



# Village of Lombard

Village Hall  
255 East Wilson Ave.  
Lombard, IL 60148  
villageoflombard.org

## Minutes

### Economic & Community Development Committee

*Bill Johnston, Chairperson*  
*Reid Foltyniewicz, Alternate Chairperson*  
*Dennis McNicholas, Garrick Nielsen,*  
*Matthew Pike, Brian LaVaque, Paula Dillon,*  
*Laine Vant Hoff and Gregory Ladle*  
*Advisory Member: Alan Bennett*  
*Staff Liaison: William Heniff*

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Monday, August 13, 2018

7:00 PM

Community Room

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#### 1.0 Call to Order and Pledge of Allegiance

*Trustee Johnston called the meeting to order at 7:00 p.m.*

*The Pledge of Allegiance was recited.*

#### 2.0 Roll Call

**Present** 9 - Bill Johnston, Dennis McNicholas, Brian LaVaque, Garrick Nielsen, Matthew Pike, Paula Dillon, Laine Vant Hoff, Gregory Ladle, and Alan Bennett

*Also present: William Heniff, Director of Community Development; Jennifer Ganser, AICP, Assistant Director of Community Development, Zoran Milutinovic and Robert Rychlicki of Kane, McKenna & Associates, Inc.*

#### 3.0 Public Participation

*None*

#### 4.0 Approval of Minutes

On a motion by Mr. Pike, and seconded by Mr. LaVaque, the minutes of the July 23, 2018 meeting were approved by the members.

## 5.0 Unfinished Business

[170188](#)

### **101 - 109 S. Main Street - Request for Proposals (RFP)**

Review and recommendations of submitted Request for Proposals (RFP) pertaining to the sale and redevelopment of the 101 - 109 S. Main Street property owned by the Village of Lombard. (DISTRICT #4)

*Trustee Johnston thanked everyone for attending and went over the order of discussion. Mr. Nielsen recused himself from the discussion noting he has a conflict of interest with one of the proposals.*

*Mr. Heniff reviewed a PowerPoint and project goals. He stated the development should meet the requirements of the RFP. He said the ECDC will make a recommendation to the Village Board of who to continue negotiations with. He said the ECDC is not reviewing an incentive agreement, a sale price, or land use. He noted there were two other proposals received, but due to their extraordinary incentive requests they are not viable at this time.*

*Mr. Milutinovic reviewed a PowerPoint. He provided overview of the economics regarding the two proposals. KMA offered clarity that Luxica waivers of fee request was a part of the incentive request and not an additional ask. The review was of the developers and development proposals not of specific tenants, including Prairie Food Co-op. Mr. Milutinovic said they followed the Village's approved Economic Incentive Policy during their review and reviewed a ten year timeframe. Mr. Milutinovic noted that Holladay only has one commercial tenant: Prairie Food Co-op, and the retailers for Luxica are start-ups. Luxica has development experience but not of this large scale. Holladay has significant experience and this is a standard size project for them. He said Luxica is risky and the Village would have to answer where the incentive ask would come from, also it is not consistent with the Economic Incentive Policy. Holladay has a traditional incentive. He reviewed the projects costs, percentage of debt, equity, and Village share. He reviewed the benefits to the Village, the pros and the cons.*

*Mr. Heniff said the value of real estate is under the purview of the Village Board and not considered by the ECDC.*

*Mr. Chris Czarnowski spoke on behalf of Luxica. He reviewed a PowerPoint. He said they have done approximately 29 projects in the Lombard area. He reviewed the team and the project. They are proposing a 1-2 story walkable development. Ms. Andi Cooper said*

