

**MINUTES OF A COMMITTEE OF THE WHOLE MEETING
OSWEGO VILLAGE PRESIDENT AND BOARD OF TRUSTEES
OSWEGO VILLAGE HALL
100 PARKERS MILL, OSWEGO, ILLINOIS
February 2, 2021**

CALL TO ORDER

President Troy Parlier called the meeting to order at 6:01 p.m.

ROLL CALL

Board Members Physically Present: President Troy Parlier; Trustees James Marter II (attended at 6:03 p.m.), Terry Olson, Pam Parr, Luis Perez, Judy Sollinger and Brian Thomas.

Staff Physically Present: Dan Di Santo, Village Administrator; Christina Burns, Asst. Village Administrator, Tina Touchette, Village Clerk; Jeff Burgner, Police Chief; Mark Horton, Finance Director; Jennifer Hughes, Public Works Director; Rod Zenner, Community Development Director; Scott McMaster, Economic Development Director, Joe Renzetti, IT/GIS Director; Jenette Sturges, Community Engagement Coordinator, Marketing; Carri Parker, Purchasing Manager; Mark Runyon, Asst. Public Works Director, Karl Ottosen, Village Attorney; and Greg Jones, Village Attorney.

PUBLIC FORUM

Public Forum was opened at 6:02 p.m. There was no one who requested to speak. The public forum was closed at 6:02 p.m.

OLD BUSINESS

There was no old business.

NEW BUSINESS

G.1 Tax Increment Financing District Financial Update

Director Horton addressed the Board regarding the Tax Increment Financing. The Downtown Washington and Main Street Tax Increment Financing (TIF) District was established in September 2016. The District was created to provide financing mechanisms to spur development of long-term vacant property and revitalize the downtown area. The initial TIF District budget was adopted at \$24 million. Future tax increment received for the 23-year life of the TIF District would be available to spend on public improvements or TIF eligible expenditures on new developments and existing properties within the TIF boundaries.

The Reserve Project:



Block 11 Project



**VILLAGE OF OSWEGO
PROPOSED MAIN STREET/WASHINGTON TIF
ESTIMATED PROJECT COSTS**

<u>Program Actions/Improvements</u>	<u>Estimated Costs (A)</u>
1. Land Acquisition, Assembly Costs, Demolition, and Relocation Costs	\$3,500,000
2. Site Preparation (including related geo-technical costs), Environmental Cleanup, and Related Costs	2,750,000
3. Utility Improvements including, but not limited to, water, storm, sanitary sewer, the service of public facilities, and road improvements	7,000,000
4. Rehabilitation/Public facilities including but not limited to parking improvements and Taxing District Capital Costs pursuant to the Act	4,250,000
5. Interest Costs Pursuant to the Act	2,000,000
6. Planning, Legal, Engineering, Administrative and Other Professional Service Costs	2,000,000
7. Job Training	500,000
8. Statutory School and Library District Payments	<u>2,000,000</u>
 TOTAL ESTIMATED PROJECT COSTS	 \$24,000,000

Audited Numbers for Each Fiscal Year

Main & Washington Tax Increment Financing District						
Inception to Date Financial Summary						
	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021 through January	Total to date
Revenues						
Property taxes	\$0	\$19,604	\$32,683	\$56,277	\$154,383	\$262,947
Reimbursements	\$0	\$0	\$0	\$0	\$13,275	\$13,275
Interest	\$1,336	\$3,792	\$3,956	\$50,825	\$9,331	\$69,240
Total revenues	\$1,336	\$23,396	\$36,639	\$107,102	\$176,988	\$345,461
Expenditures						
Professional services	\$115,240	\$128,268	\$196,666	\$425,988	\$169,107	\$1,035,269
Communication	\$0	\$0	\$0	\$146	\$240	\$386
Capital outlay	\$1,494,287	\$47,000	\$333,740	\$11,423,692	\$7,533,782	\$20,832,501
Total expenditures	\$1,609,527	\$175,268	\$530,406	\$11,849,826	\$7,703,129	\$21,868,156
Excess revenues (deficiency) of revenues over expenditures	(\$1,608,191)	(\$151,872)	(\$493,767)	(\$11,742,724)	(\$7,526,140)	(\$21,522,694)
Other Financing Sources (Uses)						
Transfers out	\$0	\$0	\$0	(\$1,366,337)	\$0	(\$1,366,337)
Bond proceeds	\$0	\$0	\$0	\$14,585,000	\$0	\$14,585,000
Total Financing Sources (Uses)	\$0	\$0	\$0	\$13,218,663	\$0	\$13,218,663
Net Income (Loss)	(\$1,608,191)	(\$151,872)	(\$493,767)	\$1,475,939	(\$7,526,140)	(\$8,304,031)
Advances to the Fund						
General Fund	\$2,000,000	\$0	\$0	\$0	\$0	\$2,000,000
Capital Improvement Fund	\$0	\$0	\$184,591	\$2,958,660	\$1,466,424	\$4,609,675
Water & Sewer Capital Fund	\$0	\$0	\$0	\$1,370,657	\$710,157	\$2,080,814
Garbage Collection Fund	\$0	\$0	\$0	\$2,000	\$0	\$2,000
	\$2,000,000	\$0	\$184,591	\$4,331,317	\$2,176,582	\$8,692,490

