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REDEVELOPMENT

REPORT OF THE PROCEEDINGS OF A PUBLIC HEARING BEFORE THE VILLAGE OF ARLINGTON HEIGHTS REDEVELOPMENT COMMISSION

COMMISSION

RE: SOUTH ARLINGTON HEIGHTS ROAD TIF DISTRICT REDEVELOPMENT PLAN

REPORT OF PROCEEDINGS had before the Village of
Arlington Heights Redevelopment Commission Meeting held via virtual Webinar,
which permits the public to fully participate in the virtual hearing via the Webinar or
their phones, pursuant to orders issued in response to the COVID-19 pandemic,
on the 27th day of May, 2020 at the hour of 7:30 p.m.

MEMBERS PRESENT:

SUSAN DAWSON, Chairperson
BRUCE GREEN
JOSEPH LORENZINI
JOHN SIGALOS
JAY CHERWIN
GEORGE DROST
MARY JO WARKOW

ALSO PRESENT:

BILL ENRIGHT, Deputy Director

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MR. ENRIGHT: This is the Redevelopment Commission public hearing. We'll first start with call to order so, Susan Dawson, can you call the meeting to order?

CHAIRPERSON DAWSON: Yes, I'd like to call the meeting to order.

MR. ENRIGHT: Okay, and what we'd like to do is I'm going to hesitate to use a shared screen, but we do do the Pledge of Allegiance. So, normally I put the flag up, but I don't want to mess around with that, but Susan, if you would want to lead us in the Pledge of Allegiance right now?

CHAIRPERSON DAWSON: Great, yes. Let's all do the Pledge of Allegiance.

(Pledge of Allegiance recited.)

MR. ENRIGHT: Great. So, the first item is the roll call. I will call off the Redevelopment Commissioner's name, and please say if you're here.

Jay Cherwin.

COMMISSIONER CHERWIN: Here.

MR. ENRIGHT: Mary Jo Warskow.

COMMISSIONER WARSKOW: Here.

MR. ENRIGHT: John Sigalos.

COMMISSIONER SIGALOS: Here.

MR. ENRIGHT: Bruce Green.

COMMISSIONER GREEN: Here.

MR. ENRIGHT: Joe Lorenzini.

COMMISSIONER LORENZINI: Here.

MR. ENRIGHT: George Drost.

COMMISSIONER DROST: Here.

MR. ENRIGHT: Susan Dawson.

CHAIRPERSON DAWSON: Here.

MR. ENRIGHT: Okay, we are all here. Thank you very much.

We're here tonight to go over the public hearing for the consideration of a Tax Increment Financing District on the South Arlington Heights Road corridor. The Village Board, two years ago, approved the Redevelopment Plan for the area, and one of the recommendations was to evaluate a Tax Increment Financing District.

The Joint Review Board, which consisted of the taxing districts, met on May 5th, and recommended approval 6-0, with one abstention. They represent the school districts and the other taxing districts involved. This is the second step in the process. We did do the full public notice, which included two public notices in the Daily Herald, as well as notification of property owners and people within 750 feet, residences within 750 feet of the proposed TIF.

I'm going to share screen for a PowerPoint presentation, and we have a, our consulting firm, Kane, McKenna and Associates, who will walk us through this slide show from the beginning. I do want to confirm, I'll pick Brian Carley from the public; can you see this presentation?

MR. CARLEY: I can.

MR. ENRIGHT: Okay, I'll assume everybody else can. And, Susan Dawson, can you see the presentation?

CHAIRPERSON DAWSON: Sorry, I had to unmute. Yes, I can see it.

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MR. ENRIGHT: Okay, so I'll turn it over to Bob Rychlicki. He's with Kane, McKenna and Associates. He will go through some of these presentation slides to go over the TIF District plan, the eligibility criteria, which is how we create the TIF District has to meet certain state statutory requirements. So, Mr. Rychlicki, since we don't have any minutes to approve from previous Redevelopment Commissions, no reports or no old business, we'll get on with new business, which is consideration of the South Arlington Heights Road TIF Redevelopment Plan and Project. Go ahead, Bob.

MR. RYCHLICKI: Okay, thanks, Bill. Can everyone hear me?

MR. ENRIGHT: Yes.

MR. RYCHLICKI: Good. And Bill, you'll move the slides along, right?

MR. ENRIGHT: Yes.

MR. RYCHLICKI: Okay, thank you. Thanks to all the Commissioners and the public. I appreciate your participation. So, we'll get to the map in a little bit, but essentially, this is an area that the Village has studied since, before 2018. It's identified as a gateway into the south part of the Village's entryway, and also --

COMMISSIONER GREEN: We're getting an echo here, Bill.

MR. ENRIGHT: Okay, Bob?

MR. RYCHLICKI: Yes?

MR. ENRIGHT: We're getting a lot of echo from you, so --

MR. RYCHLICKI: Okay, I don't have the speaker on. I'm just talking directly into the phone.

MR. KRAUSE: It might be somebody else that isn't talking needs to mute their microphone.

MR. RYCHLICKI: Yes, I don't think it's me.

MR. ENRIGHT: Okay, go ahead.

MR. RYCHLICKI: Okay, if I could go to the next slide, Bill.

Again, in context this takes into account the previous planning efforts of the Village, which also identified TIF as a port for redevelopment-related assistance, and initially, the plan had recommended TIF designation.

All right, if we could go onto the next slide.

This area is part of the larger area that was identified in 2018, which actually went further north to noise, and this is more concentrated. The next slide indicates that the Joint Review Board which were the affected taxing districts. They met on May 5th. We presented the same materials that we're going to present today. And we received a 6-0 vote of recommendation with one abstention.

And again, these are local taxing districts. There is the School District 59 and 214 out of Cook County, the Village, the Park District, and also a public member. So, they were all in attendance.

COMMISSIONER GREEN: Bob, if I can interrupt you. I'm getting a delay; I'm getting a double narrative from you with a slight delay in between. It's very hard to hear. I don't know if anybody else is getting that.

MR. KRAUSE: Yes, it's because his microphone on his computer is on, and he's on the phone. So, if he mutes that microphone in the bottom left-hand corner of his screen.

MR. RYCHLICKI: Okay, how's that now?

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MR. ENRIGHT: It's better.

