



**COMMITTEE OF THE WHOLE SESSION
PUBLISHED BY THE AUTHORITY OF THE CITY COUNCIL OF
BLOOMINGTON, ILLINOIS
MONDAY, AUGUST 15, 2016; 5:30 P.M.**

1. Call to Order

The Council convened in Committee of the Whole Session in the Council Chambers, City Hall Building, at 5:30 p.m., Monday, August 15, 2016. Mayor Renner called the meeting to order and directed the City Clerk to call the roll.

2. Roll Call

Aldermen: Kevin Lower, David Sage (arrived 5:33 PM), Mboka Mwilambwe, Amelia Buragas, Joni Painter, Karen Schmidt, Diana Hauman and Jim Fruin.

Staff Present: David Hales, City Manager; Steve Rasmussen, Assistant City Manager; Jeffrey Jurgens, Corporation Counsel; Cherry Lawson, City Clerk; Jim Karch, Public Service Director; Tom Dabareiner, Plan/Code Enforcement Director; Austin Grammer, Economic Development Coordinator; Kenneth Bays; Assistant Chief of Police; Scott Sprouls, Director of Information Services; and other City staff were present.

Alderman Absent: Scott Black.

3. Public Comment

Mayor Renner opened the meeting to receive Public Comment. The following individuals provided comments during the meeting.

Alton Franklin
Bruce Meeks

4. Consideration of approving the Committee of the Whole Meeting Minutes of June 20, 2016.

Motion by Alderman Schmidt, second by Alderman Painter, that the minutes of the Committee of the Whole Meeting of June 20, 2016 be dispensed with and approved as printed.

Mayor Renner directed the Clerk to call the roll which resulted in the following:

Ayes: Aldermen Lower, Sage, Mwilambwe, Buragas, Painter, Schmidt, Hauman and Fruin.

Nays: None.

Motion carried. (viva voce)

5. Presentation and discussion of the SB Friedman Development Advisors' Final Evaluation of Bloomington Downtown Redevelopment Partners' Proposal for a Downtown Hotel and Conference Center. Discussion of identifying Downtown priorities and developing a Downtown Action Plan / Next Steps.

Mayor Renner stated that this is the first time the Council has meet with S.B Friedman to discuss and hear recommendations on the research his group conducted on the Downtown Redevelopment Partners' proposal for a Hotel and Conference Center.

Mr. Friedman recapped the evaluation made of the submission by Riverside Lodging Bloomington LLC; the group of people who are promoting the redevelopment of the Commerce Bank building and the Front and Center Street building into a hotel and conference center. Their formal submission was in response to the Inducement Resolution that was passed that asked for several things to be presented to the City to support their idea and capability of carrying out this redevelopment plan which included evidence of Site Control; letters of commitment from an appropriately experienced and acceptable hotel developer, financing commitment from lenders, tax credit buyers, and cash equity investors; a lease or other commitments from appropriate other tenants; franchising agreement from an acceptable hotel brand; detailed plans and specifications for development acceptable by the City Manager; construction and development costs prepared by a general contractor or professional cost estimator; and a revised final financial projection of the net operating income, tax generations, and other factors.

Early May 2016 this group submitted their approach to this project. In S.B. Friedman's review they looked at the complete list of developer's submittal, critical deficiencies, and recommendations. One of the first things S.B. Friedman's group reviewed was the proposed structure of the developmental team. They found that Grey Stone and The Gable Housing Group were presented as the partners who would handle local coordination to a developmental team in the City. Common Wealth Hotels was presented as the entity that would secure debt financing but was later clarified that they would just be the Management Company. Aspect Architects and an architectural firm called CNNA were to manage design and engineering; Common Wealth Hotel Management was to provide management and coordination of obtaining a Flag; and a local Farnsworth group was to coordinate the local architectural work.

