

FY 2017
ANNUAL TAX INCREMENT FINANCE
REPORT



STATE OF ILLINOIS
COMPTROLLER
SUSANA A. MENDOZA

Name of Municipality: City of Bloomington Reporting Fiscal Year: 2017
County: McLean Fiscal Year End: 4/30/2017
Unit Code: 064/025/30

TIF Administrator Contact Information

First Name: Patti-Lynn Last Name: Silva
Address: 109 E Olive Street Title: Finance Director
Telephone: 309-434-2336 City: Bloomington Zip: 61701
E-mail-
required psilva@cityblm.org

I attest to the best of my knowledge, that this FY 2017 report of the redevelopment project area(s)
in the City/Village of: Bloomington
is complete and accurate pursuant to Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] and
Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]

Patti Lynn Silva 12/4/17
Written signature of TIF Administrator Date

Section 1 (65 ILCS 5/11-74.4-5 (d) (1.5) and 65 ILCS 5/11-74.6-22 (d) (1.5)*

FILL OUT ONE FOR EACH TIF DISTRICT		
Name of Redevelopment Project Area	Date Designated	Date Terminated
Downtown-Southwest	10/24/2016	

*All statutory citations refer to one of two sections of the Illinois Municipal Code: The Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]

SECTION 2 [Sections 2 through 5 must be completed for each redevelopment project area listed in Section 1.]

FY 2017

Name of Redevelopment Project Area (below):
 Downtown-Southwest

Primary Use of Redevelopment Project Area*: District Central Buisness

* Types include: Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.

If "Combination/Mixed" List Component Types: Commercial/Retail

Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):
 Tax Increment Allocation Redevelopment Act
 Industrial Jobs Recovery Law

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] If yes, please enclose the amendment labeled Attachment A	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] Please enclose the CEO Certification labeled Attachment B		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] Please enclose the Legal Counsel Opinion labeled Attachment C		X
Statement setting forth all activities undertaken in furtherance of the objectives of the redevelopment plan including any project implemented and a description of the redevelopment activities.? [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] If yes, please enclose the Activities Statement labeled Attachment D		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] If yes, please enclose the Agreement(s) labeled Attachment E	X	
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] If yes, please enclose the Additional Information labeled Attachment F		X
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G	X	
Were there any reports or meeting minutes submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] If yes, please enclose the Joint Review Board Report labeled Attachment H		X
Were any obligations issued by the municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] If yes, please enclose any Official Statement labeled Attachment I and Attachment J MUST be Yes	X	
An analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage? [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] If attachment I is yes, Analysis MUST be attached and labeled Attachment J	X	
Has a cumulative of \$100,000 of TIF revenue been deposited into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K	X	
Cumulatively, have deposits of incremental taxes revenue equal to or greater than \$100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] If yes, The audit report shall contain a letter from the independent certified public accountant indicating compliance or noncompliance with the requirements of subsection (q) of Section 11-74.4-3 labeled Attachment L	X	
A list of all intergovernmental agreements in effect to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] If yes, please enclose list only, not actual agreements labeled Attachment M	X	

SECTION 3.1 - (65 ILCS 5/11-74.4-5 (d)(5)(a)(b)(d)) and (65 ILCS 5/11-74.6-22 (d) (5)(a)(b)(d))
Provide an analysis of the special tax allocation fund.

FY 2017

TIF NAME:

Downtown-Southwest

Special Tax Allocation Fund Balance at Beginning of Reporting Period \$ -

SOURCE of Revenue/Cash Receipts:	Revenue/Cash Receipts for Current Reporting Year	Cumulative Totals of Revenue/Cash Receipts for life of TIF	% of Total
Property Tax Increment	\$ -	\$ -	0%
State Sales Tax Increment	\$ -	\$ -	0%
Local Sales Tax Increment	\$ -	\$ -	0%
State Utility Tax Increment	\$ -	\$ -	0%
Local Utility Tax Increment	\$ -	\$ -	0%
Interest	\$ -	\$ -	0%
Land/Building Sale Proceeds	\$ -	\$ -	0%
Bond Proceeds	\$ -	\$ -	0%
Transfers from Municipal Sources	\$ -	\$ -	0%
Private Sources	\$ -	\$ -	0%
Other (identify source _____; if multiple other sources, attach schedule)	\$ -	\$ -	0%

All Amount Deposited in Special Tax Allocation by source \$ -

Cumulative Total Revenues/Cash Receipts \$ - 0%

Total Expenditures/Cash Disbursements (Carried forward from Section 3.2) \$ 96,856

Distribution of Surplus

Total Expenditures/Disbursements \$ 96,856

Net/Income/Cash Receipts Over/(Under) Cash Disbursements \$ (96,856)

FUND BALANCE, END OF REPORTING PERIOD* \$ (96,856)

* If there is a positive fund balance at the end of the reporting period, you must complete Section 3.3

SECTION 3.2 A

13. Relocation costs.		
		\$ -
14. Payments in lieu of taxes.		
		\$ -
15. Costs of job training, retraining, advanced vocational or career education.		
		\$ -
16. Interest cost incurred by redeveloper or other nongovernmental persons in connection with a redevelopment project.		
		\$ -
17. Cost of day care services.		
		\$ -
18. Other.		
		\$ -
TOTAL ITEMIZED EXPENDITURES		\$ 96,856

SECTION 3.3 - (65 ILCS 5/11-74.4-5 (d) (5d) 65 ILCS 5/11-74.6-22 (d) (5d)

Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period by source

FY 2017

TIF NAME:

Downtown-Southwest

FUND BALANCE BY SOURCE

\$ (96,856)

	Amount of Original Issuance	Amount Designated
1. Description of Debt Obligations		

Total Amount Designated for Obligations \$ - \$ -

2. Description of Project Costs to be Paid		

Total Amount Designated for Project Costs \$ -

TOTAL AMOUNT DESIGNATED \$ -

SURPLUS/(DEFICIT) \$ (96,856)

SECTION 4 [65 ILCS 5/11-74.4-5 (d) (6) and 65 ILCS 5/11-74.6-22 (d) (6)]

FY 2017

TIF NAME: Downtown-Southwest

Provide a description of all property purchased by the municipality during the reporting fiscal year within the redevelopment project area.

Check here if no property was acquired by the Municipality within the
X Redevelopment Project Area.

Property Acquired by the Municipality Within the Redevelopment Project Area.

Property (1):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (2):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (3):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (4):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

SECTION 5 - 20 ILCS 620/4.7 (7)(F)
PAGE 1

FY 2017

TIF Name:

Downtown-Southwest

Page 1 is to be included with TIF report. Pages 2 and 3 are to be included **ONLY** if projects are listed.

Select ONE of the following by indicating an 'X':

1. NO projects were undertaken by the Municipality Within the Redevelopment Project Area.	X
2. The Municipality DID undertake projects within the Redevelopment Project Area. (If selecting this option, complete 2a.)	
2a. The number of projects undertaken by the municipality within the Redevelopment Project Area:	

LIST the projects undertaken by the Municipality Within the Redevelopment Project Area:			
TOTAL:	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ -	\$ -	\$ -
Ratio of Private/Public Investment	0		0

*PROJECT NAME TO BE LISTED AFTER PROJECT NUMBER

Project 1*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 2*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 3*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 4*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 5*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 6*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Optional: Information in the following sections is not required by law, but would be helpful in evaluating the performance of TIF in Illinois. *even though optional MUST be included as part of complete TIF report

SECTION 6

FY 2017

TIF NAME: **Downtown-Southwest**

Provide the base EAV (at the time of designation) and the EAV for the year reported for the redevelopment project area

Year redevelopment project area was designated	Base EAV	Reporting Fiscal Year EAV
2016	\$ 756,824	\$ 756,824

List all overlapping tax districts in the redevelopment project area. If overlapping taxing district received a surplus, list the surplus.

X Check if the overlapping taxing districts did not receive a surplus.

Overlapping Taxing District	Surplus Distributed from redevelopment project area to overlapping districts
MCLEAN COUNTY	\$ -
CITY OF BLOOMINGTON TOWNSHIP	\$ -
CITY OF BLOOMINGTON & LIBRARY	\$ -
B-N WATER RECLAMATION DIST	\$ -
BLM-NRM AIRPORT AUTHORITY	\$ -
CUSD 87 BLOOMINGTON	\$ -
HEARTLAND COMM COLLEGE 540	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -

SECTION 7

Provide information about job creation and retention:

Number of Jobs Retained	Number of Jobs Created	Description and Type (Temporary or Permanent) of Jobs	Total Salaries Paid
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -

SECTION 8

Provide a general description of the redevelopment project area using only major boundaries:

The Downtown-Southwest TIF includes 2.5 blocks of properties between Front Street and Washington Street, west of Center Street and east of Lee Street in downtown Bloomington.