COMMISSIONER GREEN: Better.

MR. RYCHLICKI: Okay.

MR. KRAUSE: Yes, that'll work.

MR. RYCHLICKI: Thanks for your patience. Let's go on to the next slide, then.

So, this is the area in question on the north of Seegers Road. This area on the west is basically South Arlington Heights Road. We go south of Algonquin, and again, basically staying east of South Arlington Heights Road. Go to the tollway or interstate, and then we pull across west in order to bring in Township property. And again, this is more of aerial view. We're looking, well, here again, this is the Marketplace looking, here looking south and here looking going north toward the hotel on Seegers Road. Algonquin Road is on the south.

And again, here's the very far south, which is going to be interstate, and it includes the former to your left, the Daily Herald building. This last shot is, would be Seegers Road and the office buildings that are located adjacent to them.

COMMISSIONER LORENZINI: I can barely hear him.

MR. ENRIGHT: Bob, you've got to talk into your phone, then.

MR. RYCHLICKI: I am, I am.

COMMISSIONER SIGALOS: When you said I am, but before that we weren't hearing you very well, Bob.

MR. RYCHLICKI: Okay, I'm sorry guys.

COMMISSIONER SIGALOS: There you go.

MR. RYCHLICKI: How is this now?

COMMISSIONER SIGALOS: Yes, good.

MR. RYCHLICKI: Okay.

COMMISSIONER SIGALOS: thank you.

MR. RYCHLICKI: We'll figure this out.

So, from the standpoint of the TIF designation, the TIF is in place as a financial plan. It doesn't replace any of the other plans that the Village has for entitlements or for land uses. The idea is to return under-utilized property to productive use and identify goals and objectives that were in the 2018 plan for pedestrian right-of-ways, utility relocation and enhancements of greenery throughout the area.

Okay, if we can go to the next slide, Bill.

So, from the standpoint of the TIF Act, the plans conforms to the Village's Comprehensive Plan. As you can see, it's in excess of an acre-and-a-half. And the Village makes the determination of "but-for," that redevelopment is feasible only with utilization of TIF.

And go to the next slide, please.

So again, this is not in a vacuum. The TIF plan is part of the Village's general economic development goals, as well as its overall planning goals.

Okay, go on, Bill.

This slide identifies the TIF mechanics. Essentially, when the TIF is designated, that red line on the bottom is the base, that's the frozen EAV or close in valuation. The whole anticipation of the TIF is to bring the valuation up, and that differential between the

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blue and the red line creates the increment. And it can only be spent within that envelope of the boundary area.

So, we're going to talk a little bit about how the area qualifies, and I'm going to turn it over to my colleague, DJ Fiore.

MR. FIORE: Hi, can everyone hear me okay?

COMMISSIONER GREEN: Yes.

MR. ENRIGHT: Yes, we can hear you.

MR. FIORE: All right, perfect. So, yes, has Bill and Bob have touched on, designating a TIF District is guided by state statute, and that statute is actually pretty explicit about how an area can become a TIF. So, one such way is if it's deemed a conservation area. And to be a conservation area, two key criteria have to be met. The first is that 50 percent of more of existing structures in the study area have to be 35 years of age or older.

The second criteria is that at least three of 13 possible, what we call eligibility factors, are both present and reasonable distributed within the area. So, a large chunk of our work consulting for the Village is really taking a look at the study area and seeing where these factors are; if these 13 possible factors are present, and if they're distributed to a meaningful extent.

So, these next two slides, they list all 13 possible factors. I'm not going to go through these in detail, but I would like to kind of talk through the ones that we saw were present. And, of course, if anyone has any questions about these later, feel free.

So again, those two criteria, the first one being the age threshold, the 50 percent or more of structures over 35 years of age or older; that's pretty straight-forward. We tend to look at that first when looking at potential conservation area. And we, indeed, found that criteria to be met here. So, 10 of the existing 17 structures were found to be 35 years in age or older.

Then looking at those possible 13 factors, we found six to be present. And, again, to qualify as a conservation area per the TIF Act, only three are needed. So, that first one is lagging/declining equalized assessed value, much like the age threshold, this is pretty straight-forward. What we do for this is we take a look back five years at the change of EAV in the area, and the factor can be met if one of three things occur. If the EAV of the study area declines for three of the last five years; if it lags the balance of the municipality EAV for three of the last five years; or if it lags the consumer price index for three of the last five years.

So, per the statute, if one of those things occurs the factor is present. In the case of the study area, all three were met. So, the EAV in the study area declined, it lagged the Village EAV, and then it also, actually, lagged the CPIU for three or four of the last five years.

Bill, if you want to flip forward; that's just a chart that kind of shows how we meet all three of those criteria for the factor.

Then if we go to the next one, excessive vacancies. This is the second factor we found to be present. If you're familiar with the area, my understanding is that Yanni's was a restaurant, and then the Wellington Banquet Hall, these were both high visible vacancies around 2012 that stayed highly visible in the area for some time. When we went out to the area and performed our site surveys, as part of a due diligence process, we actually found that five of six buildings south of Algonquin Road within the study area were vacant. And then, certain buildings to the north of Algonquin Road, we also found were experiencing pretty high

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vacancy rates; as high as 35 percent.

The reason why excessive vacancies ends up being a factor in the statute is because vacancy can really hurt an area. And this is particularly the case when we look at South Arlington Heights road corridor being a gateway from I-90, right? So, if you have things like the Daily Herald building or, you know, vacant office space, that's very highly visible; this gives an idea, gives an impression of an area that is maybe lacking investment and is, overall, kind of tired in aesthetic and appearance.

If we want to flip forward.

So hand-in-hand, often with a finding of excessive vacancies is also deterioration; with deterioration signaling a lack of investment, even routine maintenance. And this, too, we found in the study area in both secondary building components. And these are things like exterior surfaces, as well as surface improvements and parking lots. And again, hand-in-hand with vacancies, we found deterioration to be particularly pronounced in areas of vacant sites.

The next factor we found was lack of community planning, and this, the name of this factor is always troublesome because I don't, I don't want the people to think that effort wasn't made in community planning for the area. What this factor gets at is whether or not the area developed without the guidance of community planning. And you can look at this, you can evaluate this factor a few different ways. One is looking at age, which we do for a conservation area placed with that age threshold.