*they looked at a four story building but it didn't fit with Main Street context. She discussed the food hall and the view from the Metra station. She said there is a small amount of residential and public space. She said the property was given as a gift to the Village and in 2007 an approval asked for a public space. This plan has eight to ten thousand square feet of public space. Mr. Czarnowski discussed the food and beverage and sales taxes. He said the Village will continue to receive those benefits after year 10. He said Luxica has a higher terminal value than Holladay. They project is smaller, they have the experience, they have approximately 60% of the space with signed letters of intent. He noted a poll by Prairie Foods Co-op where they had the public vote of the two designs. He said they can be flexible on the incentives and try to transfer most of their incentive to pay as you go, from upfront. He said their plan is better for Prairie Food Co-op, has more parking, and allows them more street frontage. He said this plan creates benefits throughout the downtown and will bring people to the downtown.*

*Mr. Drew Mitchell spoke on behalf of Holladay. He said Holladay has been around since 1952 and is family owned and partner owned. He said he loves this site and has been watching it for a few years. He noted its challenging to finance the retail component. He discussed a project in Portage, IN and how they partnered with the Village. He noted that when the TIF ends, the Village will still receive real estate taxes. He discussed the building and the condo level amenities. He said the downtown needs additional people with disposable income to shop and eat at the existing business. He said downtown Lombard is exciting and has good train access. He said the Holladay project has a higher economic benefit than Luxica. He noted the good work of KMA. He said they are excited for Prairie Food Co-op and worked with them on their space. In case that doesn't work out, he said they can convert that space into another user.*

*Trustee Johnston opened the meeting to public comment.*

*Ms. Sharon Rakowski, 309 S. Stewart, asked how successful Holladay has been at renting other buildings and what are their occupancies rates in the western suburbs. She asked about other parking studies. She asked about the Luxica ROI.*

*Trustee Johnston said the questions will be answered later, but the Luxica ROI changed after removing the permit fee waiver from the incentive.*

*Ms. Deb Dynakio said this parcel is important to all. She is the President of the Friends of the DuPage Theatre and on the Historical Society Board. In the 1990s the Village was given this property. She said the TIF should have restored the theatre, but it allowed the theatre to be demolished. She said the Village made a promise for a community arts and cultural space. She said this is a prime corner of town and other parcels are better for residential. She asked if Holladay looked at stormwater. She said the Luxica plan is a catalytic plan. The space needs to heal and the Luxica plan will help.*

*Mr. Andy Lynch, 142 S. Charlotte, said his property backs up to the site. He bought his home when the DuPage Theatre existed. He said his block doesn't want to see light pollution or people looking into their backyards. He said the Village made a promise for a community space. Holladay has not considered a gateway space and the Luxica plan is less people and density. He said he understands the fear of start-ups but listed other downtown businesses that are start-ups. He thinks Luxica would be successful.*

*Mr. Chuck Lukavasky, 33 N. Main Street, said he is a retired CFO and reviewed the numbers. He believes the only important statistic is that people voted for the Luxica plan over the Holladay plan.*

*Ms. Donna Urlaub, 151 N. Main Street, said she is excited for Prairie Food Co-op and loves the Luxica proposal.*

*Ms. Johanna Miller said she is part of the Lombard Children's Theatre Workshop. She said theatres and other cultural elements draw people to a community.*

*Trustee Johnston said public comments are now closed and the meeting is open to the Commissioners.*

*Ms. Dillon asked if the developers had experience working with co-ops and if there is a market for a co-op in Lombard. Mr. Milutinovic said no one responded that they worked with a co-op in the past. He said Prairie Food Co-op provided market studies and projections.*

*Mr. LaVaque said the KMA report had more cons for Luxica. He asked for comps for other comparable luxury apartment buildings. Mr. Milutinovic said his firm has a lot of experience with residential near Metra lines. The market is healthy for apartments and Elmhurst,*

*Wheaton, etc. have healthy rents. Mr. LaVaque asked why being a start-up is considered a con and Mr. Milutinovic said they reviewed this from a financial aspect and it's more difficult to obtain a loan.*

