

APPROVED MINUTES OF THE SPECIAL MEETING
OF THE BOARD OF TRUSTEES OF THE VILLAGE OF OAK PARK
HELD ON MONDAY, MARCH 8TH , 2010 AT 7:00 P.M.
IN ROOM 101 OF OAK PARK VILLAGE HALL

OFFICIAL RECORD:

PRESENT: Trustees Brewer, Hale, Hedges, Johnson, Lueck and Pate; President Pope
ABSENT: None
QUORUM: President Pope called the meeting to order at 7:04 P.M. and declared that a quorum was present.

AGENDA

President Pope asked that the Agenda dated March 8th, 2010, be approved. It was moved and seconded to approve the Agenda. A voice vote was taken and the Agenda was approved as presented.

President Pope outlined the speakers who would be present and reported that the Plan Commission had voted 6-3 in favor of the development, with a vote of 5-3 (with one commissioner absent due to illness) in support of the Findings of Fact. He outlined the options open to the Board of Trustees and noted that because public hearings had been held over the past six months, public comment would be limited to three opposed to and three in support of this project.

Village Manager Tom Barwin introduced members of the Sertus team; Michael Glazier, Rolando Acosta, Jesper Dalskor and Jim Prescott, then gave a brief history of the project..

Sertus approached the Village in late 2006 to propose a joint project to replace the current Village-owned garage at Lake and Forest, built in 1974, as part of a joint development. Staff reviewed a 2002 report on the condition of the garage. At that time the Village invested \$600,000 in repairs to maintain it in "fair to poor" condition through 2010. Additional repairs of \$800,000 would be needed in the next two years, with escalating maintenance required to maintain it at a minimum standard. Given the state of the garage, staff recommended moving ahead with discussions with Sertus toward a joint project if good terms could be arranged.

On March 14th, 2007, over 120 people attended a forum entitled "Great Architecture" led by art historian Tim Whitman at the 19th Century Club to discuss community preferences for development of the site, including a survey of participants using an electronic keypad device. Of 30 styles presented, several architectural styles were selected to guide development.

Architectural Consultant Floyd Anderson was hired by the Village to provide architectural guidance as the Board began discussions with Sertus in April of 2007. This led to development of a term sheet defining the project as a mixed use development consisting of retail, office, residential and hotel uses as well as development of a new parking facility for both public and private use. The term sheet also provided for the financial obligations of both parties and the approval process if the project moved forward.

Following further negotiations with the developers, a Redevelopment Agreement (RDA) was unanimously adopted by the Board of Trustees on June 29, 2009. Over the three year course of negotiations, the developer has reached out to numerous stakeholders throughout the community, including three public presentations at Village Board meetings, a public listening sessions for residents and neighbors, the 19th Century Club meeting already mentioned, presentations to the Oak Park Architectural League, Downtown Oak Park (DTOP), the Oak Park Development Corporation (OPDC), and to the *Wednesday Journal* and the *Oak Leaves*.

On September 17, 2009, the developer presented a Planned Development application to the Plan Commission, the first of ten meetings of the Plan Commission to discuss and review this application. Mr. Barwin noted that the Plan Commission's findings required that a hotel be a part of the project and that revision or elimination of the hotel project would void the agreement. The final meeting of the Plan Commission was held on February 18, 2010, leading to a recommendation for approval of the application.

The Plan Commission has determined that all nine Plan Development standards have been met, that 510 parking spaces are appropriate, that density at the site was similar or less than required by the Greater Downtown Master Plan (GDTMP) distributed in an attractive elegant mid-rise structure to complement One Hundred Forest Place, that this mid-rise development complements the 16 story development at One Forest Place across the street, and that the developer will contribute \$250,000 for public art, streetscape improvements and improvements at Austin Gardens.

Village Planner Craig Failor presented the proposed Plan Development Application, which consists of a 450,000 square foot development. Relief requested by the developer includes the following: density, height, yard setbacks of the structure, lot coverage, and parking and eight special uses which includes an exterior ATM which is supported by the Plan Commission. The Plan Commission does not support a financial institution or a print shop, but does support medical offices, an artist or photography studio and a health and fitness center above the first floor, the hotel already discussed, and the public garage.

The development includes 40 one-bedroom, 28 two-bedroom and 17 three-bedroom condos, 510 garage spaces, and 28,000 square feet of retail space. Mr. Failor also presented the elements incorporated in each floor of the development, including meeting rooms, a fitness center, outdoor pool for residents and guests and common roof garden. A green roof over the duplexes with a 19th floor sky lounge are part of the plan. President Pope asked the Board if they had questions.

Trustee Hale asked if this development was in the Frank Lloyd Wright Historic District. Mr. Failor said that it was not, as this district ends at Ontario Street to the north of the development site. He also asked about meeting rooms, and Mr. Failor reviewed the floor plan to show their location.