Another way is to look at where current planning efforts are now, and how much current conditions deviate with that. So, the statute particularly, specifically calls out lack of community planning maybe present if there's inadequate street layout, or if parcels are of an irregular shape or size to facilitate new development. And we found both of those to be present. You know, comparing things like the bicycle and pedestrian plan, we found the area to be lacking in terms of pedestrian improvements. Things like curb cuts being a little bit abundant and not being in conformance with modern community planning standards.

Inadequate utilities; so we asked the Village's Engineering Division to take a look at potential qualification of this factor, and they reviewed the area in the context of the Metropolitan Water Reclamation District Watershed Management Ordinance. So, that ordinance, the first one took effect, I believe, in 2014, but then was updated recently, and those updates went into effect January, 2020. And in the context of the WMO, the Village's Engineering Division found that any redevelopment of the area would have to meet those requirements, as well as build requirements in that the current infrastructure that is in place would not be sufficient to meet those requirements.

The last factor that we found was obsolescence. And so, obsolescence can be straight-forward in simply just looking at age to get started. And again, we found that 59 percent of structures were 35 years in age or older. But then also, when obsolescence is present, you tend to see all these other factors that we described to also be present. So, things that can signal obsolescence are declining or lagging EAV. Things that can signal obsolescence are excessive vacancies and deterioration. This is all showing structures that are underneath their highest and best use or not being fully utilized.

Those are the six factors that we found to be present distributed throughout the area. I'm happy to take more questions about that at the end of the presentation, but I'm going to pass it back to Bob to talk a little bit more about specifics of the plan.

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MR. RYCHLICKI: DJ, maybe you should finish. I'm still getting that echo, I think.

MR. FIORE: Okay, fair enough.

So, one of the key elements of the plan is the TIF budget. Here we, you size a budget by looking at what the base EAV of the area is when you're designating it, and then what potential redevelopment can occur during the 23-year term, or what may occur, and the needs for the area, right? What are the plans, what are the objectives and what are the goals?

When looking at the budget, what's important to remember is that we're talking about a maximum expenditure amount. You'll see on the next page we have an exhibit of it, and there are individual line items. Those individual line items, they can move around. These are all eligible costs and potential redevelopment costs that could be covered. But the number that you should focus on is really that total estimated TIF budget; that's a maximum expenditure amount. And that's, obviously, not an annual amount; that is for the full 23-year term. And again, it's sized over what's currently there and what we think could possibly be there.

Next steps, I believe. I'm sorry, Bill, did you want to talk a little bit about the context of this TIF and what the existing TIFs?

MR. ENRIGHT: Yes, and just to add to the budget, the state statute requires the Village to reimburse the school district, elementary and high school, for any new students that live in a TIFs assisted development up to a maximum of 40 percent of the TIF increment from the residential portion of the project. And that's based on the per capita cost to educate students as determined by those taxing districts. So, there's \$10 million set aside for that amount.

Regarding existing TIFs, the Village has three TIFs; TIF 4, 5 and Hickory Kensington, about 147 acres of land. That's about 1.4 percent of the Village's land area. The proposed TIF is 65 acres. So, with this new TIF, it would be about 212 overall, about 2.1 percent of Village land area. We think we use TIF very cautiously and minimally in the Village. There are other communities that have TIFs that are several hundred acres, if not close to 1,000. So we use this very discriminately and, you know, you can see from the percentages it's a very small focused area.

When you look at the EAVs of a TIF, the base EAV and the current EAVs, and the increment, the increment is about \$15 million in the existing TIFs. That represents one-half of one percent of the Village's total EAV. That's the money that isn't on the tax rolls so to speak, the taxing districts. It doesn't mean they don't get their tax levy; they still get their tax levy. It's just this EAV is not available to them, but the base EAV is, which in this case is the \$44.7 million. Keep in mind, the Village's total EAV is about \$2.8 billion. So, it's still a small percentage.

There are three TIF ordinances that have to be approved by the Village Board. One is adopting the TIF allocation financing. The second is designating the South Arlington Heights Road corridor as a Redevelopment Project Area. And the third is an ordinance approving Tax Increment Redevelopment Plan and Project.

So, the purpose of the Redevelopment Commission tonight is to have public input we have coming up here shortly, but also make a determination whether or not you want to recommend approval of the TIF Redevelopment Plan and Project.

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So, Chairperson Dawson, we're at the point for Redevelopment Commission comments. So, I do have a raised hand here from -- I'm not sure who that is, one of the attendees. I'm not sure, okay, Ms. Lane. I'll go ahead and, is it okay if I ask her what her question is?

CHAIRPERSON DAWSON: Sure. Are we not going through the normal process for the Commissioners?

MR. ENRIGHT: Yes, let me explain it. Let me explain it to Ms. Lane and all the other members of the public.

First, we're going to have Redevelopment Commissioners ask questions, and then we'll get on to the public questions, where I'll be able to call on each person who raises their hand. So, we'll wait until the Redevelopment Commissioners get through their questions.

So, Susan, would you like me to call each individual Plan Commissioner, or do you want to do that and ask and see if they have any questions? I don't know if you have the list in front of you, but --

CHAIRPERSON DAWSON: No, I'm fine with that, or if the Commissioners want to raise hands when they want to ask questions, that works, too.

MR. ENRIGHT: Would it be good if I call on a Commissioner than you?

CHAIRPERSON DAWSON: That's fine.

MR. ENRIGHT: Okay, so I'll start with Commissioner Jay Cherwin. Please be sure to unmute yourself.

COMMISSIONER CHERWIN: Yes, hi. Thank you, Bill, and thanks for the presentation. I reviewed it. I guess one of the questions I had was, and I'll look forward, obviously, to my other Commissioners' questions and the questions from the public. But one of the questions I had was about the map itself. Were there any, I guess, earlier permutations of the map and how they decided to, I know they tightened it from going all the way up to Noyes.

But you know, for instance, we look at the small part that was formerly Elk Grove property, and we know that there is some activity on that now in terms of what that may look like, and it's different from what's even laid out on the TIF. So, I guess my question would be sort of the genesis of the map, and is there any thoughts up updating in light of recent developments?

MR. ENRIGHT: When you speak of the map, are you talking about the boundaries for the proposed TIF?

