

VILLAGE OF OAK LAWN, ILLINOIS
MUNICIPAL CENTER @ 9446 S. RAYMOND AVENUE
PRESIDENT & BOARD OF TRUSTEES
FINANCE COMMITTEE MEETING MINUTES #2012-01
WEDNESDAY, FEBRUARY 8, 2012

I. ROLL CALL: by Village Clerk Jane M. Quinlan at 6:08 p.m.

Village President: Dave Heilmann

Village Trustees: Cynthia Trautsch-absent
Alex G. Olejniczak-absent
Robert J. Streit

Thomas M. Duhig
Carol R. Quinlan
Thomas E. Phelan-absent

Village Manager: Larry R. Deetjen
Finance Director: Brian Hanigan

II. APPROVAL OF MEETING MINUTES: FINANCE COMMITTEE MEETING MINUTES DATED AUGUST 30, 2011:

Trustee Streit moved, seconded by Trustee Quinlan to approve Item II.

TRUSTEE STREIT-YES
TRUSTEE DUHIG-YES
TRUSTEE QUINLAN-YES

MOTION PASSED 3-0.

III. VILLAGE OPERATING RESULTS FOR 2011:

Item III. was not discussed at the meeting.

IV. 2012 BAB FUND AND OTHER INFRASTRUCTURE PROJECTS:

President Heilmann wanted to discuss requests for the Build America Bond Funds so that staff can have some direction.

Finance Director Hanigan discussed the Build America Bond Program from September 2010 through December 2011. The Village closed the offering in August of 2010 and we have until September 3, 2013 to spend that \$35 million over three years for infrastructure needs throughout the Village.

Sources of funds are the Build America Bond Offering (net of fees) at \$33.5 million, gasoline tax revenue at \$1.2 million, IRS Interest Subsidy at \$0.7 million and CDBG Transfer for Street at \$0.2 million dollars. The uses of funds are street resurfacing at \$9.8 million, water main replacement at \$2.4 million, land acquisition (111th & Cicero) at \$10.7 million, sewer master plan at \$0.2 million, quiet zone (reimbursed in January 2012) 93rd & Central signalization study at \$0.1 million, other miscellaneous projects at \$0.1 million, bond issuance costs & professional fees at \$0.3 million and debt service (ultimate allocation to MFT/W&S) at \$2.1 million dollars, altogether totaling \$29.3 million dollars. The remaining balance at 12/31/11 was \$6.3 million dollars. Finance Director Hanigan proposed increasing the gasoline tax from .03 to .05 cents and he has discussed this with Village Manager Deetjen.

President Heilmann clarified that the TIF funds are responsible for the land acquisition. He asked Finance Director Hanigan when he expected the \$6.3 million dollar number to go to \$17 or \$18 million dollars. Mr. Hanigan stated at the last Board of Trustees meeting in February that he would have a request to the Board so we can replenish this program for the summer needs.

Mr. Deetjen explained the Village would take sealed bids and would invite our local banks to participate. We would get a loan because we are sharing with them (and they will meet with Hamilton) as what the projection is. The Village is asking that the construction be completed and retail sales underway by 2014. We want to replenish this Build America Program with the land acquisition. The TIF really funds the land acquisition, but there will be a little gap until we are generating revenue.

President Heilmann clarified that the total amount of dollars the Village anticipates is approximately \$18.5 million dollars. He wanted to discuss the potential expenditures that are out there and where are the Village's priorities.

Village Manager Deetjen discussed there are power lines that have to be relocated and or buried at 111th & Cicero. The source of funding for that should come from three areas which are the Village and the Build America Bonds, ComEd (their position is they do not pay for what Oak Lawn does) and rate structure. The fourth source would be the TIGER Federal Assistance Grants. President Heilmann stated the fifth one is the TIF. This project cost regarding 111th & Cicero is approximately \$4 million dollars.

Project number two is for a traffic signal at 111th Street between Lavergne and Cicero. This will come out of the TIF and the proposed cost is \$600,000 dollars.

Project number three is internal infrastructure work on 111th & Cicero that will be funded through the water and sewer funds under the TIF. The Village will work with Hamilton Partners on this. Cost of this project is approximately \$2 million dollars. Mr. Deetjen also discussed a solid decorative wall to the north of the

development by the Cloister Buildings which will be part of Hamilton's responsibility. That is standard operating practice. Hamilton is also working on what is the internal flow for emptying garbage.

Hamilton will be spending over \$30 million dollars to build stores, do infrastructure improvements, landscaping and architectural accouterments that have to be done.

Village Manager Deetjen stated we will have extensive demolition ongoing in the Village and that cost is approximately \$300,000 dollars.

Trustee Streit stated that the Manager has identified a lot of expenditures that we are going to be looking for. A lot of it is reimbursable and some of it is not. We have the sewer master plan where we have \$200,000 dollars that is accounted for having been spent already, but there is going to be another \$200,000 dollars for that. There will be additional expenditures when we make recommendations on what we need to do. There has been a suggestion that there be a study on detention facilities which is another \$98,000 dollars. Trustee Quinlan stated there was informal talk about nixing that study. Trustee Streit stated we have \$100,000 dollars here spent on the signalization at 93rd and Central. Clearly there are other costs related to the project itself and one of the things he said when we ventured into the Build America Bonds was that he would support it on the basis that we were doing street resurfacing, water mains and alleys. This has kind of evolved into everything goes into it. We should really be looking at what is really necessary to do at this time. Trustee Streit stated we should talk about what is the annual debt service and we have to make sure we have the sources of funding there. When we embarked on this plan, the Village identified almost \$60 million dollars in projects. We only secured funding for half of the projects.