VILLAGE OF OSWEGO, ILLINOIS								
LONG-TERM DEBT REQUIREMENTS								
TAXABLE GENERAL OBLIGATION								
BOND SERIES 2019								
Date of Issue	12/30/19			Date of Maturity	12/15/40			
Authorized Issue	\$17,000,000			Actual Issue	\$14,585,000			
Denomination of Bonds	1 - 2917 - \$5,000			Interest Rate	2%-4%			
Principal Maturity Date	15-Dec			Interest Dates	December 15 and June 15			
FUTURE PRINCIPAL AND INTEREST REQUIREMENTS								
Tax								
Levy	Bond	Tax Levy			Estimated taxes from Reserve at Hudson Crossing			
Year	Numbers	Principal	Interest	Totals	Collection Year	Property Tax	SSA Tax	Total available to pay debt service
2019	n/a		441,898	441,898	Paid from bond proceeds-capitalized interest			441,898
2020	n/a		461,111	461,111	Will be paid from capitalized interest			461,111
2021	n/a		461,111	461,111	Will be paid from capitalized interest			461,111
2022	n/a		461,111	461,111	2022	378,398	0	378,398
2023	1-136	680,000	461,111	1,141,111	2023	823,512	270,703	1,094,215
2024	137-275	695,000	445,240	1,140,240	2024	840,371	249,764	1,090,135
2025	276-417	710,000	428,275	1,138,275	2025	857,567	232,618	1,090,185
2026	418-563	730,000	410,163	1,140,163	2026	875,107	214,118	1,089,225
2027	564-713	750,000	390,657	1,140,657	2027	892,998	199,227	1,092,225
2028	714-867	770,000	370,317	1,140,317	2028	911,247	182,778	1,094,025
2029	868-1025	790,000	348,665	1,138,665	2029	929,860	159,725	1,089,585
2030	1026-1188	815,000	325,423	1,140,423	2030	948,846	145,159	1,094,005
2031	1189-1356	840,000	300,875	1,140,875	2031	968,212	123,753	1,091,965
2032	1357-1529	865,000	274,734	1,139,734	2032	987,965	105,600	1,093,565
2033	1530-1708	895,000	246,691	1,141,691	2033	1,008,113	85,497	1,093,610
2034	1709-1892	920,000	217,675	1,137,675	2034	1,028,664	63,386	1,092,050
2035	1893-2083	955,000	185,273	1,140,273	2035	1,049,626	44,209	1,093,835
2036	2084-2281	990,000	151,637	1,141,637	2036	1,071,007	22,738	1,093,745
2037	2282-2485	1,020,000	116,770	1,136,770	2037	1,092,816	0	1,092,816
2038	2486-2697	1,060,000	79,315	1,139,315	2038	1,115,061	0	1,115,061
2039	2698-2917	1,100,000	40,392	1,140,392	2039	1,137,751	0	1,137,751
2040					2040	1,160,894	0	1,160,894
Original Issuance		\$14,585,000	\$6,618,440	\$21,203,440		\$18,078,015	\$2,099,275	\$19,016,396
Balance to become due		\$14,585,000	\$5,254,324	\$19,839,324				
*first full year of EAV will be in tax levy year 2022								
*first full year of property taxes received will be in calendar 2023								

- Year 2019 to 2022
 - No principal for first four years; decision was made by staff and the consultants.
- Estimated taxes from Reserve at Hudson Crossing- analysis came from Kane McKenna.
- Balance of \$19,839,324 to be paid back over next 20 years.
- Shodeen RDA agreement- can write a check for the SSA versus levying.

TIF Fund Budget			
Original TIF Budget at Establishment of District			\$24,000,000
Expenditures (paid out through January 2021)			
Property acquisition	59 S Adams		\$1,492,500 actual costs
	Right of Way from IDOT		\$47,000 actual costs
	Total property acquired		\$1,539,500
Operating and Capital			
	Engineering Services		\$318,934
	Legal Services		\$284,532
	IT Services		\$93
	Miscellaneous Professional Services		\$559,084 not included - bond issuance cost
	Advertising, bids, records		\$5,898
	Office supplies		\$4,902
	Infrastructure		\$1,633,219
	Public improvements		\$4,303,332 bond proceeds used for expenditures not included
	Total operating & capital		\$7,109,993
	Total expenditures		\$8,649,493
Approved Obligations			
	2029 Bond issuance- principle only		\$13,000,000 2019 G.O. Bonds
	Shodeen LLC - block 4 & 5		\$1,695,686 in escrow
	Reserve at Hudson Crossing south bldg. grant		\$660,000 per RDA
	Parking garage south bldg. counters		\$66,200 awarded
	Parking garage south bldg. camera/security		\$51,158 awarded
	Hudson Reserve north bldg. debt issuance		\$3,000,000 par amount
	Hudson Reserve RDA - grant north bldg.		\$240,000 per RDA
	Parking garage north bldg. Security		\$210,000 LPR, cameras, consultant
	Legal & Consultant fees		\$1,000,000 estimated
	School and Library District payments		\$702,416 estimated per consultant
	Washington Street traffic study		\$79,000 spent to date in Capital Fund
	Washington Street traffic safety ST/LT		\$84,720 spent to date in Capital Fund
	Water main Jackson/main alleyway		\$60,000 estimated
	Total Obligations		\$20,849,180
Total Expenditures Chargeable to TIF Budget			\$29,498,673

- Total expenditures of \$8,649,493 are chargeable against the TIF budget.
- School and library estimated payments will depend on whether children move into the Reserve. Payments estimated by the consultant.

