

MINUTES
Special Meeting of the Committee of the Whole
July 17, 2018 - 6 p.m.
Village Hall of Tinley Park – Council Chambers
16250 S. Oak Park Avenue
Tinley Park, IL 60477

Members Present: B. Younker, President Pro-Tem
 M. Pannitto, Village Trustee
 C. Berg, Village Trustee
 W. Brady, Village Trustee
 J. Curran, Village Trustee

Members Absent: K. Thirion, Village Clerk
 M. Glotz, Village Trustee

Other Board Members Present: J. Vandenberg, President

Staff Present: D. Niemeyer, Village Manager
 P. Carr, Assistant Village Manager
 B. Bettenhausen, Village Treasurer
 K. Workowski, Public Works Director
 J. Urbanski, Assistant Public Works Director
 P. Wallrich, Interim Community Development Director
 D. Framke, Marketing Director
 P. Connelly, Village Attorney - Arrived 6:06 p.m.
 L. Valley, Executive Assistant to the Manager and Trustees
 R. Zimmer, Executive Assistant to the Mayor
 L. Godette, Deputy Village Clerk
 T. Ketchum, FOIA and Compliance Coordinator
 L. Carollo, Commission/Committee Secretary

Item #1 - The Special Meeting of the Committee of the Whole was called to order at 6:01 p.m.

Item #2 – CONSIDER APPROVAL OF THE MINUTES OF THE SPECIAL COMMITTEE OF THE WHOLE MEETING HELD ON JUNE 19, 2017 – Motion was made by President Pro-Tem Younker, seconded by Trustee Pannitto, to approve the minutes of the Special Committee of the Whole Meeting held on June 19, 2018. Vote by voice call. President Pro-Tem Younker declared the motion carried.

Item #3 – DISCUSS ELECTRICAL AGGREGATION PROGRAM - The Village's current electrical aggregation contract with Dynegy Energy will expire in October. The Northern Illinois Municipal Electric Collaborative (NIMEC) conducted a formal bid process for aggregate electrical pricing on the Village's behalf. Bidding results by NIMEC suggested the electrical pricing market would not save residents money on electrical bills through a 12-month contract, as electric pricing is currently above ComEd's rate of 7.75 cents/kwh. Therefore, NIMEC offered a new option; the new option is a modified aggregation program with MC Squared, which would charge residents the ComEd rate of 7.75 cents/kwh, but the Village would be utilizing 100% renewable energy. This was discussed at the Administration and Legal Committee Meeting held on Tuesday, June 26, 2018.

NIMEC has been the Village's electrical consultant since 2007. They are compensated on a commission basis from the bid winning supplier and not through the Village or residents.

In March 2012, residents approved Village authorization to operate an opt-out aggregation program via a referendum. The Municipal Aggregation Program through the State of Illinois was created in 2011, which has allowed the Village to negotiate pricing and terms from energy suppliers on residents' behalf. Benefits of the Village's opt-out aggregation program include:

- Residents are informed via postal mail, paid by the supplier, of new rates and terms prior to a rate change.
- Residents may opt out of the program at any time and will never incur a termination fee.
- There are no additional monthly fees, nor a variable floating rate.
- Residents will receive a fixed price certainty versus the ComEd default rate, which can vary.
- Residents may save money versus the ComEd default rate.

A contract with a new supplier requires 70 days for implementation. The Village has three (3) options for consideration, which are provided below. The first two (2) options are presented every time an aggregation contract expires, while the third option is new.

1. Allow the program to expire - If the Village Board chooses, the program may be discontinued and no action is required, however, this is not recommended as the Village incurs no hard costs to administer the program and residents may receive favorable rates, as well as the benefits listed above.
2. Standard Aggregation - Accept the lowest bidder from NIMEC's formal bidding process. This is not recommended and rates currently are higher than ComEd's default rate.
3. Renewable Aggregation - A new option offered by NIMEC. The supplier will charge the same rates as ComEd throughout the year and the supplier will offset their energy consumption by purchasing Renewable Energy Credits (RECs) for all accounts in the aggregation program. The Village would receive a designation as a US Environmental Protection Agency Green Power Community and all energy supplied would be considered renewable energy.

D. Niemeyer, Village Manager provided the Committee of the Whole additional information including NIMEC's bidding results, NIMEC's proposed renewable aggregation program and renewable energy certificates (RECs), a fact sheet on the 100% Green Aggregation Program, and an electric price chart for the past 11 years for further consideration. Mr. Niemeyer discussed the renewable aggregation program with the Environmental Enhancement Commission (EEC) Chairman, A. Halek, who is supportive of the program. Mr. Niemeyer stated a representative from NIMEC will be present at the EEC meeting and the Village Board meeting following for additional questions.

Trustee Pannitto stated his concerns in relation to the renewable aggregation program; a monitoring system to ensure the Village would receive 100% renewable energy, ensure matched rates with ComEd and an escape clause be provided in a contract for protection in the event conditions are not met from the supplier. At Trustee Berg's request, Mr. Niemeyer provided research results on RECs. Pro-Tem Younker asked the Committee of the Whole if there were any questions. Trustee Berg reiterated she would like an opt-in program as opposed to an opt-out program for the residents. Trustee Brady stated agreement with Trustee Berg in an opt-in program for residents. Pro-Tem Younker asked the Committee of the Whole if there were further questions. No one came forward.