Optional Documents	Enclosed
Legal description of redevelopment project area	X
Map of District	X



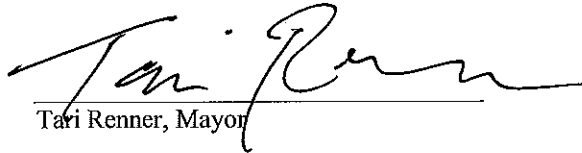
Finance Department

CITY OF BLOOMINGTON

Unit Code: 064/025/30

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Tari Renner, Mayor of the City of Bloomington, McLean County, Illinois, certify that the City has complied with all of the requirements of the *Tax Increment Allocation Redevelopment Act*, 65 ILCS 5/11-74.4-1 *et seq.*, during the fiscal year ending April 30, 2017, in connection with the administration of the Tax Increment Project Area for the City's Downtown-Southwest Tax Increment Financing District.


Tari Renner, Mayor

LAW OFFICE
KATHLEEN FIELD ORR & ASSOCIATES
53 WEST JACKSON BOULEVARD
SUITE 964
CHICAGO, ILLINOIS 60604
(312) 382-2113
(312) 382-2127 facsimile

KATHLEEN FIELD ORR
kfo@kfoassoc.com

JAMES W. BINNINGER
jwb@kfoassoc.com

November 30, 2017

Susana A. Mendoza, State Comptroller
State of Illinois Building
100 West Randolph Street
Suite 15-500
Chicago, Illinois 60601


Dear Ms. Mendoza:

This firm has acted as Special Counsel for the City of Bloomington, McLean County, Illinois, in connection with the administration of the Downtown-Southwest Tax Increment Redevelopment Project Area.

I have reviewed all information provided to me by the City's Chief Accountant and, to the best of my knowledge and belief, find that the City has conformed with all of the applicable provisions of the *Tax Increment Allocation Redevelopment Act*, 65 ILCS 5/11-74.4-1, *et seq.*, for the fiscal year ending April 30, 2017.

Very truly yours,

KATHLEEN FIELD ORR & ASSOCIATES


James W. Binninger

ATTACHMENT C

**City of Bloomington Downtown-Southwest TIF District
FY 2017 Annual Report**

**Attachment D – Activities Statement
&
Attachment F – Additional Information**

The following activities have been undertaken to date in furtherance of the objectives of the Downtown-Southwest Redevelopment Plan:

1. The City retained the services of economic development consulting firm SB Friedman Development advisors to review a proposal for a hotel and conference center to be constructed within the TIF District:
 - a. On March 14, 2016, the City Council passed an Inducement Resolution in connection with a proposed redevelopment project from Bloomington Downtown Redevelopment Partners, LLC for the redevelopment of the Commerce Bank and Front N' Center buildings in downtown Bloomington into a hotel, conference center and restaurant cluster (see attached).
 - b. On August 22, 2016, the City Council passed a resolution rejecting the assistance request from Riverside Lodging Bloomington LLC / Bloomington Downtown Redevelopment Partners LLC based on the Recommendation of SB Friedman Development Advisors' final evaluation of Riverside's proposal for a downtown hotel and conference Center (see attached).
2. The City contracted with Brian A Finch, Inc., a MAI certified appraiser, to obtain appraisals of multiple properties within the TIF District.
3. The City contracted with PGAV Planners to prepare an Eligibility Study and Redevelopment Plan for the TIF District.

Additional information about the Downtown-Southwest TIF District can be found at www.cityblm.org/TIF

The above information has been compiled by Austin Grammer, City of Bloomington Economic Development Coordinator.



REGULAR AGENDA ITEM NO. 8B

FOR COUNCIL: March 14, 2016

SUBJECT: Consideration of approving a Resolution to authorize preliminary action, known as an Inducement Resolution, in connection with the redevelopment of the Commerce Bank and Front N^o Center buildings in downtown Bloomington into a hotel, conference center and restaurant cluster.

RECOMMENDATION/MOTION: That the Inducement Resolution in support of a proposed redevelopment project from Bloomington Downtown Redevelopment Partners, LLC be approved and authorize the Mayor and City Clerk to execute the necessary documents.

STRATEGIC PLAN LINK: Goal 3: Grow the Local Economy; Goal 4: Strong Neighborhoods; Goal 5: Great Place – Livable, Sustainable City; Goal 6: Prosperous Downtown Bloomington.

STRATEGIC PLAN SIGNIFICANCE: Objective 3a. Retention and growth of current local businesses; 3b. Attraction of new targeted businesses that are the “right” fit for Bloomington; 3c. Revitalization of older commercial homes; 3d. Expanded retail businesses; 3e. Strong working relationship among the City, businesses, economic development organizations. Objective 4c. Preservation of property/home valuations; 4d. Improved neighborhood infrastructure; Objective 5b. City decisions consistent with plans and policies; 5c. Incorporation of “Green Sustainable” concepts into City’s development and plans; 5e. More attractive city: commercial areas and neighborhoods. Objective 6a. More beautiful, clean Downtown area; 6b. Downtown Vision and Plan used to guide development, redevelopment and investments; 6c. Downtown becoming a community and regional destination; 6e. Preservation of historic buildings.

BACKGROUND & OVERVIEW: At the February 16, 2016 Committee of the Whole meeting, consultants from SB Freidman Development Advisors presented their findings related to their review of the hotel / conference center / restaurant cluster redevelopment project proposed by Downtown Bloomington Redevelopment Partners, LLC (BDRP) for the Commerce Bank, Front N^o Center, and Elks Lodge buildings in downtown Bloomington. While SB Friedman’s analysis of the BDRP proposal determined that the conceptual project could be financially feasible with limited municipal assistance, a complete development team and program has not yet been assembled by BDRP. Consultants from SB Freidman recommended that the City Council approve an Inducement Resolution in support of BDRP’s proposed project and request that a complete development team and program be assembled.

Consultants from SB Freidman also recommended that the City Council initiate the creation of a Tax Increment Finance (TIF) District and Business District (BD) in downtown Bloomington that would include the subject properties so that those economic development tools can be in place to support BDRP’s proposed redevelopment project.

The proposed Inducement Resolution outlines a number of requirements that BDRP will need to meet in order to continue negotiations regarding municipal assistance for the proposed project. Once the requirements are met, staff will again review BDRP's proposal to determine whether municipal assistance is needed, and if needed, staff will negotiate a redevelopment agreement with BDRP for review and approval by the City Council.

The passage of the proposed Inducement Resolution is necessary to allow BDRP's eligible expenses incurred before the establishment of the proposed TIF District and BD to be eligible for reimbursement should the proposed TIF District and BD be established and a Redevelopment Agreement be approved by the City Council. The Inducement Resolution has been prepared and reviewed by the City's TIF Attorney, Kathleen Field Orr & Associates, and is attached.

City staff recommends the Inducement Resolution be approved so that BDRP can continue its work to secure a developer / hotel operator for the proposed downtown hotel with the assurance that the City Council is supportive of the project at this early stage.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Appropriate Department Heads have provided input on the proposed redevelopment of the Commerce Bank, Front N' Center, and Elks Lodge buildings. Additional meetings have been held with neighboring property owners, interested local and national developers and commercial real estate brokers.

FINANCIAL IMPACT: The proposed Inducement Resolution does not legally bind the city to financially support BDRP in any way. Should BDRP's final development proposal not meet the approval of the City Council, the city will not be obligated to provide any reimbursement for expenses incurred by BDRP or be obligated to establish the proposed South Downtown TIF District or South Downtown Hospitality Business District for the benefit of BDRP.

Respectfully submitted for Council consideration.

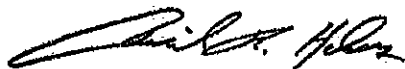
Prepared by: Austin Grammer, Economic Development Coordinator

Reviewed by: Tom Dabareiner AICP, Community Development Director

Financial & budgetary review by: Chris Tomerlin, Budget Analyst
Carla Murillo, Budget Manager

Legal review by: Kathleen Field Orr, City TIF Attorney

Recommended by:



David A. Hales
City Manager

Attachments:

- MCRPC GIS map highlighting BDRP proposed redevelopment site.
- Inducement Resolution.