COMMISSIONER CHERWIN: That's correct, yes. I'm sorry.

MR. ENRIGHT: So, we did look at both sides of Arlington Heights Road; both east and west sides, but we felt that, and we meaning the Village, felt that the west side was fully developed. Sure, there's room for some improvement, but the east side is where we had a lot of vacancies. And the west side you pretty much have fairly, you know, occupied buildings, and they're doing fairly well.

We did include the full right-of-way on Arlington Heights Road, so it does go to the west side of the right-of way to include public improvements. But, so yes, the area was, initially we were looking at a large area, but just didn't feel it was justified to add in the west properties.

COMMISSIONER CHERWIN: And so, it includes the right-of way, so that would include, when we talked about the utilities and public improvements, the overheads and

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everything that traverse the westerly side of Arlington Heights Road would all be included?

MR. ENRIGHT: That's correct. There's overhead utility lines that we're looking at possibly relocating or burying. That's all a matter of working with ComEd and feasibility.

COMMISSIONER CHERWIN: Okay, yes, I reviewed the plan. I think it was nicely done. I just defer to some of my other Commissioners and would like to hear questions from the public. Thank you.

MR. ENRIGHT: Okay, Commissioner Mary Jo Warskow. Please be sure to unmute.

COMMISSIONER WARSKOW: Sorry, it took me a second there. I don't have any questions at this time. I'd like to hear if the public has any questions, and then potentially ask questions after that. Thank you.

MR. ENRIGHT: Commissioner John Sigalos. Please unmute. John Sigalos, can you unmute?

COMMISSIONER SIGALOS: Yes, did you not hear me, Bill?

MR. ENRIGHT: Okay, start over, start from the beginning. Now we can hear you.

COMMISSIONER SIGALOS: No, I was saying during that slide presentation towards the end my screen went dark, and I'm not seeing anything, but I could hear everybody fine. So, I don't know if it's something on my end or whatever, but --

MR. ENRIGHT: Okay, well, it was just the PowerPoint. There was just some, we went over some, you know, existing sizes of the TIFs that we have and EAVs. So, it was pretty much just wrapping up the PowerPoint. Did you have any questions regarding the TIF study or Redevelopment Plan?

COMMISSIONER SIGALOS: My one, my question, again, looking at the map which was, you know, the east side of Arlington Heights Road, did that also include the area of the old Daily Herald building?

MR. ENRIGHT: Yes, it includes the Daily Herald. So, it goes all the way from the tollway north to Seegers. So, it includes Arlington Heights Road east to the Daily Herald building, as well as the building north of the Daily Herald, and then goes up Tonne Drive up to Seegers.

COMMISSIONER SIGALOS: Okay, no, I fully understand it all, and I don't have any further questions, Bill.

MR. ENRIGHT: Commissioner Bruce Green. Please unmute.

COMMISSIONER GREEN: Yes, Bill, it was a great presentation, and I understand the areas involved, and I don't have any questions at this time. Thank you.

MR. ENRIGHT: Commissioner Joe Lorenzini. Please unmute.

COMMISSIONER LORENZINI: Thank you, Bill. A couple questions, more on the mechanics of how this is going to work. First of all, have the businesses been contacted, the owners of the current land been contacted, and what's their general feeling of this project?

MR. ENRIGHT: As required by state law, every property owner within the proposed TIF received a public notification well in advance of the meeting. And I have not received any objections from any property owner. There are several property owners that are developers that we have been talking to that are very interested in developing in the area, but I've had no opposition from any of the property owners.

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COMMISSIONER LORENZINI: Okay, so then let's say some of these owners are agreeable to develop. Let's say, just for talking purposes, half the owners are agreeable to develop. Would you start working with them at that point in making TIF improvements to the utilities in the area for them?

MR. ENRIGHT: Yes, we'd want to get it started as soon as possible with all developers. You know, we'll see how the economy goes here for, you know, the next year or so. So, there could be some, some delays, but we do want to proceed forward quickly.

COMMISSIONER LORENZINI: Okay, that's all I have for now. Thank you.

MR. ENRIGHT: Commissioner George Drost. Please unmute.

COMMISSIONER DROST: Yes, I think going ahead with the project in some form or fashion is really important for that area. And I'm going to listen to any of the comments, but it looks, it looks like it's well needed. The other question I've got is on the report that was presented, shouldn't that be put in the record by motion of the Board?

MR. ENRIGHT: Yes, that's fine, you can if you want to after --

COMMISSIONER DROST: Yes, we can wait until the end of it. That's okay, but just as a procedural point.

MR. ENRIGHT: That's fine, thank you. And Chairperson Susan Dawson, if you could unmute.

CHAIRPERSON DAWSON: Yes, hi. Like many of the Commissioners, I think it was a very thorough report, and I'm interested to hear what the community has to say.

QUESTIONS FROM AUDIENCE

MR. ENRIGHT: Okay, we have a couple people that have raised their, waved their hand icon. First, I want to read an e-mail I got from a citizen, Melissa Cayer, that came in today; asked two questions. Number one, a developer has bought up a large portion of that area. Sounds like the developer does not need the TIF. The Village will be working with developers in negotiating agreements. We scrutinize those thoroughly to make sure that there's justification.

Based on the blighted factors throughout this area and, you know, the extent of public improvements, as well as the affordable housing that we want to incorporate into some of these developments; actually all of them, there's a lot of public cost, as well.

Number two, what is going on the other side of the tollway? It looks like there's a lot of development in developed areas. The other side of the tollway is actually Elk Grove Village, so that's not in the Village, not in this TIF.

So, I do have the wave from Ms. Peg Lane. I've unmuted you so, Ms. Lane, if you have a question?

MS. LANE: Yeah, I have a few. What kind of analysis was done to look at the loss to schools and to students of this money?

MR. ENRIGHT: Okay. Why don't you go ahead and do all your questions, and then we'll answer.

MS. LANE: Okay, and why was there no citizen input listed on the agenda? It looks like you can only participate up until 3:00 p.m. with a 200 words or less e-mail, or I guess, get on like this, but it does say that you would have any opportunity to speak. It would be nice if the agenda said you may speak, you know, at the, at the meeting, at the Webinar.

