

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

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

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: Scott Niehaus, Village Manager

DATE: March 15, 2022 (COW)(B of T) April 7, 2022

TITLE: Resolution Authorizing an Addition to the Village of Lombard
Financial Policies Regarding an Economic Development Fund Policy

SUBMITTED BY: Timothy Sexton, Director of Finance

BACKGROUND/POLICY IMPLICATIONS:

The Business Retention Policy was formally adopted by the Village Board on October 21, 2021 (Ord. 7992). In accordance with this policy, the Village established an Economic Development Fund and changed the Year End General Fund Reserve Maintenance Policy to include a method of funding for the new Economic Development Fund.

The Finance & Administration (F&A) Committee met on February 28, 2022 to discuss an additional recommendation regarding the obligation and availability of funds in the Economic Development Fund when considering future agreements. A memo on the proposed amendment as presented to the F&A Committee is attached.

The F&A Committee unanimously voted to recommend that Village Board approve the following update to the Village of Lombard Financial Policies:

PROPOSED ECONOMIC DEVELOPMENT FUND RESERVE POLICY

Funds in the Economic Development Reserve should be encumbered upon Board approval of an incentive agreement in accordance with the provisions of the agreement. Total incentive agreements should not exceed the amount of unencumbered funds in the Economic Development Fund Reserve. Any balance of unencumbered funds in the Economic Development Fund Reserve greater than \$5,000,000, due to canceled agreements or funds no longer needed for a project, will be allocated back through the Year End General Fund Reserve Policy "Waterfall".

Review (as necessary):

Village Attorney X	_____	Date	_____
Finance Director X	<i>Timothy Sexton</i>	Date	<i>3/18/22</i>
Village Manager X	<i>Scott Niehaus</i>	Date	<i>3/18/22</i>



MEMORANDUM

To: Finance and Administration Committee

From: Timothy Sexton, Director of Finance

Date: February 24, 2022

Subject: Business Retention Economic Incentive Policy Amendment

Please find attached a proposed amendment to the Business Retention Economic Incentive Policy that the Committee approved in 2021. As the Village has been negotiating the first agreement with Heritage Cadillac, it was determined an amendment was needed to clarify how the \$5 million cap would work.

Proposed Amendment to the Business Retention Economic Incentive Policy

At the point that funds are obligated in accordance with the terms of an approved agreement, those funds will be committed to that agreement and removed from the overall \$5 million (or whatever amount is in the Fund at that time). In addition, this amendment would require that funds be available in the Economic Development Fund in order to obligate those funds under an agreement.

In addition to this amendment, staff will provide an update on the status of negotiations with Heritage Cadillac.

The Finance staff requests that the Finance and Administration Committee recommend the amendment to the Business Retention Economic Incentive Policy to the Village Board.

DRAFT ECONOMIC DEVELOPMENT FUND REFILL DISCUSSION

The Economic Development (ED) Fund Reserve should maintain a fund balance of \$5,000,000. Note, the Economic Development Fund is also funded with 25% of Hotel/Motel Tax revenue. If the fund balance exceeds \$5,000,000, the 25% of Hotel/Motel Tax revenue will stay in the Hotel/Motel Fund as long as allowed by law. Any excess funds as stated in #3 from the Building/Pension Reserves will flow into the Economic Development Fund.

Questions: When does the Village recognize the draw-down of funds in the ED Fund when an agreement is made with a business to provide funds over a period of time?

Recommendation:

Funds in the Economic Development Reserve should be encumbered upon Board approval of an incentive agreement in accordance with the provisions of the agreement. Total incentive agreements should not exceed the amount of unencumbered funds in the Economic Development Fund Reserve. Any balance of unencumbered funds in the Economic Development Fund Reserve greater than \$5,000,000, due to canceled agreements or funds no longer needed for a project, will be allocated back through the Year End General Fund Reserve Policy "Waterfall".

RESOLUTION
R _____ 22

A RESOLUTION AUTHORIZING ADOPTION OF ADDITIONS AND AMENDMENTS
TO THE VILLAGE OF LOMBARD FINANCIAL POLICIES

WHEREAS, the President and Board of Trustees of the Village of Lombard, DuPage County, Illinois previously approved by Resolution 63-88 various financial policies approved by the Village Finance Committee, and

WHEREAS, Resolution 63-88 has in the past been amended by Resolutions 64-88, 13-94, 47-95, 58-95, 14-96, 98-96, 50-97, 97-98, 71-00, 69-02, 02-03, 142-03, 120-07, 85-09, 69-12, 129-13; 49-16; 65-16; 42-18; 19-21; and

WHEREAS, the Finance Committee has reviewed and recommended to the Corporate Authorities additions or amendments to the policies as attached hereto; and

WHEREAS, these policies contribute to the continuity and credibility of administering public funds; and

WHEREAS, the Corporate Authorities deem it to be in the best interest of the Village of Lombard to approve such policies.

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

Section 1: That the amendments to the Village of Lombard Financial Policies are hereby approved.

Section 2: That the Director of Finance is hereby directed to implement said policies as approved.

Adopted this _____ day of _____, 2022

Ayes: _____

Nays: _____

Absent: _____

Approved this _____ day of _____, 2022

Keith Giagnorio
Village President

ATTEST:

Elizabeth
Village Clerk

APPROVAL AS TO FORM:

Jason Guisinger
Village Attorney