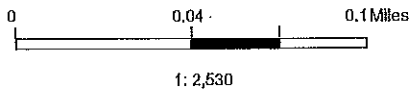
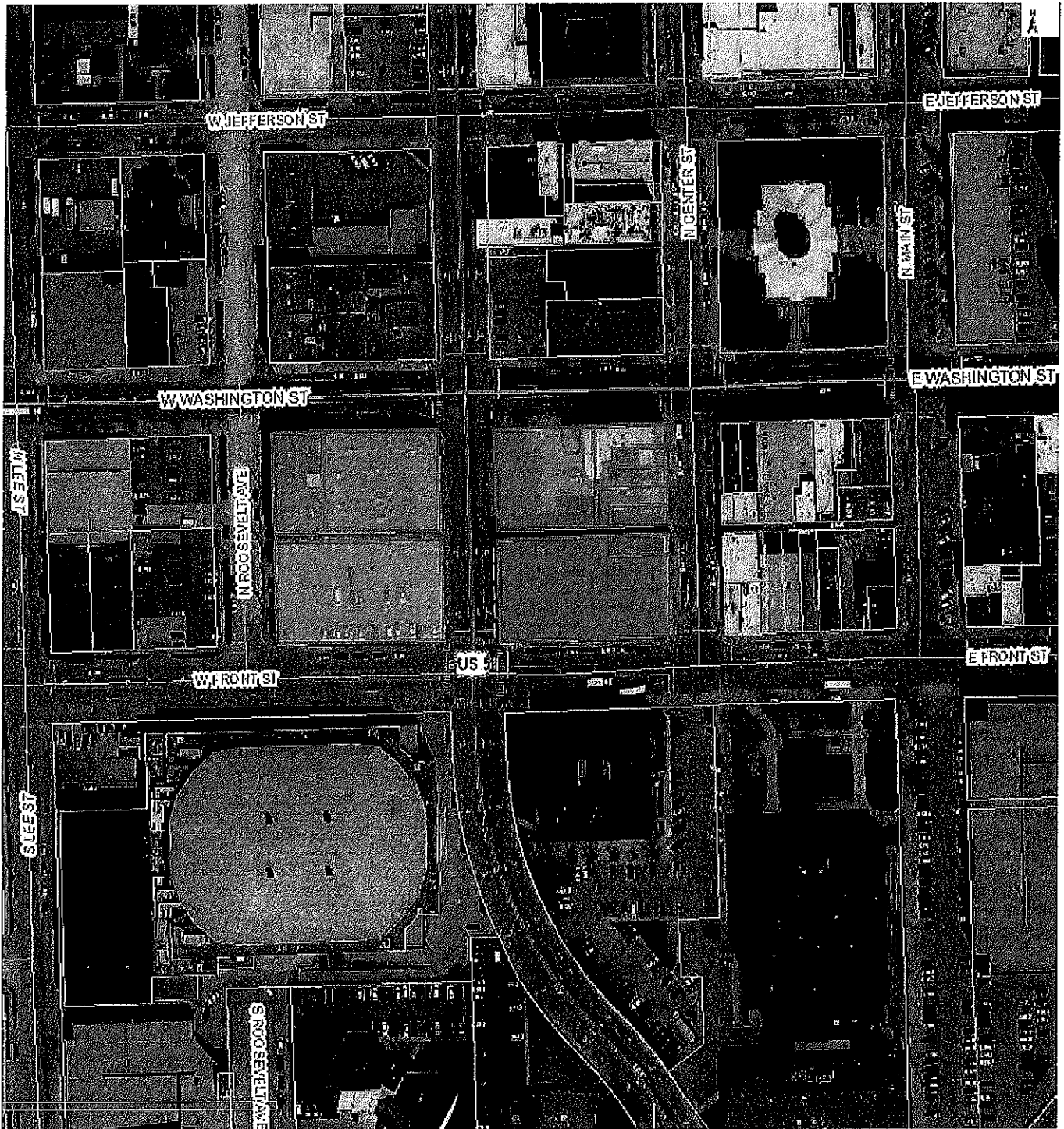
Motion: That the Inducement Resolution in support of a proposed redevelopment project from Bloomington Downtown Redevelopment Partners, LLC be approved and authorize the Mayor and City Clerk to execute the necessary documents.

Motion: _____ Seconded by: _____

	Aye	Nay	Other		Aye	Nay	Other
Alderman Black				Alderman Mwilambwe			
Alderman Buragas				Alderman Painter			
Alderman Fruin				Alderman Sage			
Alderman Hauman				Alderman Schmidt			
Alderman Lower							
				Mayor Renner			



BDRP Proposed Redevelopment Site



By using any McGIS products or services, you indicate your acceptance of the Licensing Agreement: <http://www.McGIS.org/License>

Notes

Resolution No. 2016-09

**A RESOLUTION IN SUPPORT OF A PROPOSED REDEVELOPMENT PROJECT FROM
BLOOMINGTON DOWNTOWN REDEVELOPMENT PARTNERS, LLC**

WHEREAS, the City of Bloomington, McLean County, Illinois (the “*City*”) is a duly organized and validly existing home rule municipality pursuant to Article VII, Section 6(a) of the Constitution of the State of Illinois of 1970, and as such, may exercise any power and perform any function pertaining to its government and affairs; and,

WHEREAS, the Mayor and City Council of the City (the “*Corporate Authorities*”) have determined that one of their primary goals as a local unit of government is to promote the health, safety and welfare of its citizens by encouraging private investment in industry and business in order to enhance the City’s tax base, ameliorate blight and provide job opportunities for its residents; and,

WHEREAS, Bloomington Downtown Redevelopment Partners, LLC (the “*Developer*”) has proposed the redevelopment of the Commerce Bank and Front N Center buildings into a 129 room hotel, conference center and restaurant cluster (the “*Proposed Project*”) within the City’s “Downtown District,” which Proposed Project could enhance the vitality of the central business district of the City given its strategic location adjacent location to the historic downtown square; and,

WHEREAS, the administration of the City has conducted a preliminary review of the Proposed Project including (collectively, the “*Preliminary Plans*”):

- (a) Preliminary Concept plans for the Proposed Project including floor plans for the hotel and convention center;
- (b) Estimated costs of the Proposed Project including both hard and soft costs;
- (c) A proposed capital structure;

(d) Projected revenues from all sources, including hotel taxes, food and beverage taxes, sales taxes, real estate taxes; and

(e) Projected net operating income;

and,

WHEREAS, the Developer has advised the City that the Proposed Project shall require financial assistance from the City for certain costs to be incurred in connection with the Proposed Project, which costs would constitute "Redevelopment Project Costs" as such term is defined in the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.* (the "*TIF Act*") or "Business District Project Costs" under the Business District Development and Redevelopment Law, 65 ILCS 5/11074.3-1 *et seq.* (the "*BD Act*") and, therefore, has requested the City to proceed to consider the designation of its Downtown District as a "Redevelopment Project Area" pursuant to the TIF Act and the designation of a "Business District" pursuant to the BD Act; and,

WHEREAS, this Resolution is intended to:

(a) allow the Developer to incur certain costs relating to the Proposed Project that may be considered Redevelopment Project Costs and/or Business District Project Costs prior to the approval of any redevelopment agreement with the Developer;

(b) require the Developer to provide the City with the data hereinafter set forth in order to permit the Corporate Authorities to determine if the Proposed Project is economically viable; and,

(c) allow the costs incurred by the City in connection with its review of the Preliminary Plans, its review of the additional data hereinafter itemized and the designation of a

Redevelopment Project Area and a Business District to be considered Redevelopment Project Costs and/or Business District Project Costs as defined by the TIF Act and the BD Act.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Bloomington, McLean County, Illinois, as follows:

Section 1. The City Council hereby directs the City Manager to request the Developer to provide the following data for its review on or before May 31, 2016:

- (a) Evidence of Site Control;
- (b) Letters of commitment from an appropriately experienced and acceptable hotel developer;
- (c) Financing commitments from acceptable lenders, tax credit buyers, and cash equity investors;
- (d) Lease or other commitments from appropriate other tenants;
- (e) Franchising agreement for an acceptable hotel brand; ,
- (f) Detailed plans and specifications for the development acceptable to the City Manager;
- (g) Construction and development costs prepared in sufficient detail by a general contractor or professional cost estimator; and,
- (h) Revised, final financial projections of net operating income, tax generation, and other factors.

Section 2. The City Council hereby authorizes the administration and its redevelopment consultant to review all data submitted by the Developer to determine appropriate levels of support from the City, if any, necessary to achieve economic feasibility.

Section 3. The City Manager is hereby authorized to initiate the preparation of an Eligibility Report and Redevelopment Plan in order to proceed with the designation of a

Redevelopment Project Area pursuant to the TIF Act and a Business District pursuant to the BD Act covering the City's Downtown District.

Section 4. The City Manager is authorized to initiate such other studies and analyses as necessary to support creation of these districts including without limitation and required appraisals, environmental assessments, and redevelopment consulting costs, all to be reimbursable as eligible Redevelopment Project Costs and Business District Project Costs as permitted by the TIF Act and the BD Act.

Section 5. That the Corporate Authorities may also consider expenditures in connection with the Proposed Project incurred by the Developer prior to its approval of the Proposed Project and the execution of a redevelopment agreement with the Developer, to be expenditures that are Redevelopment Project Costs as defined by the TIF Act and Business District Project Costs as permitted by the BD Act.

Section 6. The City Manager is hereby directed to deliver to the City Council a final recommendation as to the appropriate levels of support from the City, if any, in order to permit the development of the Proposed Project to proceed to completion.

Section 7. That this Resolution shall be in full force and effect from and after its passage and approval as provided by law.

Passed by the Mayor and City Council of the City of Bloomington, Illinois, this 14th day
of March, 2016.

AYES: 8

NAYS: 1 (Alderman Kevin Lower)


ABSENT: 0

APPROVED:



Mayor

Attest:



City Clerk



REGULAR AGENDA ITEM NO. 8E

SUBJECT: Consideration of approving a Resolution to Reject the Assistance Request from Riverside Lodging Bloomington LLC / Bloomington Downtown Redevelopment Partners LLC based on the Recommendation of SB Friedman Development Advisors' Final Evaluation of Riverside's Proposal for a Downtown Hotel and Conference Center.