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MR. ENRIGHT: Yes, well, thank you very much, and I'm glad you're here tonight and were able to make it. Regarding school impact, as we mentioned, the budget has allocated \$10 million for reimbursing the School Districts, elementary and high school 214 and 59, and the two taxing districts. So, we're required that if there are any new kids that would live in any of these residential developments that are subsidized partially by the TIF District, we have to then, and if it's a new student that wasn't in that school district enrolled previously, the school districts will inform us. And they will give us what their per-pupil cost is to educate the student in that year, and the Village has to reimburse them for that cost through the TIF.

There is a maximum cap of 40 percent of the revenue from the residential, so it's not wide open. But what we found is that in our downtown, in particular, where we have high-rise apartments which, you know, we're looking at mid-rise to high-rise down here, you have very few kids. We have about 1,200 dwelling units downtown, and the elementary school district only has about, I think about 16 or 17 students that attend their school district, so it's a very low amount. So, we don't believe that the impact is that great. But again, we have to reimburse them up to a certain dollar amount every year, and we have \$10 million in the budget for that.

MS. LANE: And so, how is the amount of money taken from the school district for the TIF determined?

MR. ENRIGHT: Well, it's, you know, it's not, we don't believe it's taken because without the TIF, we don't think we're going to see any development. And, you know, one of the criteria of a blighted area pursuant to state law is that the equalized assessed value has been stagnant. And we showed that chart earlier, over the last six years the equalized assessed value has not increased at all here; it's been flat.

So, if it continues to be flat, you know, it's not going to go up anyway for the taxing districts. And the taxing districts don't, necessarily, lose out on money because, you know, they do their tax levy for a certain dollar amount and they're tax capped. So, they're going to be able to get that dollar amount; it's just spread out amongst the EAV that's not, you know, part of the TIF increment. But they still get the base increment from the, from prospective TIF.

And keep in mind, our TIFs, as we pointed out earlier, the few TIFs that we have is about one-half of one percent of the Village's overall EAV. So, it's comparable with the school districts because their EAV is quite large, too. The difference is with the school districts they have other TIFs to worry about in other communities. So, and that's why we try and keep our TIFs small, but that's how we analyzed it. So, the school districts may think differently on that, but that's our opinion, that you wouldn't have the development without the TIF. So, you're not losing out on any EAV.

MS. LANE: Another question is how would this project compare to the Sears project, which research is showing, well, it's out of business now. There's nothing going on there. And other research shows that TIFs are not leading to a successful development of the town; the University of Illinois articles, research articles.

MR. ENRIGHT: Well, you know, there's a lot of research out there and different viewpoints. I can only point to Arlington Heights. Obviously, our downtown, some people don't like the taller buildings, but our downtown was developed with tax increment financing over the years, and is pretty successful, we believe. We have another TIF District on Golf Road, which has run into problems over the years. It's been a long road, although we did

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have some lawsuits there.

The Sears TIF in other communities, it's a very large area, a lot more acres than this. So, that one's going to have, potentially, more impact on the community and the taxing districts. This TIF is only 65 acres, of which 15 acres are actually the street right-of-way, which aren't taxable. So, it's really only about 50 acres of taxable land. So, we think that the size of this TIF being relatively minimal, is going to have less of an impact.

MS. LANE: Okay.

MR. ENRIGHT: I do have, let me see if there's any other hands. I see a Zoom account here; I don't know who this is. So, I just unmuted --

MR. MOENS: Bill, can you hear me?

MR. ENRIGHT: Yes, sir. Who is this?

MR. MOENS: Keith Mohns.

MR. ENRIGHT: Oh, hi, Keith.

MR. MOENS: How are you?

MR. ENRIGHT: Yes, so we can all hear you, so if you want to go ahead and ask any questions.

MR. MOENS: Okay, thank you very much. I just wanted to give my opinion or thought on not to approve this South Arlington Heights Road Redevelopment Plan. You know, there is, as Peg said earlier, you know, there's a lot of research out there that kind of says that these TIFs, you know, really don't add to the development. And if it does develop, it probably would have developed anyway.

I think pointing to all the TIFs, downtown Arlington Heights, as the reason why downtown developed, I don't think we can say that. I'm pretty sure downtown Arlington Heights would have developed anyway. And I think that's what a lot of the research has shown over the years. And U of I has done a lot of good research on this in that, you know, one of the things they see with TIFs are that they really didn't help; it would have been developed on its own.

Also, one of the things, and I hope this TIF approaches this, is public transparency on who's paying and revenues and expenditures and so forth, and kind of who's in, who's in control of those expenditures. And so, I don't know, given some of the economic uncertainty we're in right now, you know, the taxing districts like the schools I think need the money. You're point's well take about new kids. But again, I think if it's not, you know, drop in kids they would probably not get their revenue they're looking for.

I do have a couple questions, but I just want to wrap up by saying that, you know, I don't think this is what TIFs were designed to do. It's not really a blighted area. I do agree with you, though, it does need to be developed. But giving it a TIF is probably, you know, I don't see how that designating it a TIF is, all of a sudden, going to make this thing develop. If it's not, if the market's not doing it, then I don't see how giving, you know, public money away to a developer, you know, is going to, all of a sudden make this a wonderful development.

So, I would ask that the Redevelopment Board, you know, deny this approval. Let's move it forward to when we're under a little more economic certainty, and maybe look at it a little bit later. That's my comment.

My question is if there is, if there is going to be some residential development here, is the affordable housing part of the Village, will that apply to what's being

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developed as far as, you know, residential or rental units?

MR. ENRIGHT: Great question, thank you. Yes, absolutely. It is part of our budget that we showed earlier. It includes provision for affordable housing to help assist with promoting that within the TIF. As you know, the Village Board has been looking at codifying our affordable housing policy, and that will be forthcoming. Obviously, it's been delayed a little bit because of COVID, but they're clearly very serious about this, and I expect that, you know, pretty soon we're going to have codified requirement, and that would include developers, especially developers within a TIF District that are going to be asking for public monies.

MR. MOENS: One last thing, Bill, is like the bonds, you issued TIF bonds. Could you explain what that is and how those bonds are, you know, floated and how the income stream comes in? And exactly what does that mean if you're going to issue TIF bonds on this?