Finance Director Hanigan stated the annual debt service on the Build America Bond money is \$2.1 million dollars a year. That funding is going to be provided first by the gasoline tax. He discussed gas prices at various stations. He stated that each penny we put in place for the gasoline tax raises about \$200,000 dollars a year. Approximately \$660,000 dollars is going to come from the gasoline tax and approximately another \$1.2 million dollars a year is going to come from the MFT Fund. The third source with the water mains would be our water funds. Mr. Hanigan stated none of the debt service will have an impact on the General Fund.

President Heilmann discussed St. Casimir Cemetery and if we have positive developments there and we need to put that forward, we have to decide how to plan for expenditures there.

Village Manager Deetjen agreed with President Heilmann's thought process on the St. Casimir project and planning for expenditures. He would consider holding aside a certain dollar amount for the Village's share of a commitment.

President Heilmann discussed proposals for the Village Green. The Board has not yet voted on any of these proposals. We have the bank issue if they are coming in or not and we also have the issue of the Masons moving. If the Village is going to give the go ahead on the Masons moving, from a construction season standpoint he thought that would have to be built before the Masons would move. The Village's obligation is up to the appraised value at \$856,000 dollars. President Heilmann discussed Village Green enhancements and where does the Board stand on this. He wanted to redefine the Village Green area as a destination for Oak Lawn. He asked for the Board's feedback on these enhancements because we have to plan years in advance for this.

Trustee Duhig stated if we can get the 111th & Cicero area going as fast as we can, that means sales tax revenue coming in for the Village. He discussed that the Village Green enhancements are not going to generate sales tax.

President Heilmann stated from an operational standpoint, he would like to get a feasibility study on this. Sometimes you have to take that risk to get a reward. The very first step that has to happen is to say build a new building for the Masons. If this sale goes through, we are pretty much there.

Village Manager Deetjen discussed that the Village has worked long and hard with the Masons. The Village would be building a new facility to meet the Mason's needs for the future. Once they move into a new building, the Village would get their property. This would be a turn-key development agreement.

Trustee Quinlan thinks this is a good idea.

President Heilmann felt that this is something that the Village cannot pass up. He is comfortable putting this on the Regular Board agenda. The cost to move the Masons is \$900,000 dollars.

Trustee Duhig asked where the money is going to come from.

Finance Director Hanigan stated the Village had most of it.

Village Manager Deetjen stated he would provide more information to the Board relative to the sale of Village property which generates a revenue stream.

President Heilmann stated that he mentioned to the Board of Trustees that he had conversations with the developers of the Beatty property. He was troubled that one suggestion for that property was a nine story office building on that site. He strongly disagreed on this plan and how important it is to intercede if the Village needs to. We just paid \$800,000 dollars to stop a condo building and townhomes. To suggest we would build a structure on the Beatty and Permacor property, it would be twice the size of the current parking garage. He welcomed the thoughts of the Board. This proposal is way after President Heilmann's meeting with the developers.

Village Manager Deetjen stated he appreciated President Heilmann's comments. He felt this was premature discussion. He stated he lives next to the Beatty and Permacor properties. There is nice residential along 96th

Street. There is not a market to develop this whole site as retail. There is nothing more than a discussion for the site at this time.

President Heilmann stated he had no idea where people would park with 10,000 square feet of condos. He cannot believe that the developers would ever think this is acceptable. He was concerned that commuters would be displaced.

Village Manager Deetjen stated that he thinks the developer would want this done in a proper way. He suggested bringing residents in and they can let the developer what they would like to see. He stated nobody there wants to look at a factory with no landscaping, garbage on the street, and a 1950's image of sidewalks with the surface eroding.

President Heilmann stated he is not the final authority on what goes on there, but this completely dismissed everything he spoke about. This sets off alarms. This now coincides with discussion about renaming the train station and whether or not there is something else for Oak Lawn. He will never criticize any person who buys property trying to make as much money as they can.

Finance Director Hanigan discussed current TIFs in Oak Lawn.

Village Manager Deetjen believes that the residents would like to see something that compliments the whole area. The traffic in the area is a nightmare to our parking garage right now. Mr. Deetjen felt Morningside did an exceptional job with the Arbor Courts and the Prairie Town Center.

Trustee Streit stated in the past density was the biggest issue, then height with some of the buildings in the town center. We have to get public input and thoughtfulness is going to be key. In the past we gave some businesses to the developer regarding the center of town. Trustee Streit is excited to hear of all the good plans for the Village.

President Heilmann asked that Finance Director Hanigan give Board Members not in attendance tonight, all the items that were discussed. He will put the Masons issue on the February 28, 2012 Regular Board Meeting agenda. He stated that no decisions were made tonight, but these discussions are productive.

President Heilmann asked for a motion to adjourn.

V. **ADJOURNMENT:**

Trustee Quinlan moved, seconded by Trustee Streit to adjourn at 7:09 p.m.

VOICE VOTE. ALL VOTED AYE. MOTION PASSED 3-0.