RECOMMENDATION/MOTION: That the Resolution rejecting the assistance request from Riverside Lodging Bloomington LLC / Bloomington Downtown Redevelopment Partners LLC be approved and authorize the Mayor and City Clerk to execute the necessary documents.

STRATEGIC PLAN LINK: Goal 3: Grow the Local Economy; Goal 5: Great Place – Livable, Sustainable City; Goal 6: Prosperous Downtown Bloomington.

STRATEGIC PLAN SIGNIFICANCE: Objective 3a. Retention and growth of current local businesses; 3b: Attraction of new targeted businesses that are the “right” fit for Bloomington; 3d: Expanded retail businesses; 3e: Strong working relationship among the City, businesses & economic development organizations. Objective 5e: More attractive city: commercial areas and neighborhoods. Objective 6a: More beautiful, clean Downtown area; 6b: Downtown Vision and Plan used to guide development, redevelopment and investments; 6c: Downtown becoming a community and regional destination; 6e: Preservation of historic buildings.

BACKGROUND & OVERVIEW: At the August 22, 2016 Committee of the Whole Meeting, the City Council directed staff to draft a resolution rejecting the assistance request from Riverside Lodging Bloomington LLC / Bloomington Downtown Redevelopment Partners LLC for a downtown hotel and conference center proposed for the Front N Center / Commerce Bank block and Elks Lodge / Major Butler Parking Lot block. At that Committee of the Whole meeting, Stephen Friedman, an economic development consultant retained by the City, and Kathleen Field Orr, the City's Special Counsel for Economic Development, both recommended that the City Council formally reject the request for municipal assistance made by Riverside / BDRP. Stephen Friedman also provided additional recommendations including:

- Proceeding with the establishment of the proposed Downtown-Southwest TIF District.
- Identify and pursue priorities for downtown development and redevelopment.
- Review and refine the City's economic development application process.

The attached resolution embodies Stephen Friedman's recommendations and incorporates additional feedback that the City Council provided at the August 22nd Committee of the Whole meeting.

Respectfully submitted for Council consideration.

Prepared by: Austin Grammer, Economic Development Coordinator
Reviewed by: Tom Dabareiner AICP, Community Development Director
Legal Review by: Jeffrey R. Jurgens, Corporation Counsel
Recommended by:



David A. Hales
City Manager

Attachments:

- SB Friedman Development Advisors Memo – Proposed Hotel & Conference Center: Resolution 2016-09 Submittal Summary and Recommendation
- Kathleen Field Orr Memo – Review of Purchase and Sale Agreements by and among Front N Center, Consolidated Properties, LLC and Bloomington Downtown Redevelopment Partners, LLC
- Resolution Rejecting the Assistance Request from Riverside Lodging Bloomington LLC / Bloomington Downtown Redevelopment Partners LLC



S. B. Friedman & Company | 221 North LaSalle Street, Suite 820 | Chicago, IL 60601 | T (312) 424-4250 | F (312) 424-4262

MEMORANDUM

To: David Hales, City of Bloomington

From: Steve Friedman, Ranadip Bose
SB Friedman Development Advisors

Date: August 11, 2016

Subject: **Proposed Hotel & Conference Center: Resolution 2016-09 Submittal Summary and Recommendation**

Riverside Lodging Bloomington LLC (entity yet to be formed, the "Developer" or "Development Team") submitted a formal development proposal ("Submittal") to the City of Bloomington on May 18, 2016 in response to Resolution 2016-09, commonly referred to as the Inducement Resolution. The proposed project includes the redevelopment of the former Elks Lodge, Commerce Bank and Front 'N Center buildings, and the City-owned parking lot ("Butler lot") into a 129-key hotel and conference center and restaurant cluster. As part of the Submittal, Riverside Lodging Bloomington LLC has requested \$13 million in up-front City financial assistance and the contribution of the approximately half-acre City-owned Butler lot at the northwest corner of Front and Madison Streets.

Subsequent to initial review of the Submittal, *SB Friedman Development Advisors* ("*SB Friedman*") sent follow-up emails and conducted phone discussions, seeking to obtain information missing from the Submittal. The Developer thereafter submitted additional information regarding their purchase agreement and financing broker. On June 22, 2016, *SB Friedman*, City representatives and the Development Team participated in a conference call to discuss the Submittal and the newly provided materials. Following this call, one of the members of the development group issued a memorandum seemingly on behalf of the team in response to the concerns expressed on the conference call. Additional conference calls were also conducted with the Development Team on July 13, 2016 and July 18, 2016 to discuss the deficiencies and clarify the roles and responsibilities of individual members of the team.

This memorandum summarizes the Developer's Submittal and provides the following:

1. A review of the completeness of the Developer's Submittal against City Resolution 2016-19.
2. Identification of critical deficiencies of the Submittal as submitted by the Developer.
3. *SB Friedman* recommendation and suggested next steps for the City.

OWNERSHIP STRUCTURE OF DEVELOPMENT TEAM

Riverside Lodging Bloomington LLC is a yet to be formed Development Team that, according to the Submittal, will be comprised of a core group of firms/companies including Commonwealth Hotel

Management (“Commonwealth”), Aspect Architecture & Development (“Aspect”), CNNA Architects (“CNNA”), Farnsworth Group, Greystone Realty Group (“Greystone”), and the Giebelhausen Group. The proposed division of labor among individual entities of the Development Team outlined in the Submittal is as follows:

- Greystone and the Giebelhausen Group will handle local coordination between the Development Team and the City of Bloomington, and secure municipal entitlements.
- Commonwealth will secure the initial debt financing and manage the capital stack.
- Aspect and CNNA will manage the design and engineering of the site while a hotel general contractor coordinates the construction process.
- Commonwealth Hotel Management will provide the ongoing management and additional coordination of the hotel flag requirements during the development process.
- The Farnsworth Group will coordinate the local architectural work as well as coordinate with the historical consultants.

In recent calls with members of the Development Team on July 13 and July 18, it was further clarified that Commonwealth’s role in the project was the management of the proposed hotel and it would have a minority interest in the partnership/LLC. The principal of Aspect Architecture & Development would have a 50% ownership interest in the project (and it was not specified whether this would be as an individual, a controlled entity, or other arrangement).

COMPLETENESS OF DEVELOPMENT SUBMITTAL

We reviewed Riverside Lodging Bloomington’s Submittal against City Resolution 2016-19 to assess its completeness. Tables 1 and 2 below show the extent of items submitted.

Table 1: Completeness of Development Submittal

Items Requested	Received/ Reviewable	Partial/ Insufficient to Review	Missing	Comments
1. Evidence of site control	X			Submitted after initial submission. Reviewed by legal counsel in attached memo and summarized below.
2. Letters of commitment from an appropriately experienced and acceptable hotel developer	X			Received management agreement between Riverside and Commonwealth Hotels. Developer experience and resumes have also been submitted.
3. Financing commitments from acceptable lenders, tax credit buyers and cash equity investors		X		Letter from financial broker (New South Capital Inc.) received but limited information available on lender capacity. Entity is a broker, not a lender. No information on historic tax credit buyers provided (\$4.8 million expected). No equity breakdown provided (\$13 million in expected TIF assistance as equity. If loan is 65% of project costs, then balance of project cost after TIF and HTC is \$1,028,201). Proposed structure requires up-front City funding (p. 42).
4. Lease or commitments from appropriate other tenants			X	None received; no updated program indicating retail square feet or number of spaces.
5. Franchising agreement from acceptable hotel brand		X		A management agreement between Riverside Lodging Bloomington LLC and Commonwealth was

				provided. Received a letter of interest from Hilton Garden Inn that is subject to an application, review, etc. (p. 26) - not a commitment or letter of intent.
6. Detailed plans and specifications	X			Received revised floor plans, site plan and project rendering (p. 28-32) but at the same level of detail as provided previously.
7. Construction and development costs prepared in sufficient detail by a general contractor or professional cost estimator		X		No information included that suggests costs were prepared by professional cost estimator or a general contractor (p. 42), or are based on any more detailed due-diligence or design.
8. Revised, final financial projections of net operating income, tax generation and other factors		X		Received operating income projections (p. 44). No public revenue/tax generation information or revised program provided to indicate sales tax revenue assumptions.

In addition to items listed in the Resolution, *SB Friedman* requested the following information:

Table 2: Completeness of Additional Requested Information

Items Requested	Received/ Reviewable	Partial/ Insufficient to Review	Missing	Comments
Performance bond documentation		X		Received example performance bond document from one of the Developer's previous projects in another city. No letter of interest or intent from a bonding company was provided that would indicate ability of this entity to obtain the bond.
How assistance structure protects the City from potential risk		X		Received a request for up-front funding (\$13 million) from City-backed bond; addressed risk (p. 8) but did not state why up-front bonding is required by the Developer.
Detailed background and designated roles of development partners	X			Received information on the development partners (p. 56-72). Specific references and project contact information were not included.