Trustee Hedges asked about the traffic plan for Forest Avenue. Mr. Failor noted that there would be no change in the traffic pattern as proposed on Forest and that Forest in this area has been a secondary arterial street and will continue to be. Trustee Hedges asked if the sky lounge would be open to the public, and was assured that it would be.

Trustee Johnson asked about the notice process to local residents about the Plan Commission meetings. The original registered mailing delivered to the main Post Office by the developer in accordance with the agreement was not delivered by the post office in a timely manner and a follow-up mailing was sent by the Village when this problem was discovered. Public comment was deferred to allow time for this delivery. Ten meetings of the Plan Commission were held beginning on September 17, 2009, with nearly 30 hours of testimony.

Trustee Brewer asked for more information about the initial architectural survey meeting and how it was publicized. Business Services Manager Loretta Daly noted that multiple channels were used to reach out to the community for this initial meeting, and that a sign-in sheet for attendees has been maintained.

Trustee Lueck asked if the 204 foot height of the building included mechanicals and whether or not the Zoning Ordinance recognizes mechanicals. Mr. Failor noted that this is not included in the height. When it represents less than 25% of the building roof footprint, it is not a required calculation toward height.

President Pope opened the floor to public comment and reminded the assembly that because nearly 30 hours of hearings had already been held by the Plan Commission, comments for and against the development would be limited to three people on each side speaking for three minutes each.

AGENDA PUBLIC COMMENT

David Barsotti, 1112 Ontario. Mr. Barsotti announced that he would yield his three minutes.

Kevin Murphy, 210 Forest. Mr. Murphy identified three concerns: height, parking and inclusion of a hotel, which he predicted would not be feasible. He noted that the maximum building height would be five times as high as the current garage structure and said that parking would be inadequate to the development. President Pope assured Mr. Murphy that if the developer fails to follow the terms of the Planned Unit Development (PUD), including development of a hotel, nothing could be built. The developer would need to return to the Board and begin the process again.

Trustee Johnson noted that the current Village parcel is not being conveyed to the developer. Village Attorney Ray Heise explained that the developer has two years from adoption of the PUD to provide financials to construct the entire development. The critical time period for financing will be 30 days before closing when the Village will determine if they have the required financials to do the development.

Tad Wefel, 521 N. Oak Park Avenue. Mr. Wefel, CEO of Kenilworth Realty Advisors, challenged the financials proposed for this development. He predicted that it was not big enough to support the investment and would have to be subsidized through TIF funds. He noted that TIF funds and hotels are a toxic combination due to the volatility of the hospitality industry and predicted that without a foundation of business travelers, the hotel could not succeed with tourism traffic. He noted that in the current economic climate, there's no more risky development than a hotel and pointed to current foreclosures in the O'Hare area.

The first nine minutes of comments having been used, President Pope was ready to call on a speaker for the development, but agreed to have a third speaker against the development go ahead, and noted that he would allow 12 minutes for speakers in support as well.

Michael Fox, owner of the Carleton Hotel, 1110 Pleasant. Mr. Fox presented a financial critique of the hotel proposal. He noted that some of the space originally attributed to hotel units were actually to be used for common space and predicted that proposed revenues would be half of what had been projected.

Susan Anderson, Chairman of the Board of Visit Oak Park (formerly the Visitors Center), 1118 Westgate. Ms. Anderson supports the development and noted three studies that support the need for an additional hotel in Oak Park, including the T.R. Mandigo market feasibility study, the Heritage Tourism Study and the Visit Oak Park Branding Study. She reported that there is a chronic lack of space to hold events in Oak Park and that she has had to move local events outside of Oak Park in recent years to accommodate them. Ongoing discussions with the 19th Century Club offer an opportunity to partner for larger events with the adjacent hotel development. She noted that most visitors to Oak Park continue to lodge elsewhere and noted

that the Chicago area is the number one business destination in the United States. The overflow travelers are currently housed in the Oak Brook area or near O'Hare. With a projected opening in 2012 or 2013 when the economy is likely to be improving, these travelers could stay in Oak Park, which offers superior access to downtown Chicago.

Martin J. Noll, 839 North Oak Park Avenue. Mr. Noll is the Chairman of Community Bank of Oak Park and Chairman of the Board of the Oak Park Development Corporation (OPDC). He noted that OPDC endorsed the Lake and Forest development in July of 2009. This support was based on the following points: 1) the structure of the agreement requires developer performance before payment for the garage, which is restricted until conclusion of construction; 2) this development will expand the tax base and when completed, will expand tax revenue; 3) this is an appropriate investment with a reasonable stated return; 4) an additional hotel with meeting space in downtown Oak Park will not harm or displace other properties but will provide another benefit to all; 5) the grant of air rights is appropriate; 6) this public/ private partnership will benefit Oak Park.

