Minutes
Village of Glen Ellyn
Regular Village Board Meeting
Workshop Meeting
April 11, 2022
5:30 PM
Glen Ellyn Civic Center, Galligan Board Room

Board or Commission:	Village Board	**Date:**	April 11, 2022
Meeting:	Regular	**Called to Order:**	5:34 p.m.
Quorum:	Yes	**Adjourned:**	7:15 p.m.

MEMBER ATTENDANCE:

Mark Senak	President	Present
Kelli Christiansen	Trustee	Absent
Gary Fasules	Trustee	Present
Anne Gould	Trustee	Present
Kelley Kalinich	Trustee	Present
Bill Payne	Trustee	Present
Steve Thompson	Trustee	Present

Also Present:

Greg Mathews	Village Attorney
Mark Franz	Village Manager
Stacey Springer	Director of Community Development
Penni Cannova	Executive Assistant Deputy Clerk
Meredith Hannah	Economic Development Coordinator
Emily Rodman	Assistant Village Manager

Public:

Bob Rychlicki	KMA
Nina Coppola	KMA

A. CALL TO ORDER/ROLL CALL

The April 11, 2022 workshop meeting of the Village Board was called to order by President Senak at 5:34 PM at the Glen Ellyn Civic Center, Galligan Board Room.

B. PLEDGE OF ALLEGIANCE

C. AUDIENCE PARTICIPATION – Zak Wilson asked whether TIF assistance be used for a park at the U.S. Bank site that all residents can benefit from rather than a small number of residents.

Christine Wilson stated she was not in favor of funding developers because it would remove a potential site for green space. She stated too that funding a developer at this site would erode the historic character and small town feel of the Village, and to please not let developers dictate the Village's future.

Kathy Cornell stated that she is invested in Glen Ellyn and has concern with how close the building would be to the Prairie Path Park. She wanted to ensure there is sufficient space so that the park doesn't become part of the building and didn't want it to be perceived that it would be for the people who live in the building. Also, she was unsure what the annual projected tax will be after the TIF. Manager Franz stated currently the Village receives about $53,000 on the two properties. At the end of the TIF, it is estimated that total taxes would be $780,000.

DISCUSSION
1) *Discuss the Request for TIF Assistance Related to the Proposed Multi-family Development on the US Bank Site Located at 453 Forest Avenue & 576-580 Duane.* Village Manager Franz reported the developers are here to provide an update for the business terms of a possible RDA. Reva Development Partners is seeking informal feedback from the Village Board on their TIF incentive request for a proposed multi-family development project on the US Bank site (453 Forest Avenue) and the adjacent property to its east (576-580 Duane Street). In particular, staff is looking for feedback on the general business terms related to TIF assistance that the Developer has indicated is necessary to make this project viable. Reva Development Partners recently completed a multi-family development project called Avere on Duane, located on Duane Street between Prospect Avenue and Melrose Avenue, across from the Glen Ellyn Public Library. That building is fully leased. The formal process with the Plan Commission has not yet begun. Manager Franz added the only topic for discussion for the Workshop is to continue the discussion with respect to the economic incentive request.

Last fall and more recently in February, the Village Board discussed this development proposal and reviewed Reva's preliminary TIF request. Since then, Reva has updated their pro-forma and staff has renegotiated some of the basic business terms of a potential Redevelopment Agreement (RDA). In addition, the Village's TIF consultant Kane McKenna and Associates, KMA, has reviewed Reva's proforma and evaluated their request for incentives based on the updated letter and background information, see attached. Given the higher costs of underground parking, escalating construction costs nationally, and higher end architecture costs, the developer appears to meet the "but for" clause required to be eligible for TIF incentives. Without TIF assistance, the developer has claimed that they cannot proceed with the project because they are not able to meet a Return on Project Costs of 6% to 6.5% in order to secure financing. KMA believes this is a legitimate return based on market data. For these reasons, Reva has requested tax assistance to bridge the financial gap for this development project.

Warren James, owner of Reva Development Partners, reviewed what was discussed back in February with a brief history. He added that they want to design a building that fits the site. They proposed a driveway entrance for the building at the SE corner and pushed the building down as far as it can go with the given elevation. This project as proposed is not expected to go as planned. They expect to get further feedback from the Architectural Appearance Commission and the Plan Commission to make adjustments. Since the February meeting, market conditions have changed substantially. Before moving forward with this project, they have to make sure they can finance this project. They have also broadened the mix of one-, two-, and 3-bedroom units which is substantially different than Apex 400. There are 25 2-bedroom units. There are many architectural details that are built into these plans. They heard that the community would like to see something that is less transitional. The budget they put together is a robust budget. In this environment it is easier to finance apartment complex than condos. They can't produce this building at the current condo pricing. Their all-in costs give competitive costs for renting. KMA agrees that the Project is likely to generate enough increment to fund the Developer' revised $3.9M of TIF assistance, assuming annual real estate taxes of $7,000 per unit. It should be noted, however, that if the actual incremental real estate taxes are, indeed, insufficient to accommodate the Developer's request, then the amount of incentive actually paid to the Developer will be recalibrated to a corresponding lower amount pursuant to the above-described sharing formulas. So, the Village will be liable for Developer TIF incentive payments only to the extent that incremental real estate tax revenues are available. The Developer understands and is in agreement with this.