DEFICIENCIES OF DEVELOPMENT SUBMITTAL

Based on our assessment of the Developer's Submittal and the items requested in the Inducement Resolution, we have identified the following key deficiencies:

- **Evidence of Site Control.** Preliminary review by the City's Special Counsel raises several issues regarding the terms of the Purchase and Sale Agreement provided. The Developer was made aware of the concerns via conference call and the Developer indicated that they would be able to address the issues raised. Following the call, the Developer sent a memo to the City Manager describing the status of some of the issues and indicating an expectation that they could be resolved. A revised Purchase and Sale Agreement was submitted on July 8, 2016 with no substantive changes. Attached is the summary memorandum by Special Counsel Orr that restates the issues associated with the Purchase and Sale Agreement. Given the above, the original issues raised by the City's Special Counsel remain a concern.

- **Development Partnership and Roles.** While the Submittal did include information on the parties comprising the LLC, it was not evident that Aspect or its principal or a controlled entity would hold a 50% ownership stake in the project until this information was revealed in a subsequent phone call. The ownership and development experience, and financial capacity, of this partner is not detailed in the Submittal nor was this partner present in any of the meetings or conversations with *SB Friedman* throughout the public review process.
- **Financing Commitment.** There is a lack of evidence of preliminary financing commitment or willingness to finance from a source with demonstrated capacity to do so. Based on our experience and recent discussions with professionals in the financing industry, we believe that at this stage of the project, the Development Team should be able to identify a financial institution (bank, other lender such as an insurance company, REIT, or others) that is willing to be a financing partner and provide a preliminary financial commitment letter. Commitment letters would specify market-typical terms for construction and permanent loan, and the conditions on which the loan closing would be contingent. While the Development Team has provided a letter from an independent broker, the lack of commitment from an established lender is a critical deficiency of the Submittal. In the conference call, the hotelier indicated the ability to provide such a letter, but the subsequent memo to the City Manager did not include further evidence of financing commitments and in subsequent conversations the representatives of Commonwealth reiterated their role was a hotel manager and no further offer was made to provide financing. One of the lead developers indicated during a phone call that the principal of Aspect Architecture & Development would be the guarantor of financing, but no back up information was provided to demonstrate that the principal of Aspect (or his firm) has the capacity or has indicated the willingness or desire to serve as one.
- **Sources of Equity.** The level of Developer equity committed to the project is very low at approximately 2% of the total project development cost of \$52.7 million. Additionally, there is no indication of the source of funds for historic tax credit equity. No evidence is provided that the Developer has established a relationship with a tax credit investor who would support this transaction.
- **Commitment from Hotel Brand.** While Hilton Garden Inn is referenced as the hotel flag, only a "Letter of Interest" was provided. The Letter of Interest from Hilton is only an expression of interest, not a preliminary or full commitment. An application would need to be filed and reviewed by Hilton to obtain a commitment to the franchisee.
- **Budget and Costs.** There is no documentation of costs from a third-party estimator or contractor to confirm the estimated budget. Of particular concern are site acquisition and preparation costs, which appear to be significantly inflated. Appraisals performed by an MAI-certified appraiser engaged by City staff indicate that the three privately held properties (Elk's Lodge, Commerce Bank and Front 'N Center) being redeveloped as part of the proposed project are valued at \$914,000. Additionally, in the appraiser's opinion, the cost of demolition and environmental remediation (due to confirmed and likely presence of contaminants) for the Commerce Bank and Front 'N Center buildings are likely to exceed the value of land, resulting in a nominal or negative value for the properties as they stand today. This reduces the net valuation of the private owned properties to \$254,000 (assuming costs of demolition and remediation are equal to cost of land for the Commerce Bank and Front 'N Center buildings).

Value of Privately Owned Properties Being Acquired for the Proposed Project

Address	Property Description	Land Size	Value Type	Value per Square Foot	Total Value
110 N Madison St.	Former Elks Lodge	15,870	As is, Fee Simple	\$16.00 (Building)	\$254,000
120 N Center St.	Commerce Bank Building	22,770	As if Vacant (Demolished)	\$15.00 (Land)	\$340,000
102 N Center St.	Front 'N Center Building	21,315	As if Vacant (Demolished)	\$15.00 (Land)	\$320,000
Total Value of Private Development Sites					\$914,000
Less Potential Costs for Demolition and Environmental Remediation [1]					(\$660,000)
Net Value of Private Development Sites					\$254,000

[1] Note: Appraiser indicated that cost of environmental remediation and demolition is likely to exceed the value of the Commerce Bank and Front 'N Center buildings. *SB Friedman* assumed a cost equal to the property values to estimate a net value of the private development sites.

Value of Publicly Owned Property (Developer is requesting contribution of the property for the Project)

Address	Property Description	Land Size	Value Type	Value per Square Foot	Total Value
301 W Front Street	City's Major Butler Parking	22,770	As is, Fee Simple	\$15.00 (Land)	\$340,000

However, the development pro forma submitted by the Developer shows a value of \$5 million associated with land acquisition – nearly 20 times the net appraised value of the privately owned properties. This also implies that over one-third of the requested \$13 million in financial assistance from the City relates to potential overpayment for property acquisition. While overpayment for land does occur to implement successful urban infill redevelopment projects, this disparity in appraised value and acquisition cost is too high.

REQUIREMENT OF UP-FRONT CITY FUNDING

The development Submittal by Riverside Lodging Bloomington LLC includes a request of \$13 million in up-front City financial assistance and the contribution of the approximately half-acre City-owned parking lot at the northwest corner of Front and Madison Streets (valued at approximately \$340,000). While the Submittal references up-front City bonds to be paid by Tax Increment Financing (TIF) revenues and hotel and sales taxes generated by the project (using a Business District financing mechanism), it does not specifically outline the proposed timing and structure of the assistance. In follow-up conversations and written communications, the Developer has maintained that the finalization of items requested in the Inducement Resolution (such as financing commitments from lenders and tax credit investors, and an executed franchise agreement) could only be completed after the City provided an assurance on the extent and structure of public financing assistance. However, the Developer recognizes that the final execution of a City funding commitment would be subject to execution and completion of items requested in the Inducement Resolution. The Developer has given no indication of the amount of time required subsequent to such a City commitment to otherwise perfect the transaction.

The Developer has indicated that the project cannot move forward nor can they obtain preliminary indications of willingness to finance the project until the City expresses a commitment to support the project. This is suggested to be the "heart of the issue" for the Developer. We believe that it would be appropriate and possible for the Developer to form a team that includes financial institutions willing to express a conditional and preliminary commitment, thus reducing the City's exposure to potential risk.

SB FRIEDMAN RECOMMENDATION AND NEXT STEPS

Moving forward, we recommend that the City:

1. REJECT THE ASSISTANCE REQUEST FROM RIVERSIDE LODGING BLOOMINGTON LLC

Due to the above deficiencies in the development Submittal, including issues related to sources of financing and site control, and the significantly inflated acquisition price of the privately owned properties that make up the site, we recommend that the City reject the assistance requested by Riverside Lodging Bloomington LLC. We believe the City should continue to explore other development options to help catalyze redevelopment and revitalization of downtown Bloomington.

2. PROCEED EXPEDITIOUSLY TO ESTABLISH A TIF DISTRICT AND PROMOTE DOWNTOWN DEVELOPMENT

- A. Move forward with the establishment of the proposed Downtown-Southwest TIF District in order to facilitate future development.
- B. Continue to foster an open and encouraging atmosphere to promote the development of downtown.

3. IDENTIFY AND PURSUE DOWNTOWN PRIORITIES

- A. Identify priorities to further the revitalization of the downtown, as well as to further the mission and goals of the Downtown Plan and 2035 Comprehensive Plan.
 - As part of this process, the City Manager and staff should coordinate the preparation, with strong stakeholder involvement, of a Downtown Priorities Plan.
- B. After the priorities are identified, a Downtown Action Plan can be prepared by the City Manager and staff to help the City Council achieve the goals identified in the Downtown Priorities Plan.
 - The City Manager and staff should submit regular progress reports for City Council review. The City Council should have continued and frequent discussions regarding the priorities and the progress associated with achieving the goals.

4. REVIEW APPLICATION PROCESS

Review and potentially refine the application process for requests for municipal assistance to encourage development proposals.

This process should include specifications for a formal written submittal that permits the City to vet the capacity of applicants to carry out the project early in the process, and establish the feasibility of the proposal if assisted.

The application process should be as efficient as possible, while still securing the necessary information to vet proposals in order to minimize financial risk and protect the taxpayers of the City.

Although the City will need to maintain a degree of flexibility regarding proposals, core information regarding the proposed developers, project financing, and the capacity and overall experience of the development team should always be required as a base foundation for discussions on any proposal.

5. ADHERE TO CITY STANDARDS AND PROCESSES

Upon establishment of clear vetting criteria for projects seeking municipal assistance, we recommend that the City require and ensure that the established process is followed.

If an application does not meet the standard criteria created by the City and/or the City cannot verify the development team has the necessary experience, capacity or potential for financing a project, the applicant should be notified by the City Manager or City Manager's designee, and staff resources associated with the proposal should be limited.