MR. ENRIGHT: Well, you know, the Redevelopment Plan does state that that's an option available. We could also float GO bonds, but the Village typically minimizes issuing bonds unless there's a large public improvement involved. So, for instance, in our downtown TIFs we had several public parking garages, so we did do bonds for some of those. And they have to be reviewed by Chapman and Cutler, our bond counsel, to make sure that any future TIF increment can help pay off the debt.

We also issued a small bond in TIF 5 and TIF 3. With every bond that we've ever issued in any of our TIFs, we have paid all of them off on time, and have never had to use the general fund for that. So, it's really a matter of being careful; not overdoing it with any bonds that we may issue. We may not have to with this TIF; it's part of the negotiation with the developer. But it's also, you know, what public improvements we're going to be able to do and how much those may cost.

So, if we were to do a bond, it would have to be backed by the TIF increment, and we're always very conservative on issuing those bonds to make sure that the TIF can pay it off. And again, historically, we've never had an issue with paying off our bonds issued in our TIFs over the last 30 years.

MR. MOENS: Okay, thank you.

MR. ENRIGHT: Thank you, Mr. Moens. I do have, so I don't think, I think that's it, then. I don't see anybody waving. Let me make sure Peg Lane doesn't have any other follow-up.

Ms. Lane, did you have any follow-up?

MS. LANE: Yes, I did. Thank you for asking. And I agree with previous speakers who say yes, there is some need there. It doesn't look attractive. It doesn't look like it's coordinated; that whole area. But I'm just wondering what is the benefit for schools; I'm retired special ed, and what is the benefit for schools and students who need so many services often that are cut because of things like this? And why would a school district support this when they're going to have to cut people or programs for students who have to have, you know, a program, a special program?

MR. ENRIGHT: Well, you know, the School District 214 recommended approval of this TIF on May 5th. School District 59 did not; they abstained. So, they didn't vote one way or the other, and it's effectively, an abstention is the same as, is similar to a no vote, but it wasn't a no. Harper College recommended approval of it. I think the taxing districts, I can't speak for the school districts, obviously, but at the end of a TIF after you realize significant redevelopment like we did downtown, then you have a significant increase in the tax base from

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that TIF District once all that property comes online again.

But there's also benefits to, in this case, you know, providing affordable housing with this TIF District. That's going to be a requirement. And also, you know, what you said earlier, the impacts on the school districts; we do have to have a, you know, funding for them to subsidize any increase up to a certain point. But again, the impact to the schools in terms of number of students from residential development like this, you know, apartments in mid-rise buildings, is very low because there's a lot of single-person households.

A lot of these apartments have, you know, one person, maybe two. Very rarely do they have kids because they, if they start to build a family, they'll usually build, you know, buy a bigger home. So, our experience has been very minimal impact. But you're right, the EAV is not available to the taxing districts until the 23 years is over. But again, it gets back to our view that, you know, the history has shown this area that we're going to, you know, potentially create a TIF for has been flat-lining in terms of the EAV. So, we don't think it's going to affect them long-term because if we don't do anything, it's just going to stay flat.

MS. LANE: What's the option in terms of the 23 years? Is there any possibility of an earlier repayment?

MR. ENRIGHT: Yes, there always is. And we had TIF District 3, where we could have retired a couple years earlier, but the taxing district, the school districts actually were okay with it running the full 23 years. Because what we did instead, is every year we had a surplus fund in the account, and by law, we're required if you have three consecutive years to distribute that money to the school districts and the other taxing districts on their pro rata share of tax revenues. So, they actually benefited from that because it gives the school districts more flexibility to use what's called, surplus funds. And we distributed, I think, \$1.5 million from TIF 3 to the elementary and high school districts several years back.

MS. LANE: Well, I guess, I guess I would rather not do this right now in this time when kids are losing so much education this year. I think there was a study done in Chicago that only 60 percent of kids are, are connecting with the schools. I don't know what it is out here; it's probably, it may be better. But anyway, I would rather not do it at this time.

MR. ENRIGHT: Thank you very much, Ms. Lane. So, I don't see any more hands up. I just want to make sure that -- so you're done, Ms. Lane? You have no more questions?

MS. LANE: Yes.

MR. ENRIGHT: Okay. Mr. Moens; okay his hand is down now.

Mr. Moens, did you have a follow-up question?

Mr. MOENS: No, thanks, Bill. No, I have to agree with Peg. I don't think this is the time to do it, either. I think we should look forward, look a little bit further ahead here and give it, you know, some time to clear out now with this economic downturn. The only other think I would mention, Bill, is on your agenda, you have no agenda item for public comment. And that, I think some people looked at that and thought they couldn't comment tonight. So, it seems like you should put an agenda item on there that it's a public hearing, that its public comment. That's all I have. Thanks.

MR. ENRIGHT: Thank you, Mr. Moens.

Okay, I'll turn it back to Ms. Dawson, Chairman Susan Dawson.

CHAIRPERSON DAWSON: So, we're closing public commentary at this time. All right, and then we want to see if there is any additional questions, comments,

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discussion from the Commissioners?

MR. ENRIGHT: Correct.

CHAIRPERSON DAWSON: Do you want to just have people raise hands if they have additional comments?

MR. ENRIGHT: Yes, why don't we do that. If people know how to raise their hand, it's the little icon at the bottom. Or, we can just go through everybody quickly.

CHAIRPERSON DAWSON: Or they can just unmute and say I have a comment.

MR. ENRIGHT: Yes, let me unmute. Okay, anybody have a comment?

COMMISSIONER DROST: Yes, George Drost.

MR. ENRIGHT: Go ahead.

COMMISSIONER DROST: I agree with Mr. Mohns, from the standpoint of how the TIFs have sort of become bastardized and they really don't fit their intended purpose, and that economic forces take hold. But what happens in sort of an unlevel playing field, you have to go with a TIF program in competition with the rest of the economy. And that's more of an issue for the state legislature, to try to reform some of the practices that have gone on in TIFs.

And I live in a TIF, and was one of the successful ones down in the central business area of downtown Arlington Heights. And I would add that, just from an anecdotal standpoint, TIFs do make the difference because we would be waiting a long time before the development of the downtown Arlington Heights area would have taken place.