Item #4 – DISCUSS HARP GROUP - TINLEY PARK CONVENTION CENTER - The Village has been in discussions with the HARP Group, potential new owner of the Holiday Inn and convention center

for about a year. The HARP Group has significant experience in hotel development and management in the Chicago area. The HARP Group plans on changing the Holiday Inn to a Sheraton or similar type of hotel with the possibility of expansion, which would increase business in the Village's hotels and restaurants, resulting in increased tax revenue for the Village.

The Village has an agreement with the current owners that expires in 2028. One of the major challenges of the site is its location in Rich Township and Cook County, with the most recent property tax bill for the Holiday Inn of \$1,599,359. Holiday Inn and the convention center was originally developed through creation of a (Tax Increment Financing) TIF and in order to keep the hotel competitive, the Village contributes towards maintenance (\$675,000) and capital improvements (\$185,000) of the convention center from the TIF, for a total tax offset subsidy of approximately \$860,000 yearly. However, the TIF expires this year, so this revenue source will no longer be available. The Village had been in discussions with the current owners regarding hotel and convention center viability once the TIF expires due to the subsidies ending in 2018, and in future the Village would no longer continue to fund capital improvements as previously. An agreement was reached with the HARP Group, capping the annual tax offset at \$750,000 yearly.

In an effort to keep the convention center and hotel financially viable for at least 20 years, a plan was developed in which two (2) school districts within the convention center's boundaries and the Village would contribute. High School District 159 and Grade School District 227 will receive significant increases in their assessed value and tax revenues collected when the TIF terminates.

Under Illinois state law, taxing bodies are allowed to abate real estate taxes as a business incentive for up to ten (10) years. The two school districts, the Village and the HARP group are currently negotiating an agreement by abating 50% of property taxes on the property for ten (10) years or \$4,000,000 from all three taxing bodies, whichever occurs first. The abatements are expected to generate approximately \$675,000 yearly and reach a cap of \$4,000,000 in seven (7) years. The abatement agreements with the school districts also include the HARP Group providing several internships for District 227 yearly, including three (3) paid hospitality internships yearly, paid construction apprentice positions and three (3) paid stewardship internships. Both districts will receive consultation on cooking facilities, guided field trips and discounted rates on three (3) school events yearly, plus graduation ceremonies. District 227 approved this agreement on June 14, 2018.

The difference in abatements and the \$750,000 yearly will consist of an increase in the Village hotel tax rate of 1% for all hotels in Tinley Park, which is expected to generate \$250,000 yearly. Once abatements reach the cap of \$4,000,000, the Village and HARP would negotiate a new abatement agreement with the school districts. If unsuccessful, the Village would also include the entire 6% hotel tax rate generated only by the hotel and convention center property until the twentieth year of the agreement, (currently generating about \$350,000 yearly). Updated sharing information includes:

- All hotel taxes up to \$350,000 shall be shared equally by the Village and developer, with the Village guaranteed \$175,000.
- Between \$350,000 and \$500,000, the developer retains 75% of hotel tax.
- If the hotel tax exceeds \$500,000, then the developer retains 85% generated over the amount.
- The developer will in no event receive more than \$750,000.

The new management agreement with the HARP Group will include a number of new provisions: The Village will no longer be responsible for funding the major capital improvements for the convention center. The Village will use \$400,000 from the TIF to resurface the convention center parking lot. The Village will get reduced rentals of up to 10 events yearly. The HARP Group must convert the hotel to a

Sheraton or similar brand within 30 months or the Village will not pay incentives owed to HARP. The HARP Group will be responsible for paying 5% of gross receipts generated from the convention center into a capital improvement fund; The Village and developer will be working on an escrow agreement for these funds with the developer's lender. In addition, if HARP receives any incentives from Cook County, they will be applied as credit against the tax abatements.

Mr. Niemeyer provided clarification on the hotel tax regarding the Holiday Inn. President Pro-Tem Younker asked if the Committee of the Whole had any questions. No one came forward.

Item #5 – DISCUSS SOUTH STREET RECONSTRUCTION - The Village moved forward with construction needed in front of the old Bremen Cash Store site in accordance with the ongoing development plans on both the site and the South Street parcel. The deep sanitary sewer needed to be relocated to accommodate another building on South Street to maximize the development potential for the vacant parcel.

The project will consist of pavement reconstruction, elimination of one (1) driveway entering the Metra lot to improve safety and expand turn lanes, elimination of the right turn lane and landscaped island, water main upgrades, sanitary relocation, striping and temporary landscaping.

Plans were completed by Robinson Engineering and bids were taken on July 10, 2018. Austin Tyler Construction, Inc. quoted the lowest bid at \$680,385.75. Total funding budgeted is \$750,000.

Staff recommended contract approval with Austin Tyler Construction, Inc., in the amount of \$680,385.75, for the South Street Reconstruction and Sanitary Sewer Relocation project at the Village Board meeting held on July 17, 2018.

Trustee Pannitto asked K. Workowski, Public Works Director on clarification regarding elimination of an entrance into the Metra station.

President Pro-Tem Younker asked if the Committee of the Whole had any questions. No one came forward.

Item #6 – RECEIVE COMMENTS FROM THE PUBLIC - Diane Galante asked Mr. Niemeyer questions regarding the agreement with the HARP Group and stated concerns of ongoing funding of a TIF project. Mr. Niemeyer explained the benefits the schools districts would receive with the agreement, if approved.

ADJOURNMENT

Motion was made by Trustee Berg, seconded by Trustee Pannitto, to adjourn this Special Meeting of the Committee of the Whole. Vote by voice call. President Pro-Tem Younker declared the motion carried and adjourned the meeting at 7: 25 p.m.

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