Future Potential Project Costs

Project Type	Total Cost
Demolition	\$ 210,000
Facility	\$ 2,122,000
Land Acq	\$ 876,000
Park	\$ 1,500,000
Parking	\$ 30,800,000
Pedestrian	\$ 6,825,000
Roadway	\$ 7,590,000
Utility	\$ 1,325,000
Total	\$ 51,248,000

Summary

Expenditure Category	2016 Budget	2021 Spent/Obligated	Potential Future Projects
Land Acquisition	\$3,500,000	\$1,539,500	\$876,000
Site Preparation	\$2,750,000	\$500,000	\$210,000
Utility Improvements	\$7,000,000	\$6,750,489	\$1,325,000
Public Facilities	\$4,250,000	\$17,753,826	\$36,109,600
Interest Costs	\$2,000,000	\$0	\$2,000,000
Professional Services	\$2,000,000	\$2,252,443	\$9,527,400
Job Training	\$500,000	\$0	\$500,000
School/Library Payments	\$2,000,000	\$702,416	\$700,000
TOTAL	\$24,000,000	\$29,498,674	\$51,248,000

Board and staff discussion focused on what percentage is the TIF over budget; if \$29 million came true, then it would be 23% over budget; not over budget right now; would need to come back and amend the budget; if we don't amend, then would need to spend \$5 million from Village funds; the jump from 2016 to now is because of the parking deck; haven't determined the cap amount allowed to charge; will discuss at the next Board meeting; bonds issued are not callable until year 2027; bonds were required per the RDA; bonds were only to cover certain projects; of the \$13 million bond issuance, \$12 million goes to the parking deck; why the Board is just now finding out about the jump from \$24 million to \$29 million; it was known at the time that the projects would max the TIF budget; advanced almost \$9 million to the fund; issued \$14 million bond and then loaned more to the fund; need funds for Wolf's Crossing and a water source; didn't need to bond more because funds were in the accounts; Village infrastructure; whether it is likely that we would not reimburse our funds; \$5.5 million short right now; if amending the TIF budget, the \$5.5 million would be paid back through increment; parking deck has always been scoped out as a two level deck at The Reserve; the property to the north of The Reserve would also be a two level parking deck; TIF budget was approved in 2016; didn't have any project proposals previous to the TIF budget being approved; Village bought the Alexander lot property and went out to RFP; what the costs would be to amend the TIF budget and pay attorneys; amending the budget would be a six month process; similar to establishing the TIF; Joint Review Board would convene and consider the amendment; public hearings would be held; Village Board would deny or approve the amending of the TIF budget; can pay the costs through the TIF; a report would be produced by Kane McKenna; not as labor intensive; residents could be moving into The Reserve as early as this Friday or next week; won't be until FY23 before we have a full year's assessment; when the increment will be able to pay debt service; keep having to fund through capital funds; Shodeen would pay SSA through year 2037; how future projects will be paid for; every bond issuance designed to be paid back; paying back through the increment; more increment is better; what happens if diverted from areas; eligible expense can help developer to pay interest costs; have not received a request or offered this option; bond interest not chargeable to TIF budget; need to pay ourselves back with increment as much as possible; needing to collect \$36-\$37 million in increment; will receive property tax increment every year; receive check for remaining debt service; contribution from Shodeen and transfer to debt service fund; TIF budget identified potential hypothetical costs; district was set-up first to get developers interested; the TIF is not overdrawn; Shodeen and Block 11 not over budget; other projects coming in will need a TIF budget amendment; Shodeen is obligated to pay; future interest rates could be affected, but protected through the SSA; not raising just the budget; if the Village does not want to use the increment, then we don't need to; bond note rating is currently at AA2; Moody's rates the Village's bonds and reviews the credit worthiness; overall debt burden and other taxing bodies can hurt the Village's bond rating; advances from other funds were done to assist in public improvements; need to include 10% increase for future projects; staff thought of projects for the next 18 years, drilled them down and increased the costs; close to hitting cap and now over budget; loaned from funds to pay for projects; point of TIF is to assist blighted areas;

blew past \$24 million budget; whether the Village should have adjusted the budget two years ago; at what point did we know we were over budget; budget sets the increment; in 2016, there was no thought about a Shodeen project that would use all of the budget or possibly exceed; we decided the project was worth it and we could amend the budget in the future. There was no further discussion.

CLOSED SESSION

There was no closed session.

ADJOURNMENT

The meeting adjourned at 7:02 p.m.

Tina Touchette
Village Clerk