And again, that's not being a person who is supportive of government assistance in those kinds of projects, but the point is that other communities would have probably taken the lead and created an environment that Arlington Heights has so much to be proud of. That's the, that's the general comment. And it's not a perfect world, so you do the best you can with what you've got, and follow the rules and take some risk. That's it.

MR. ENRIGHT: Joe Lorenzini?

COMMISSIONER LORENZINI: Yes, Bill, thank you. Bill, so the budget, you know, in one of the earlier slides it's somewhere around \$80-some million, correct?

MR. ENRIGHT: Yes.

COMMISSIONER LORENZINI: Where is that money going to come from?

MR. ENRIGHT: Well, that will be the TIF increment generated as the result of redevelopment of the properties within the TIF. So, that's an estimate done by Kane, McKenna, our consulting firm, over a 23-year time period, with estimates on the number of square footage and dwelling units we might see in this area based on preliminary discussions with the various developers.

COMMISSIONER LORENZINI: Right, so the increase in the valuation is going to help cover the cost, but to get started, you're not going to have that increase valuation until something's built. You've got to put some sewers in, some water lines in, bury the overhead power lines. That's all got to be done upfront before these new developments come in and start generating additional tax dollars. So, where does that upfront money come from?

MR. ENRIGHT: Well, if we do upfront money, this gets back to Mr. Mohns' comment about the issuing bonds. You know, if we do want to do large public improvements upfront, we may have to bond it, and then pay it from increments. And anytime we've done that, we've always put preference on paying back any bonds that we've issued before developers

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would get pay-as-you-go where increments, once it comes into the Village.

So there's, there's never a guarantee by the Village to a developer that we can, you know, if we reach an agreement for \$10 million, let's say, we don't guarantee that \$10 million. We just say if the TIF increment is there, you can get it, assuming they've proven up the need. But if we have public improvements that are bonded, we pledge the increments first to our debt before any of it would be allocated to any developers. And that's why we've been pretty, very successful, actually, in never having any issues retiring any of our bonds.

COMMISSIONER LORENZINI: Okay, so you know, that area is pretty blighted, and I think the only thing decent in that area is maybe Mitsuwa and the hotel; everything else definitely needs some work. So, if the hotel, if Mitsuwa doesn't, just stays the way they are and the hotel just stays the way they are, you know, that's okay, right?

MR. ENRIGHT: Yes. There's no intent to do anything with the Mitsuwa property. It's a great property. It's actually one of the draws to this area. So, hopefully, we'll be able to, you know, build off that and their success.

COMMISSIONER LORENZINI: And just for talking purposes, let's just say the rest of the area is going to be developed, three different developers come in there and go on and develop it, how do you determine who gets what money? And as far as the overall drainage in the area that was talked about earlier, how are you going to come up with an overall comprehensive drainage plan for all these developments?

MR. ENRIGHT: Well, regarding the first question, every agreement is negotiated with the developer, and we usually look at it as a case-by-case basis. So, if Developer A has their property, we look at the increment from their property only. And then, we work from there in terms of, you know, what could be the potential assistance. Obviously, we review the developer's performance and they have to justify the need for it.

As far as public infrastructure, that's something, something that we'll be looking at. We may have to hold off on some of these things, like overhead utilities, until we get some increments generated, rather than issuing a bond upfront. We don't anticipate, at this point, having to upgrade too many of the water lines in the area, but we are doing a study right now on that. So, if we do, we could use a bond to pay for that and use increments from development to generate, you know, funds for that. But we wouldn't put them in unless the development was happening, as well.

COMMISSIONER LORENZINI: Okay, thank you, Bill.

MR. ENRIGHT: Mary Jo Warskow has her hand raised. Commissioner Warskow, can you unmute? Okay.

COMMISSIONER WARSKOW: I just unmuted, thank you. So, has there been any study about what the impact of this new situation that we're living in would be on the Village potentially, you know, we're talking about public infrastructure, and if we make that commitment and we issue bonds, but then, you know, the economy doesn't allow for the developers to come in and develop that TIF District? Have we run some scenarios of what that looks like in this new economy?

MR. ENRIGHT: Not yet, but what the new economy, at least for the time being, however long this lasts, is certainly going to make us at the Village more conservative in how we proceed with any public infrastructure items. So, for instance, the burial or relocation of the overhead ComEd lines, although it would be a nice thing to do if it makes economic sense

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and physical practical sense, you know, it might be probably, you know at this point, too risky to do it right off the top. We'd probably wait several years until the economy stabilizes.

So, you know, we probably would not put a lot of upfront money into this TIF until we see if the economy is straightened out. We've been making, I know our Village Board has been holding back on capital projects from the budget this year because, you know, our revenues are going way down. So, you know, I think it's going to impact us for, you know, a couple years, but we'll have to see. But we don't want to put the cart before the horse and do too much because we don't want that risk.

COMMISSIONER WARSKOW: Does establishing this as a TIF District affect any ability to get public infrastructure grants like the ones being offered by the State of Illinois right now?

MR. ENRIGHT: It does not. You know, we're eligible for grants, and we always pursue them whether there's a TIF District or not. So, that's certainly something that we always keep our eyes open.

COMMISSIONER WARSKOW: Well, I'm supportive redeveloping the area, you know, because it looks blighted, but also, you've mentioned before, definite safety improvements in intersections, making the area more walkable, and bike friendly. So, I appreciate that all for safety and the economic development. I just want to be sure we are taking into consideration the economic environment in which we are now operating.

MR. ENRIGHT: Understood. Thank you.

COMMISSIONER CHERWIN: Bill, this is Jay. Susan, this is Jay.

If I would, you know, I look at this area, you know, multiple times a day probably. I mean, I've lived down here since 1984, so I'm familiar with it. You know, I think the assessment is, you know, technically obviously, it's correct. I think our consultants went through that, but I think just from a practical perspective it's, you know, to think it's going to, you know, just automatically develop on its own is probably wishful thinking given that there have been several very positive cycles and it hasn't seen that already.

You know, so I'm supportive of it, generally. I know there's some concerns about, you know, propriety of TIFs in general, and sort of theoretical, you know, debate as to whether TIFs are effective. And, you know, certainly they're not perfect; they're far from perfect, but I think, you know, there are plenty of good examples of them. And I would say that Arlington Heights has done a good job of using them sparingly and using them smartly, and I think we've seen the result of that. So, I'm confident that we can do that again here. It's an area that definitely needs it.

