- The developer shall negotiate a guaranteed fixed price contract for the construction of the project.
- The developer has provided a feasibility report on the project.
- The developer shall provide a renewable letter of credit in the amount of \$1.5 million as a source of funds to protect the Village of Lombard.
- The developer shall augment its team by hiring a construction manager meeting acceptable professional standards.

- The Public Facility Corporation shall receive \$750,000 to cover legal, consultant expenses and administrative expenses that it incurs. The balance of funds would be given to the Village.
- The project will contribute \$3 million for infrastructure improvements in the Yorktown Center area.
- The Village of Lombard will enter into tax rebate agreements for the hotel/motel taxes, all retailers' occupation taxes and places of eating taxes generated by the project.
- The Village of Lombard will establish a Public Facilities Corporation, accept assignment of the Purchase Agreement for Lot 2 and authorize the bond financing.
- The Village shall select the construction monitor for the project with all costs to be paid from the bonds. A flow chart of the oversight is provided as attachment B.
- The Village reserves naming and signage rights for the convention center component of the project.
- The Village shall have the right to place antennae on the roof at no cost.

Recommendation:

Staff recommends that the Village of Lombard Board of Trustees authorize the Village President and Deputy Village Clerk to sign an agreement with the Harp Lombard LLC.