KMA reviewed various TIF scenarios with the Village Board. KMA added if there is no development there is no TIF. Matt Nix, a representative with Riva, added some of the Village's risk factors to consider are:

1. Timing/ Economic "Risk": Every year the site remains undeveloped represents a loss of approximately $600,000- $750,000 (based on the proposed project scale) to the Central Area Business TIF District. Furthermore, the term of the TIF is finite, ending in 2035. Approximately $6.6M gross TIF proceeds are projected under the current scenario, so a delay (waiting until Apex 400 and/or Glenwood Station are completed) could mean the loss of $2,000,000 or almost 30% of the potential proceeds to the TIF district for this property.
2. Opportunity "Risk": The site is an important assemblage in downtown Glen Ellyn which includes the vacant US Bank building and the small office building at 580 Duane. Reva has been working with the sellers for almost 2 years and has received multiple extensions to the purchase agreements. Reva does not own the properties and cannot close on the properties without clear direction regarding the proposed TIF/RDA term and agreement on the general composition of the proposed plan. The Seller's Representatives have indicated if Reva's redevelopment effort does not proceed, they will solicit buyers seeking uses in conformance with the C5B (Central Service) district such as medical office, daycare, bank, etc. This would essentially eliminate the possibility of more impactful future redevelopment and minimal contribution of incremental taxes to the TIF district.

One of the benefits to this project is how it aligns to objectives of the Comprehensive Plan.

Trustee Payne asks what allowed Reva to reduce from 4.6 to 3.9 M. Matt states the 4.6 figure was the perfect timing and getting in the ground right away. But they are more around 3.4 M and able to finance for 10 years.

Mr. Bob Rychlicki from KMA stated they did some additional probing on the taxes and were able to get a good framework around the project. The "Clawback" provisions are: in collection years 8, 9, and 10; the Owner's share of TIF will be reduced from 90% to 75% and Village's share will be increased from 10% to 25%. - This provision simulates a "clawback" for the Village but can be easily understood by all parties and will not substantially impair lenders and investors when underwriting the financial viability of the proposed development.

President Senak asked about the construction timeline. Mr. Rychlicki from KMA stated that the projections are based on demolition which would take place now through the winter and in spring 2023 they would start construction. Construction would last for about 18 months.

President Senak asked about the 6.0-6.5 return on project costs. Mr. Rychlicki stated that is the litmus test used for their projects, that they need to clear that hurdle.

President Senak asked the Board for their feedback.

Trustee Kalinich stated one of her big considerations is the longer-term tax impact on the Village is significant. What could that money do to meet our goals? The Board has discussed a gathering spot. Having money can help us work toward our goals and that is very attractive. In the interim we have beautiful Glen Ellyn and it is a fabulous gathering spot for Glen Ellyn. The opportunity for us to grow as a Village could be made possible by the tax revenue. She stated she was in favor of the TIF.

Trustee Gould stated that the revenue is wonderful and Reva has shown us your interest in GE and your patience. She expressed the Board's appreciation for that. She stated that is clear Reva has a fine product. Her concern centered on priorities. The new trustees need to be brought up to speed on the Comp Plan. Density is not enough. It is also about the process. There needs to be a process. The TIF request seems like a preliminary approval before the real hearing, signaling to the other commissions that yes you can make minor tweaks but move this along and approve variances. Trustee Gould stated that preliminary approval should not be contingent upon a workshop TIF nod. A process with 2 by 2 trustee meetings with the developer she did not think is a good process. She then expressed her last point on transparency. Residents, commission members and fellow board members deserve a process that is transparent and these serial board meetings have a feel of behind the scenes. She said it felt like the Board was leaving the people out of the equation. If the HPC and EC were consulted, she thinks their feedback should be included in the agenda packet. For the Village, it is the opportunity cost and that goes back to the comprehensive plan and what priorities are. She believes there is a market for what Reva presents but does not think there is process. Trustee Gould stated she was not in favor of the TIF with this current out of order process.

Trustee Payne stated that he was supportive of the project moving forward. He expressed appreciation for the negotiation, that it is a better constructed deal but it has to go through the process. He saw no reason not move forward based on the TIF request.

Trustee Fasules stated the Board shouldn't have to tell them how to make their business decisions. He noted that the developer said it himself, he has some decisions to make. So it is on them to decide. He expressed his opposition. He said it is the developer's risk to go through the process, just like other builders have.

Trustee Thompson stated he didn't wish to make a comment, that he doesn't like this process; he doesn't think the Board should be doing this as a group. The property is not owned by the developer, and it is hard for him to say what to do. The conversation would be different if Reva owned the property. He does think there are alternate uses to the property. Other people might purchase the property and Reva needs to make that calculation too. He felt as though he cannot help make the decision on whether they should buy the property or not. He has not given a nod before on what a developer should do and he doesn't not think he should now.

President Senak read Trustee Christiansen's comment she had sent in regarding this topic (see email).

Preside Senak stated that he thought the Board owed them some guidance but that it was very difficult for the Board to do that given where they are in the process. The only question the Board can answer is whether the TIF request is reasonable. President Senak though it reasonable but that doesn't mean the Board will approve.

D. ADJOURNMENT –

Trustee Kalinich motioned to adjourn the meeting and Trustee Gould seconds the motion. The meeting adjourned at 7:15 p.m.

RESULT: UNANIMOUS APPROVAL (5-0)

MOVER: Kalinich, Trustee

SECONDER: Anne Gould, Trustee

AYES: Senak, Thompson, Kalinich, Fasules, Gould, Payne

Submitted by Elisa Pollina, Recording Secretary

Reviewed by Penni Cannova Staff Liaison