You know, I guess the thing I'd say, you know with the schools, obviously, I've been just a little back and forth about school programs. I'm not sure what exactly, you know, the issues are. I mean, at the end of the day, value is going to be created here. So, I don't see it taking away anything because nothing exists, other than what, you know, the EAV on the property now. And the developers, this is helpful for a developer to come in and actually create more, in the long run, for the school. So, I don't really see it as taking away anything. I think it's actually a partnership in terms of building opportunities for schools to generate more revenue down the road.

And I guess just one quick, I don't know that there was much of an explanation to this issue, just generally, the TIFs. Which is, you know, the impression that, you know, some of these costs may be to the developer is vertical construction where I know that's

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not part of it. So, maybe it's just worth a minute or 30 seconds or so, Bill, just the things that are going to be reimbursed are limited. And, you know, it's not like we're going to take, we're going to be reimbursing a developer to go vertical and build a building and, basically, have all this cost absorbed. I mean, it truly is stuff that's going to benefit a larger base than just the developer in terms of these funds. Can you just briefly explain?

MR. ENRIGHT: Yes. The state statute is a list of items that are TIF-eligible expenses. Those include land acquisition costs, public infrastructure improvements, provision of affordable housing, cost to finance bonds. Professional fees and costs such as our architectural engineering fees. So, you know, there's certain items that can be TIF-eligible, but new construction, in and of itself, is not TIF-eligible.

So, it's always a negotiation with developers. It's not a blank check. We don't automatically reimburse everybody for every TIF-eligible cost. It has to be justified by the developer. And that's, you know, in any redevelopment agreement that we've done, which is all public record, people can look at those agreements and see how they're structured and how they're scrutinized by the Village and, ultimately, the Village Board.

So, but yes, there is a finite number of, dollar amount and items that can be TIF subsidized. Environmental remediation is another one. Demolition of structures, re-grading of the land. So, it's a lot of site improvement-type things that are TIF eligible, but not new construction.

COMMISSIONER CHERWIN: Thanks. I think that's all I have for now.

COMMISSIONER GREEN: Bill, I have a comment; Bruce Green here.

MR. ENRIGHT: Okay.

COMMISSIONER GREEN: Over the years, I've been on one or two special committees that studied the South Arlington Heights Road area and the STAR Line connection there. And all of the studies that were done indicated that the, the land along the east side of Arlington Heights Road, the sizes of the lots were, basically, undevelopable. They were, they're very shallow, and they don't lend themselves to being developed.

So, I guess what I'm saying is I'm in favor of this TIF, big time, because it's going to change that and make all that property, all of sudden, able to be developed properly. So, the TIF is a good thing here, and I am totally in favor.

MR. ENRIGHT: Any other Commissioners?

COMMISSIONER SIGALOS: Yes, this is John Sigalos, if you can hear me.

MR. ENRIGHT: Yes.

COMMISSIONER SIGALOS: I side with all the Commissioners. I think there's some very great comments that they all shared. This is a gateway from the south into our Arlington Heights community, and I don't see where it's going to hurt the schools because the EAV is flatlined for the last number of years. And so, it can do nothing but go up with the improvements here along South Arlington Heights Road. So, I'm very much in favor of it.

MR. ENRIGHT: I believe then, Chairman Dawson, were you going last?

CHAIRPERSON DAWSON: Right. I agree with all the comments made. I am very familiar with this area. That's the area which I grew up, and I also drive through there frequently. I think it was a good presentation. I do support the proposal. So, at this time do we need a motion for approval, a recommendation?

MR. ENRIGHT: Yes. What I can do here is share screen. So, I do have a

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recommendation verbiage.

CHAIRPERSON DAWSON: So, would anybody like to make a motion?

MR. ENRIGHT: Can you see that motion there?

COMMISSIONER LORENZINI: Yes, I'll make a motion to approve.

CHAIRPERSON DAWSON: Go ahead.

MR. ENRIGHT: Can you read that motion that's on the screen?

COMMISSIONER LORENZINI: Yes, I can.

Motion to approve. The Redevelopment Commission recommends approval of the South Arlington Heights Road Tax Increment Financing Redevelopment Plan and Project and related ordinances.

COMMISSIONER CHERWIN: Jay Cherwin; I second.

CHAIRPERSON DAWSON: Do we need a roll call?

MR. ENRIGHT: Yes, I will do that. I'm just going to go in the same order as I did earlier.

Commissioner Cherwin.

COMMISSIONER CHERWIN: Yes.

MR. ENRIGHT: Commissioner Warskow.

COMMISSIONER WARSKOW: Yes.

MR. ENRIGHT: Commissioner Sigalos.

COMMISSIONER SIGALOS: Yes.

MR. ENRIGHT: Commissioner Green.

COMMISSIONER GREEN: Yes.

MR. ENRIGHT: Commissioner Lorenzini.

COMMISSIONER LORENZINI: Yes.

MR. ENRIGHT: Commissioner Drost.

COMMISSIONER DROST: Yes.

MR. ENRIGHT: Chairperson Dawson.

CHAIRPERSON DAWSON: Yes.

MR. ENRIGHT: Okay, the recommendation is to approve the TIF Redevelopment Plan and Project. This recommendation will be forwarded to our Village Board of Trustees. They will be considering this in June; it looks like June 15th. So, the agenda is posted the week prior, the Friday prior to, or Thursday or Friday prior to the Monday meeting on the 15th, but that's the target date, so I'd expect it to be on June 15th.

I want to thank everybody very much for coming out, and the members of the public, very much appreciated. And sorry we had a little quirk at the beginning and we couldn't see everybody's face, but I glad the visuals were there for us. So, if there's a motion to adjourn, we can adjourn.

COMMISSIONER GREEN: I'll make that motion.

CHAIRPERSON DAWSON: Do we have a second?

COMMISSIONER SIGALOS: I'll second.

CHAIRPERSON DAWSON: All in favor.

(Chorus of ayes.)

MR. ENRIGHT: Great.

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CHAIRPERSON DAWSON: All right, we're adjourned.

(Whereupon, the Redevelopment Meeting was adjourned
at 8:46 p.m.)