During review it was found that there was evidence of Site Control which was received subsequent to the original submission. A letter of commitment from a Hotel Developer was shown in the management agreement between Riverside and Common Wealth. Common Wealth is experienced as an Operator, Manager and developer of Hotels. In this particular case they are playing the role of a Manager. Financing commitments from acceptable lenders, tax credit buyers and cash equity investors was an area that was not complete. There was a letter from a financial Broker, but a letter from a Broker does not show there is a financial institution or partner standing beside the developer ready to move forward with this project. Furthermore, there was nothing provided on the tax credit side, and nothing further provided about the source of equity. There were no lease commitments from other tenant and in regards to the Franchising Agreement from a reputable hotel brand; there was only a letter of interest provided by Hilton Hotels on this particular topic. The detailed plans and specifications were the same as when they were submitted previously in October and with construction and development costs nothing new was submitted. The financial projections had minimal revisions from what was previously submitted in October. Due to all of the above, research found there are multiple deficiencies in the Purchase and Sale Agreement. In addition, the City had appraisals done on the property and the value found by the appraisals was essentially negative values and the purchase price of the contract was four million dollars, showing there was a substantial difference in the views of what the property is worth. Lastly, the team continued to ask for upfront funding requiring a guarantee from the City.

Based upon these findings, S.B. Friedman's group did not feel that this developmental group is capable of carrying out this particular project in a manner that the City can become involved in and they recommend to the city that they reject any request for assistance due to the deficiencies noted.

S.B. Friedman's group believes Downtown Bloomington has a lot of potential for various uses, and Friedman's group proposed the following: 1. To reject the assistance request; 2. To continue to proceed to create the TIFF districts of the Downtown area so that it is staged and prepared for development which encourages invitation to others developers. 3. To identify and pursue the Downtown priorities using our current plan as a base, and updating it if need be, and involving stake holders in Downtown and members of the community so that the City can prepare and Action plan along the way. 4. To review and refine the application process to be efficient for all but should still help to litigate financial risks.

Mayor Renner clarified the points made during S.B. Friedman's presentation and asked if anyone had questions for Friedman.

Alderman Sage asked Mr. Friedman whether their group was planning on helping the City develop a better process for redeveloping Downtown Bloomington that he spoke of. Mr. Friedman stated, the City already has a great base for this process; however, suggests just a

refinement to this process. Alderman Sage felt this new process needs to clearly identify roles and responsibilities but especially in reference to the council as a whole not as individual council members. Sage encouraged and welcomed S.B. Friedman's engagement with Mr. Hales to help the City create a better framework and process for redevelopment.

Alderman Mwilambwe asked Friedman whether he has a recommendation for the City to update its priorities and the process it should make. Mr. Friedman suggested working with Tom Dabareiner and other executive staff, whom have a lot of great ideas as to how to achieve prioritizing better. He noted that the City needs to do a comprehensive market study again, which can take some time, however, he believes it needs to be done. Friedman mentioned starting with a foundation of priorities that allows the City to grow and develop from those particular projects.

Alderman Schmidt asked what the parameters of this particular TIF district were. Mr. Grammer; Economic Development Coordinator, explained that this particular TIF district encompassed a three block radius of the Front and Center block, the Commerce Bank block, the Elks Lodge block, the Major Butler parking lots, and then the parking lots owned by Joe and Root Haney. Mr. Hales asked Kathy Field-Orr to explain expansions of TIF districts.

Alderman Schmidt inquired about the amount of property the City owns in the TIF district and about opportunities for leverage.

Ms. Field-Orr answered by talking about the boundaries of a TIF district and how you come up with those. She noted in her experience it is better to focus needs on a particular area because a TIF lasts 23 years and you need the full 23 years in case you want to issue bonds or obligations. She has seen more mistakes in having to undo TIFs because the focus was too large, versus focusing on a smaller area at first and then expanding if need be. In terms of leverage to developers in a TIF district, Ms. Field-Orr mentioned offering the opportunity to use the increase in taxes as a result in the increase in value to reimburse that developer for the expenses and environmental issues and absolute historical costs to rehab. The increase in real estate taxes is used to reimburse the developer. She went on to further explain TIF negotiations on a very brief overview.

Alderman Schmidt asked the Council to keep in mind that the Downtown Bloomington Associations has been doing a lot of things in the plan so while the Council is looking out to what we need to do; we also itemize what has been done.

Alderman Lower questioned how involved the Council should be in this process. He thinks the community should be in support of a project before the council moves forward with it. He mentioned that the goal of this particular Hotel project is not as clear as it once was in terms of whom are we trying to help. He feels there are other areas that can be bought without a TIF that would be of less investment to the community.

David Hales asked staff to consider, how they wish to proceed based on the recommendations of the Friedman group. Mayor Renner was not sure an action is needed at this time. Alderman Sage stated the Council needs to know where they stand on this Hotel Redevelopment project.