*Mr. Pike said if there is only \$1.2 million in the TIF, where would the rest of the Luxica incentive come from. Mr. Heniff said there is TIF money available; however, TIF cannot be used for everything. For example, construction costs of new buildings are not TIF eligible. He said many Village funds are enterprise funds and are fixed. The General Fund pays for general Village operations. Typically incentives are performance based, so we wouldn't tap into the General Fund. The Village has concerns on borrowing money.*

*Mr. Bennett clarified that we don't know where the money is coming from and Mr. Heniff said yes. Mr. Bennett said with Luxica it appears the Village will be sharing the risk and getting into the real estate businesses.*

*Mr. Ladle asked about the impacts of the number of residential on the Holladay project. He also said the Luxica plan has a public space, but that space will have zero revenue. He asked if it is scalable or would the developer option to get rid of that element. Mr. Heniff said that regarding impacts to municipal services, past apartment buildings have proved to have a minimal impact. School age children are usually low; however, if TIF funds are used for a project with school age children, the TIF can compensate the schools. Mr. Rychlicki said in the final approvals, the Village can add protections or claw backs for items like a public space.*

*Mr. LaVaque said both developments can be a catalyst; however there is the issue of the upfront incentive. He asked if the Village can provide information about past upfront incentives. Mr. Heniff and Ms. Ganser said the Village has not done upfront incentives in recent history. Mr. Heniff noted all the recent incentives, recommended by the ECDC, were performance based. He said incentives in the past to Von Maur, Lombard Toyota, and O'Reily's Auto Parts were all performance based. Mr. LaVaque asked about the consideration that the property was given to the Village for \$1. Trustee Johnston said the Village has spent money on maintenance and the costs of demolition and that the Village Board will set the final price. Mr. LaVaque asked if the ECDC can get examples of other downtown incentive agreements.*

*Mr. Bennett said there was no analysis on the impact of incremental*

*EAV increasing and that allowing the Village to increase their tax levy. Mr. Rychlicki said that is correct and the EAV analysis was stopped when the TIF ended, though all taxing districts will see an increase.*

*Mr. McNicholas noted his past volunteer work in the downtown and thirty plus years on the ECDC. He said we have what is in our hearts and then the duty to shepherd the development and the TIF money. He said he would need to know the source of funds as it's not an easy task to make budgets.*

*Ms. Vant Hoff asked KMA how frequently they see developers where the owner equity is less than ten percent and Mr. Rychlicki said it's rare. It is usually 30-35%. In this case the Village incentive almost acts as equity. Mr. Milutinovic said there are three layers of financing: equity, the lender, and mezzanine financing. The Village is acting as the mezzanine. Ms. Vant Hoff asked if parking studies were done and would Luxica have enough parking. Mr. Heniff said in downtown Lombard commercial properties can park at ½ the parking ratio. He noted the proposals can change and that could impact parking.*

*Mr. McNicholas asked if Holladay took the Yorktown Greystar project under consideration as competition. Mr. Mitchell said he doesn't feel that project is competition. His project is geared toward those that want an urban environment and to be near a train and in a walkable environment.*

*Trustee Johnston asked if Mr. Mitchell could answer the earlier question about occupancy. Mr. Mitchell said most apartments like to be at 95% occupancy. If the apartment is not full, rates are dropped. Holladay needs around 75 units in a building to have their concierge services.*

*Mr. Ladle asked if cannibalism was taken into account and Mr. Rychlicki said it was not.*

*Trustee Johnston noted the earlier Tracy Cross study that said apartments could be funding and be built. This recent RFP was open to all development types. We received four market driven responses.*

**On a motion by Ms. Vant Hoff and a second by Mr. McNicholas, the ECDC unanimously voted to continue the matter to the September 10, 2018 ECDC**

meeting for further discussion.

## **6.0 New Business**

## **7.0 Other Business**

## **8.0 Information Only**

## **9.0 Adjournment**

On a motion by Mr. Pike and a second by Ms. Vant Hoff, the meeting adjourned at 9:11 p.m.