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KATHLEEN FIELD ORR
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MEMORANDUM

To: David Hales, City Manager for the City of Bloomington, Illinois
cc: Jeff Jurgens; Steve Friedman, Austin Grammer

From: Kathleen Field Orr, Special Counsel

Date: August 1, 2016

Subject: Purchase and Sale Agreement dated April 1, 2016, by and among Front N Center, Consolidated Properties, LLC and Bloomington Downtown Redevelopment Partners, LLC (the "*Original Sales Contract*"), as superseded by a Purchase and Sale Agreement dated June 30, 2016, among the same parties ("*Current Sales Contract*")

I reviewed the referenced Original Sales Contract as well as the Current Sales Contract and have found that the terms of the latter still obligate the Purchaser to acquire property for an unknown purchase price, an unknown date for possession and property control, and unknown conditions of title. It is incomprehensible how a development pro forma can be developed based upon the numerous unresolved issues within the terms of this document. I direct your attention to the following:

1. In Article 2, Section 2.1 of the Current Sales Contract, the Purchaser agrees to pay \$4,000,000 for 110 North Madison, 120 North Center Street and 102 North Center Street (collectively, the "*Property*"), but that price remains subject to adjustments which include (see Article 8):
 - (a) Purchaser to pay all recording fees, escrow fees, taxes on the Deed and any other closing cost "including but not limited to" survey, title commitment and Title Insurance;
 - (b) Purchase price to be increased for all costs and expenses incurred by the Seller as required by the City of Bloomington; and,
 - (c) Purchase price to be increased by any additional expenses incurred by the Seller after July 8, 2015, in excess of \$200,000 but may be decreased if the

expenses of the Seller are less than \$200,000; however, the Current Sales Contract retains the language: "including but not limited to" legal fees, penalties, registration fees, building repairs, etc., at the rate of one hundred fifty percent (150%) of the costs incurred.

2. In Article 3, the Purchaser under the Current Sales Contract agrees to accept title to the property subject to the following:
 - (a) Existing easements and restrictions to title, if any;
 - (b) Any facts shown by a survey, without limitation;
 - (c) The rights of tenants which are not listed nor is there information regarding the area of the property to which a tenant has a right, the lease term and the terms and conditions (including rents) of any such lease;
 - (d) A Restrictive Covenant which prohibits the Purchaser from developing the property as residential units, condominiums or apartments for three (3) years from closing of the purchase; and,
 - (e) Commerce Bank's Lease in the Commerce Bank Building with no term of the lease or the conditions of the lease.

Article 3 of the Current Sales Contract deletes "the Seller's Retained Parking Rights" but Article 7 retains the requirement that as a condition of closing the Purchaser must provide an "Agreement as to Commerce parking rights", the terms of which remain unclear.

The foregoing extensive list of potential restrictions and interests in the property by third parties, as restated in the Current Sales Contract, in the worst case, could prohibit any redevelopment, or in the best case, eliminates the Purchaser's ability to determine when the Purchaser will have control of that portion of the property which is under lease to the Commerce Bank.

3. Pursuant to Article 4 of the Current Sales Contract, the Purchaser has an extended "Due Diligence Period" to August 30, 2016, in order to give the Purchaser time to obtain municipal approvals "needed [to] satisfy itself with regards to the use of the Property for the Purchaser's intended use ...". It must be noted (as stated above) that pursuant to the terms of the Current Sales Contract, the Purchaser may have restrictions on title and existing tenants and leases which prohibit any development for an extended period of time.

Section 4.7 has not been revised and still provides that unless the Seller receives written notice of the Purchaser's intent to terminate the Sales Contract prior to the expiration of the Due Diligence Period, the Purchaser acknowledges that the Purchaser waives any and all objections to the existing conditions of the property "including, without limit" title conditions, subsurface conditions, solid and hazardous waste, and hazardous substances

on, under, related to or associated with the property. The Purchaser further agrees to assume the risk of all adverse physical or environmental conditions. While the terms of Section 4.7 remain most onerous, given the adjustments to the purchase price set forth in Article 8, the Purchaser would be wise to take the property "as is" because Section 8.3 would require the Purchaser to reimburse the Seller for any and all repairs at the rate of one hundred fifty percent (150%) of the cost.

4. The Current Sales Contract has been revised to provide that the Purchaser, at closing is to receive a "special warranty deed" (no longer a quit claim deed as in the Original Sales Contract) which is not a Warranty Deed as generally required by a purchaser when acquiring property. By definition, a special warranty deed is a deed which warrants title only against defects arising during the Grantor's ownership. Such conveyance is without any warranty of any condition of title to the Property prior to the acquisition by the Grantor.
5. Most onerous are the provisions of Article 9.2 which has not been revised and which Article provides that the Purchaser indemnifies the Seller for all claims arising due to hazardous or solid wastes, hazardous substance including but not limited to petroleum, petroleum products, petroleum wastes, asbestos, polychlorinated biphenyl wastes, or any other substance at the Property. This indemnification is stated to include any claim based upon the Seller's negligence which may have been disclosed to the Purchaser prior to the end of the Due Diligence. This indemnification is to survive the conveyance of the Property without an end date.

Resolution No. 2016-30

**A RESOLUTION REJECTING A REQUEST FOR MUNICIPAL FINANCIAL ASSISTANCE
FOR A PROPOSED REDEVELOPMENT PROJECT FROM
RIVERSIDE LODGING BLOOMINGTON LLC /
BLOOMINGTON DOWNTOWN REDEVELOPMENT PARTNERS, LLC
AND AUTHORIZING NEXT STEPS**

WHEREAS, the City of Bloomington, McLean County, Illinois (the “City”) is a duly organized and validly existing home rule municipality pursuant to Article VII, Section 6(a) of the Constitution of the State of Illinois of 1970, and as such, may exercise any power and perform any function pertaining to its government and affairs; and,

WHEREAS, the Mayor and City Council of the City (the “Corporate Authorities”) have determined that one of their primary goals as a local unit of government is to promote the health, safety and welfare of its citizens by encouraging private investment in industry and business in order to enhance the City’s tax base, ameliorate blight and provide job opportunities for its residents; and,

WHEREAS, Riverside Lodging Bloomington LLC / Bloomington Downtown Redevelopment Partners, LLC (the “Developer”) proposed the redevelopment of the Commerce Bank and Front N Center buildings (the “Subject Property”) into a 129 room hotel, conference center and restaurant cluster (the “Proposed Project”) within the City’s “Downtown District,” which Proposed Project could enhance the vitality of the central business district of the City given its strategic location adjacent to the historic downtown square; and,

WHEREAS, on March 14, 2016, the City Council approved Resolution No. 2016-09, a *Resolution in Support of a Proposed Redevelopment Project From Bloomington Downtown Redevelopment Partners, LLC*, which directed the Developer to submit certain documents (the

“Developer’s Submittal”) detailing the Developer’s capacity to carry out the Proposed Project and to establish the need for municipal financial assistance; and,

WHEREAS, City staff, in consultation with SB Freidman Development Advisors, an economic development consultant retained by the City, and Kathleen Field Orr & Associates, the City’s Special Counsel for Economic Development, conducted a thorough review of the Developer’s Submittal and recommended the City Council not pursue the proposal further; and,

WHEREAS, the City Council concurred with the recommendation by SB Freidman and City staff and desires to adopt this Resolution to formalize that it will not pursue the proposal submitted by the Developer and to give further direction to the City Manager.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Bloomington, McLean County, Illinois, as follows:

Section 1. The recitals set forth above are incorporated herein as if fully set forth in this Section 1.

Section 2. The City Council hereby sets forth its determination not to accept and/or further pursue the proposal submitted by Riverside Lodging Bloomington LLC / Bloomington Downtown Redevelopment Partners, LLC.

Section 3. The City Council hereby directs the City Manager to proceed with the establishment of the proposed Downtown-Southwest TIF District in order to facilitate future development on the Subject Property.

Section 4. The City Council hereby directs the City Manager to identify priorities to further the revitalization of the downtown, as well as to further the mission and goals of the *Downtown Bloomington Strategy* and the *City of Bloomington Comprehensive Plan 2035*:

- (a) As part of this process, the City Manager and staff shall coordinate the preparation, with strong stakeholder involvement, of a “Downtown Priorities Plan.”
- (b) After the priorities are identified, a “Downtown Action Plan” shall be prepared by the City Manager and staff to help the City Council achieve the goals identified in the Downtown Priorities Plan.
- (c) The City Manager and staff shall submit regular progress reports for City Council review and the City Council shall have continued and frequent discussions regarding the priorities and the progress associated with achieving the goals identified in the Downtown Priorities Plan.

Section 5. The City Council hereby directs the City Manager to review and refine the application process for requests for municipal assistance to encourage private development proposals city-wide.

Section 6. The City Council hereby directs the City Manager establish a clear vetting criteria for projects seeking municipal assistance and clearly define the roles and responsibilities for the Mayor and Council in the vetting process in order to foster a constructive environment for the City Manager and City staff to cultivate public-private partnerships which have the majority support of the City Council and which projects can promote the health, safety and welfare of City’s citizens by encouraging private investment in industry and business in order to enhance the City’s tax base, ameliorate blight and provide job opportunities for the City’s residents.

Section 7. That this Resolution shall be in full force and effect from and after its passage and approval as provided by law.