S.B. Friedman suggested, due to the amount of engagement the Council has had in this project, making a statement to move on in a definitive way would be very helpful.

Alderman Schmidt agreed a formal statement needs to be made no matter if they agree in full or just in parts to what was suggested.

Alderman Painter stated the City should continue to try to revitalize the Down Town Area, even if this particular hotel project was not put into motion.

Alderman Fruin stated he did not want to move forward with this particular project but that he is still very interested in redeveloping this area.

Alderman Buragas wanted to know what information does Council need to be able to know what the Council's priorities are. Council just created a Downtown plan last fall with the stated priorities. Council does not need help in figuring out our City's priorities but rather Council needs to state how we are going to move forward in this process of Redevelopment. Council needs to use the priorities already established and come up with an action plan.

Alderman Schmidt suggested placing S.B. Friedman's recommendations on the next Council meeting agenda to vote on whether they accept it as is and take action on the recommendations.

6. Discussion of identifying Downtown priorities and developing a Downtown Action Plan/ Next Steps.

Mayor Renner presented an open discussion to the Council in identifying Downtown priorities with a Downtown Redevelopment Plan; that may need updating, and a Downtown Revitalization Strategy Plan that outlines goals and objectives. He wanted Council to discuss creating a Downtown Action Plan and the next steps moving forward.

Mr. Hales reminded the Council that they should determine whether to create Downtown priorities and whether the Downtown Master Plan needs to be updated. Council needs to determine what ultimately should be an action plan. The executive staff has a lot of great ideas on this process and expertise in these areas, which allows staff an opportunity to put together something to present to the Council with specifics of the process, and how we can take this information and move forward. Once a Master Plan is adopted, Council can then determine the next steps including staff keeping the Council updated on the progress. Council would then be able to periodically review these priorities as needed. A formal process needs to be created so

that the Council is constantly revisiting these priorities as a group and determining whether certain projects are continuing on the right track or if further discussion is needed.

Alderman Fruin commented on defining the boundaries in terms of this redevelopment area, as there have been multiple demolitions. Council needs to focus on a block or section of the area at a time. It is important to focus on what exactly is being referred to as being Downtown.

Alderman Sage agreed with Mr. Hales' recommendations to put together a plan with Executive Staff prior to any meetings being put in place. This would help build majority Council support instead of having individual or minority council projects.

Mayor Renner asked Mr. Friedman for clarification on helpful items for this framework. Friedman suggested understanding land and land ownership. We need to look at what land is available and what are the key uses and key opportunities that were found in the Market Study of 2009. This gives us something to start with. It would be helpful to look at other cities and towns in contrast to ours and see what we can do in comparison. Basic demographics are easy and quickly obtainable to use.

Alderman Karen Schmidt asked for clarification on the next steps Council will take. Mayor Renner stated Council would be moving forward with a Resolution that is similar to what S. B. Friedman presented. The resolution would state that the Council is still interested in the development of the Downtown area, the Downtown Plan, and possibly updating this plan. This particular Hotel project, in its current form, was not one the Council found acceptable. Another thing that informally came out of discussion was that there should be a Downtown Summit. Mr. Hales mentioned that before a Summit is held, there would be a proposal created by City staff that would be presented to Council that would outline the progression of the Council achieving a Downtown Priorities Plan as well as having a Specific Action Plan.

Alderman Buragas stated that once we have a draft of a Downtown Priorities Plan, that this would be a great thing to present at a Downtown Summit to get feedback.

Mr. Hales stated the Downtown boundaries are inclusive and we need to keep this in mind as we create a process for redevelopment.

Alderman Lower stated if the City is going to invest time and money into Downtown, we have to see results; meaning creating jobs. A plan that is defined and shows that it will create jobs will need to be presented before he can find it beneficial to the community and City.

Alderman Fruin, Alderman Hauman and Mayor Renner spoke in consensus that Council needs to set a policy or set of direction that will assist Council moving forward long past their terms.

7. Adjournment

Motion by Alderman Hauman, seconded by Alderman Schmidt, to adjourn Committee as a Whole Session. Time: 7:08 p.m.

Motion carried. (viva voce)

CITY OF BLOOMINGTON

ATTEST

Tari Renner, Mayor

Cherry L. Lawson, City Clerk