

Council Minutes

October 24, 2000

MINUTES OF A WORKSHOP/SPECIAL MEETING OF THE ZION CITY COUNCIL HELD ON TUESDAY, OCTOBER 24, 2000, AT 5:26 P.M. IN THE CITY COUNCIL CHAMBERS, CITY HALL, ZION, ILLINOIS

Mayor Harrison called the meeting to order.

On call of the roll the following answered present: Commissioners Rogers, Taylor, Monk, Bennett and Mayor Harrison.

ZION SHOPPING CENTER REDEVELOPMENT

Phil McKenna, Kane, McKenna and Associates, Inc., and Jerry Grobman, developer, were present to discuss the Zion Shopping Center Redevelopment Agreement. The total estimated cost of the project is \$5,000,000. Mr. Grobman has requested TIF District financing assistance for \$3,000,000 of the total amount. The previously proposed agreement would allow 100% of the real estate tax increment generated by the project to be dedicated to the project. The developer is also requesting that 50% of the sales tax increment generated also be dedicated to the project. Mr. McKenna distributed an analysis with Exhibits A, B and C providing for the financing of the public and private improvements on the basis of 12, 15 and 20 year terms. Mr. McKenna recommended General Obligation Alternate Tax Revenue bonds as the preferred financing method because they offer a safety net, they are exempt from the City's debt limits and, in the marketplace, they will sell at a more favorable interest rate for the City. He recommended longer than a 15-year time period, preferably 20 years and stated that provisions exist to pay off the bonds after ten years if expectations are exceeded. Mr. McKenna stated that Piggly Wiggly has made extra-ordinary lease demands: 1) Redevelopment of 33rd Street is imperative with a timetable for start and completion dates being heavily stressed, 2) the demolition of vacant buildings, and 3) the renovation of the existing center as a prerequisite to signing the lease. Mr. Grobman stated that he would be in a better financial position if he kept the current leases and "maintained status quo". If he were to proceed with the redevelopment of the center, he would like a 2 million dollar bond issue rather than a 1 million dollar issue to cover the up-front expenses. Mayor Harrison asked what the effect would be if the redevelopment of 33rd Street was removed from the bond issue. Mr. Grobman replied that it would free up funds to assist in the redevelopment of the center as he fears that there will be insufficient funds remaining for center improvements if the bond issue includes the 33rd Street redevelopment.

EXECUTIVE SESSION

It was moved by Commissioner Rogers, seconded by Commissioner Taylor that the Council recess to Executive Session at 5:50 p.m. The vote on roll call was: Commissioners Rogers, aye; Taylor, aye; Monk, aye; Bennett, aye; and Mayor Harrison, aye. Motion carried.

The Council reconvened at 6:33 p.m. with all members present.

ZION SHOPPING CENTER REDEVELOPMENT

Mayor Harrison stated that the City will take responsibility for the completion of the redevelopment of 33rd Street and remove it from the bond issue. He proposed that 100% incremental property tax and 50% incremental sales tax would be pledged for the payment of the developer note and the time period of the issue would be 12 years. These percentages would provide for approximately \$800,000 of the 1 million dollar need and would also provide an incentive for Mr. Grobman to be aggressive in redevelopment of the center. Mayor Harrison insisted that improvements to or removal of the entrance sign at 34th Street be included in the agreement language. If necessary, the City may participate in its demolition/removal. Mr. McKenna will make the agreement revisions and approval of the Zion Shopping Center redevelopment agreement will be considered at the regular City Council meeting on November 7, 2000.

ADJOURN

There being no further business to come before the Council at this time, it was moved by Commissioner Bennett, seconded by Commissioner Monk and unanimously approved the meeting be adjourned at 6:42 p.m. Motion carried.