Passed by the Mayor and City Council of the City of Bloomington, Illinois, this 22nd day of August, 2016.

AYES: 9


NAYS: 0

ABSENT: 0

APPROVED:



Tati Renner, Mayor

Attest:


Cherry J. Lawson, City Clerk



**SUMMARY MINUTES OF THE
JOINT REVIEW BOARD
FOR THE DOWNTOWN-SOUTHWEST
REDEVELOPMENT PROJECT AREA
CITY HALL CONFERENCE ROOM
109 E. OLIVE ST., BLOOMINGTON, IL
THURSDAY, SEPTEMBER 8, 2016 10:30 A.M.**

1. Call to Order

The Meeting was called to order by City TIF Attorney Kathi Field Orr, Managing Partner, Kathi Field Orr & Associates. Ms. Orr explained the Tax Increment Finance (TIF) process. She noted that same was governed by the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, *et seq* (TIF Act).

2. Roll Call

Public Body Representatives: David Hales, City Manager, City of Bloomington; Dr. Barry Reilly, Superintendent, District 87; Doug Minter, Vice President of Business Services, Heartland Community College District 540; Hannah Eisner, Asst. County Administrator, McLean County and Kathi Field Orr, Partner, Kathi Field Orr & Associates.

Public Body Representative absent: Deb Skillrud, Township Supervisor, City of Bloomington Township.

City Staff Present: Steve Rasmussen, Assistant City Manager; Patti-Lynn Silva, Finance Director; Tom Dabareiner, Community Development Director; Austin Grammer, Economic Development Coordinator, and Renee Gooderham, Chief Deputy Clerk.

3. Selection of Joint Review Board (JRB) Public Member

Ms. Orr explained that the Board composition was dictated by statute. That the Board's primary function was to determine whether the Tax Increment Redevelopment Plan was appropriate under the TIF Act. She noted that the JRB public member would become a voting member here in after.

Motion by David Hales, City Manager, City of Bloomington, seconded by Hannah Eisner, Asst. County Administrator, McLean County to appoint Austin Grammer, Economic Development Coordinator, City of Bloomington as the JRB Public Member.

Motion carried, (viva voce).

4. Selection of JRB Chairperson

Motion by Austin Grammer, Economic Development Coordinator, City of Bloomington, seconded by Doug Minter, Vice President of Business Services, Heartland Community College District 540 to appoint David Hales, City Manager, City of Bloomington as the JRB Chairperson.

Motion carried, (viva voce).

Austin Grammer noted that Public Comment would be taken at the end of the meeting.

5. Review of Redevelopment Plan for Proposed Area

David Hales, JRB Chairperson, addressed the Board. He introduced Mike Weber, Director, Peckham, Guton, Albers and Viets, Inc. (PGAV). PGAV had completed an evaluation of the Downtown-Southwest Redevelopment Project Area.

Mr. Weber addressed the Board. He noted that the creation of the proposed redevelopment project area was initiated due to a redevelopment proposal for properties in the proposed area. Mr. Weber outlined that there are three (3) requirements for an Area to qualify as a TIF: 1.) the proposed Area must qualify under the Act; 2.) the Area had not been subject to growth and investment by private enterprise; and 3.) the Area would not reasonably be anticipated to be developed without the adoption of TIF.

a. Review of proposed Redevelopment Project Area

Mr. Weber referred to the Eligibility Study and Redevelopment Plan document dated August 8, 2016 and summarized its contents. The TIF boundaries are depicted on page three (3), Exhibit A, "Redevelopment Project Area Boundary". The Area contained thirteen (13) parcels totaling 6.4 acres, including street and alley right of way (2.6 acres).

b. Review of Criteria to establish Eligibility of the Proposed Redevelopment Project Area

Eligibility for the Area has been defined as both a "Conservation Area" and "Blighted Area." More than half of the buildings in the Area are over thirty-five years or older. The Area met three (3) of the thirteen (13) blighted area factors. Block C and the northern portion of Block B (Exhibit D Existing Conditions, page 15), met five (5) of the thirteen (13) blighted conditions. The Area qualifies as a Conservation/Blighted combination. Key factors were listed on page 14, Exhibit C, Summary of Blighting and Conservation Area Factors. Eligibility factors included: 1.) age - all but one (1) of the nine (9) buildings were thirty-five (35) years old or older; 2.) deterioration - eleven (11) of the thirteen (13) parcels or 85% were deteriorated buildings and/or site improvements were predominant; 3.) obsolescence - six (6) of the nine (9) buildings consisting of 136,000 square feet or 85% total building space; 4.) excessive vacancies- 85% of approximate 160,000 square feet; 5.) structures below minimum code standards - six (6) of nine (9) buildings; 7.) excessive land coverage - included all

parcels; 8.) Inadequate utilities – the combined sewer below Washington Street is over 100 years old, the watermain under West Front Street. Was found to be inadequate; and 9.) Sub-par Equalized Accessed Value (EAV) trends – fair market value was down \$1.7 million (annual decline over 10%), not kept pace with the balance of the City or inflation for five (5) years. The buildings were known as: Commerce Bank, 120 N. Center St., former Elks Lodge, 110 N. Madison St., DUI Countermeasures, 110 N. Center St., and Front and Center Building.

c. Review of Proposed Redevelopment Plan

Mr. Weber reviewed the Plan. The proposed general land uses included mixed use development involving commercial and residential properties. These could include office, restaurant, retail, hotel, transit and/or parking facilities. Another project for the Area could be structured public parking (a parking garage or deck). Mr. Weber noted that structured parking would likely reduce the financial viability of any potential project due to the high cost per space of structured parking compared to surface parking (a parking lot). A publicly-owned parking deck would not generate property tax but a privately owned parking structure would. Dr. Reilly questioned private parking. Mr. Weber explained that same would be a TIF eligible cost as part of a larger development in the Area, i.e. hotel or mixed use development.

The estimated Plan costs were listed on Exhibit G, "Estimated Redevelopment Project Costs". He noted that these amounts could not be exceeded. He cautioned that to spend the maximum budget would depend on the incremental property taxes generated. The current proposal could generate \$11 to \$13 million. Incentive payments could be funded by the incremental revenues generated by the development project to help make the project financially viable.

Mr. Weber noted that the Plan conformed to the City's adopted Comprehensive Plan 2035, (approved by the City Council on August 24, 2015). The Comprehensive Plan prioritizes mixed use development/redevelopment, promotes reinvestment and includes residential units in the mixed use.

The Area has not seen growth and development. Evidence of same was building vacancies, property conditions and declining property values. The Fair Market Value of properties in the area had been calculated to be \$14 per square foot. Mr. Weber noted that Exhibit I, "EAV Trends (2010-2015)" on page thirty-six (36) the area had declined 42.6%. The Area lacked private investment and exhibited obvious signs of neglected property conditions.

The current conditions discourage private investment and would worsen as buildings age and vacancies continue. Mr. Weber noted that multiple redevelopment proposals had been presented to the City for properties in the Area. All proposals had requests for public financial assistance to assist the projects with financial feasibility. S.B. Friedman and Co. evaluated a recent proposal, concluding a financial feasibility gap did indeed exist.

The Area 2015 EAV was \$756,824. After redevelopment it was estimated at \$6 to \$8 million. It was expected that without TIF or new investment, property values would continue

to decrease impacting the tax base negatively. The City does not believe that the Plan would place significant demands on facilities or services. TIF could be "pay as you go" per redevelopment agreements. The City may issue notes and possibly in the future issue debt. TIF funds would not be spent unless those funds were generated. Funding sources were from TIF, though the City could use same to leverage other state and/or federal funding. The estimated date of TIF retirement was the maximum allowed by the Act.

6. Review of Proposed Redevelopment Projects consistent with Comprehensive Plan

Mr. Wood questioned \$11 to \$13 million compared to the \$6 to \$8 million under Redevelopment Valuation (RV) on page thirty-seven (37). Mr. Weber explained that it was assumed there could be a floor ratio of three (3), a portion was structured parking. The Town of Normal comparables were higher. Bank buildings had the highest FMV, outside those FMV was \$50 per square foot. In this area it was assumed \$50 to \$60 per square foot, depending on the development.

Mr. Grammer explained that RV was multiplied by the TIF years and the tax generated to develop the budget. Ms. Orr noted that markets could change during TIF years. Flexibility was a must. Inflation was unsure.

Dr. Reilly requested an example of a TIF project that ended prior to the twenty-three (23) years. Ms. Orr responded with details of single project TIF District that she has been involved with. She cited an Industrial Park where the Municipality constructed roads using TIF funds, which was retired after sixteen (16) years. She reminded the Board that TIF generated dollars must only be used within the TIF Area / TIF District. She cited concern with a requirement for early retirement. It is standard practice to retire the TIF when all projects have been completed and obligations have been paid.

Mr. Weber provided an example from Missouri which was retail orientated. Same retired in seven (7) years. He believed that a project in this particular Area would be expensive and difficult. The property acquisition costs were above the FMV.

Dr. Reilly questioned the timeline for other funding sources. Mr. Weber believed same could come into play when the City negotiates an incentive package with a developer. A Business District (BD) was possible which would have an add-on tax for hotel rooms. Ms. Orr noted that Historic Tax Credits could potentially reduce the property acquisition gap if the properties and proposed project qualifies for same. A BD within the TIF that also had a one percent (1%) tax could help offset a TIF Bond. The City Council would decide added sales taxes within the area if any. Mr. Grammer noted that a bar / restaurant in a hotel could have an additional one percent (1%) sales tax as part of a BD if needed.

Dr. Reilly questioned the potential for the sales tax from a BD being spent on other projects. Ms. Orr responded negatively. A BD requires a plan and notification (public hearing) and blight finding. The dollars generated from same must be spent in that area. Mr. Grammer noted that the revenue from a BD could help close funding gaps that even TIF could not. Ms. Orr stated that the amount of revenue will depend on the project developed.

Mr. Hales noted that it was a policy decision for the proposed TIF Area to be small. Developer interest in the Area has been expressed and there could be a potential for a public-private partnership.

Mr. Wood questioned reimbursement to public works improvements. He believed that would mean the City would spend generated dollars for sewers, roads, etc. Ms. Orr noted that TIF eligible spending could include a private developer, for infrastructure or tenant relocation. Mr. Weber noted the DUI Countermeasures building / business as an example in the proposed Area. Ms. Orr explained that TIF law allows for funding for taxing districts if any taxing district were to incur capital costs as a result of development in the TIF. TIF funds could also be used for reimbursement for relocation expenses, job training, etc.

Mr. Wood questioned financing costs. Mr. Weber explained that these would be the City's debt. Five percent (5%) was used to budget. Ms. Orr explained that the total cannot be exceeded but the budget could change among the line items.

Doug Minter, Vice President of Business Services, Heartland Community College District 540, questioned the JRB's responsibility. Ms. Orr responded if the majority of the members present at today's JRB meeting determine that the City should not proceed with the establishment of the proposed TIF, then Council would be required to approve the TIF with a 3/5 vote. She noted that Council would be presented with the Plan at the Public Hearing on October 10, 2016. Mr. Minter noted that the JRB's approval was based on meeting the criteria outlined in the TIF Act. Ms. Orr responded affirmatively.

Mr. Hales believed there were more opportunities to discuss and understand viewpoints. There could be additional meeting with Aldermen to discuss concerns.

7. Review of Proposed Ordinances

Ms. Orr stated that the TIF Act required draft ordinances be provided for review at the first (1st) JRB meeting. She noted that Council would be required to take three (3) actions: 1.) Plan approval; 2.) develop an ordinance specifically designating the area and outlining the boundaries and 3.) adopt the TIF Act being applicable to the area. The City Council must consider the ordinances not less than fourteen (14) days and no more than ninety (90) days after the Public Hearing

8. Board's Deliberation and Recommendation

Ms. Orr noted other Economic Development tools: sales tax abatement, Enterprise Zone (EZ), real estate tax abatement and BD. In the Area, sales taxes could or could not be generated. A BD could be added in the future.

Mr. Hales noted that the Economic Development Council's (EDC) EZ application was approved by the Committee. The previous EZ incorporated this area. It was hopeful that the new EZ would also include this area. Ms. Orr noted that the EZ would provide another

avenue to assist a Developer.

Motion by Austin Grammer, seconded by Doug Minter to recommend to the City Council that the TIF adoption proceed.

JRB Chairman David Hales directed the Clerk to call the roll which resulted in the following:

Ayes: David Hales, City Manager, City of Bloomington and JRB Chairman; Dr. Barry Reilly, Superintendent, District 87; Doug Minter, Vice President of Business Services, Heartland Community College District 540; Hannah Eisner, Asst. County Administrator, McLean County and Austin Grammer, JRB Public Member.

Nays: None.

Motion carried.

9. Public Comment

No one came forward to address the Board.

10. Adjournment:

Motion by Dr. Barry Reilly, seconded by Doug Minter to adjourn. Time: 12:00 p.m.

Motion carried, (viva voce).

Respectfully submitted,

Renee Gooderham
Chief Deputy Clerk

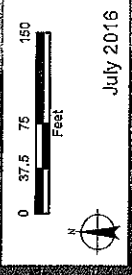
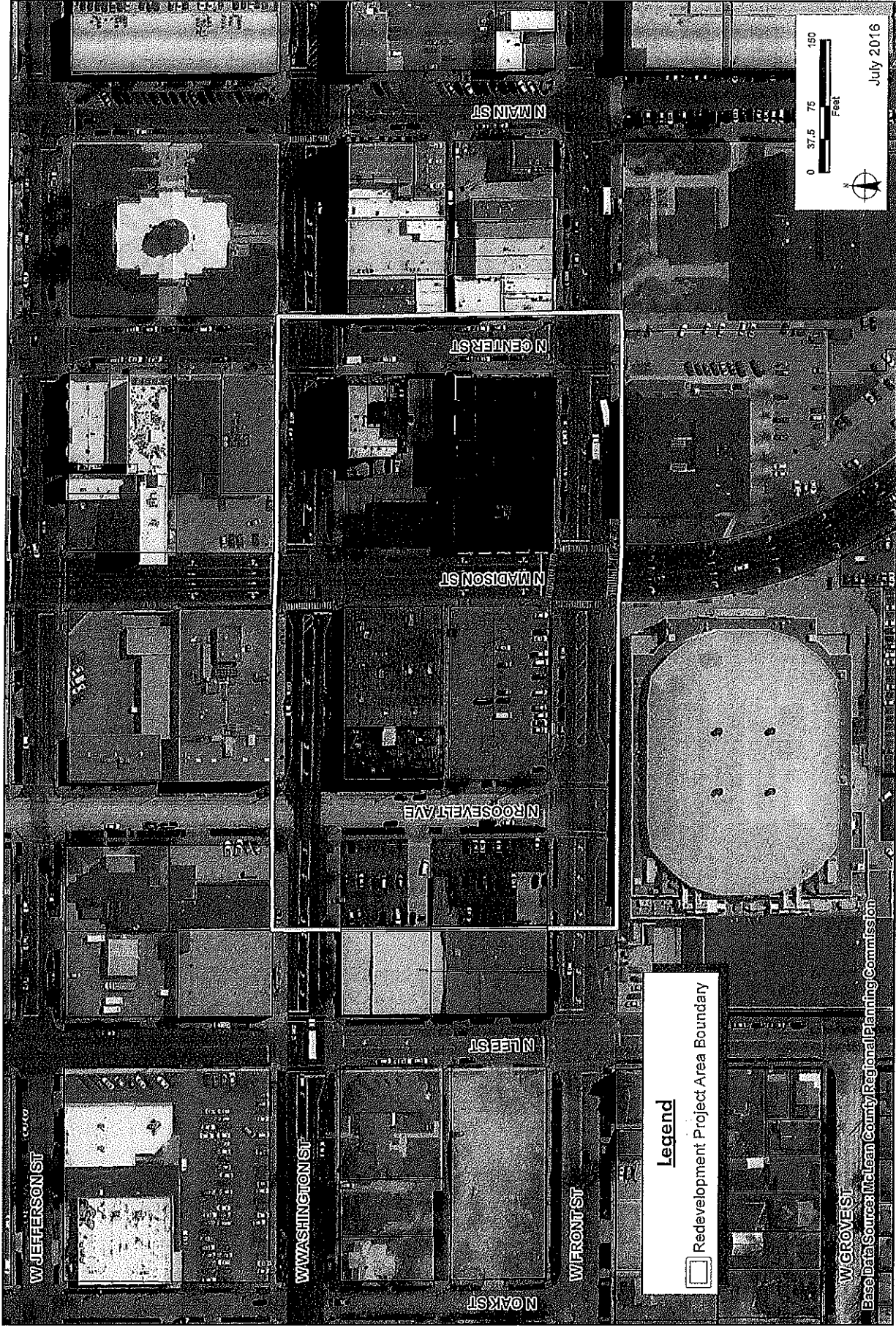
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JS

8/2/16

Legal Description
Downtown-Southwest Redevelopment Project Area

A part of the SW¼ of Section 4, Township 23 North, Range 2 East of the Third Principal Meridian, City of Bloomington, McLean County, Illinois, more particularly described as follows: Beginning at the point of intersection of the north right of way line of West Washington Street and the east right of way line of North Center Street, being the southwest corner of Lot 40 in the Original Town of Bloomington; thence South on the east right of way line of said North Center Street and the southerly extension thereof to the south right of way line of West Front Street; thence West on the south right of way line of said West Front Street to the point of intersection with the southerly extension of the west line of Parcel 3 as described in a Trustee's Deed recorded as Document No. 2015-15491 in the McLean County Recorder of Deeds Office; thence North on said southerly extension, the west line of said Parcel 3 and the northerly extension thereof to the north right of way line of said West Washington Street; thence East on said north right of way line to the Point of Beginning.



Legend

- Redevelopment Project Area Boundary

Base Data Source: McLean County Regional Planning Commission

Exhibit A - Redevelopment Project Area Boundary
 Downtown-Southwest Redevelopment Project Area