Thomas Gallagher, 222 North Ridgeland. Mr. Gallagher has been a real estate developer in Oak Park since 1969 and noted that this is the fourth real estate downturn in his career. He predicted that real estate will once again come back. He noted that it was important to take the long view; to merely replace the garage versus leveraging the investment and providing a "puny" subsidy compared to the full \$80 million investment.

Butler Adams, 6639 South St. Lawrence Ave., Chicago. Mr. Adams is an architectural tour guide in Chicago. He noted that the dollars saved by building now in a down market are a wise investment. Density and height are the new priorities in urban development, bringing new vitality to urban areas. While Oak Park already has historic and beautiful sites, this doesn't mean that Oak Park can't build historic and beautiful sites in the future. He noted that he frequently sends tourists to Oak Park and that they want to be able to stay here, rather than in downtown Chicago.

REGULAR AGENDA

A. **PLAN COMMISSION'S RECOMMENDATION TO ACCEPT THE FINDINGS OF FACT AS PROPOSED FOR 938-954 LAKE STREET AND 170 NORTH FOREST AVENUE (LAKE AND FOREST) TO APPROVE THE APPLICANT'S REQUEST FOR PLANNED DEVELOPMENT APPROVAL AND DIRECT STAFF TO PREPARE THE NECESSARY DOCUMENTS**

Linda Bolte, Chair of the Plan Commission, reviewed the Findings of Fact adopted by the Plan Commission. She noted that although the final vote on February 18 was 5 to 3, she later talked with the commissioner who was ill and unable to attend that meeting and that he indicated, after reviewing the Findings of Fact, that he also would have supported them. She noted that the hotel feasibility studies reviewed by the Plan Commission were compelling enough for them to support the hotel.

The parking spaces provided for this development present a greener approach to development, especially in this location with ready access to public transit options. They proposed shifting 125 additional spaces to shared use, for a total of 425 spaces available for public access. She noted that density, while massed differently, was less than proposed by the Downtown Master Plan. Other topics reviewed included traffic flow, compatibility with surrounding neighborhoods and with Austin Gardens and the financial capacity of the developer. The financial role of the Village, while of interest, was outside of the role of the Plan Commission to review.

The Plan Commission used the Zoning Ordinance and the Plan Development standards, as well as the Greater Downtown Master Plan (GDTMP), the Lake Street Downtown Massing Overlay District and the Downtown Retail Overlay District. Compensating benefits include the hotel, LEED Silver Certification Points (Certificates awarded only at completion), the pool area, outdoor space at the upper level of the hotel, replacement of an aging parking structure with a new enclosed garage, improvements to Austin Gardens, streetscaping and furniture consistent with the GDTMP, and public art.

Additional requirements include a post-construction parking and traffic study, as has been the case with other developments. Forest and Ontario, according to the comprehensive plan, are secondary arterials intended to carry a substantial amount of traffic. The study will be paid for by the developer, and a follow up study will be conducted by the Village. There will also be a post-construction economic impact study of retail and hotel activity, including citizens, neighborhoods, those impacted and other interested parties.

Ms. Bolte explained the parking arrangements and noted that the 125 "shared" spaces will maintain their taxable status while being available on a shared basis for the public. She noted that there was additional parking adjacent to the property and that total parking offered was necessarily less than available in a more suburban or rural area. The Plan Commission requires one-way traffic in the garage.

The pool will not have any loudspeakers to avoid negative impact on neighbors. She also discussed traffic and signage arrangements during construction, as well as complying with all conditions and restrictions of the Findings of Fact.

Trustee Brewer asked if a bank was considered for the second floor of the facility. Ms. Bolte indicated that there was not interest in a bank on the second floor, so that was not considered, and noted that it would have been allowed if there was interest.

Trustee Lueck asked about the limit of one parking space per condo. Ms. Bolte noted that this arrangement was similar to the new SOHO development, with a first-come, first-serve arrangement. Trustee Lueck then asked if the one-way parking would require a change in the physical structure. It would not. She asked why Marion Street was mentioned with regard to construction traffic. Ms. Bolte noted that this would prohibit trucks from using a route on Marion.

Trustee Pate noted that development density was less than required in the GDTMP. Ms. Bolte said that the developer had provided alternative designs showing the development of an eight story cube allowed by the GDTMP and how the alternative they proposed had moved the mass away from Lake and lowered the density of the project.

Trustee Johnson asked when the Board would review the allowances granted, and noted that he wanted to review each one, especially as Mr. Murphy had outlined his concerns about the height of the project. He also expressed concern that some residents of condos would want more than one parking place and asked what options they had. Ms. Bolte noted that parking permits for extra cars could be purchased. Trustee Johnson and President Pope both recommended sharing car opportunities (such as the I-GO cars available elsewhere in the Village).

Trustee Johnson asked how the hotel, as part of the building, could be considered a compensating benefit. Ms. Bolte noted that in reviewing the studies of the need for a first-class hotel in downtown Oak Park, that the hotel was viewed by the Plan Commission as a compensating benefit over office space in this location, though not enough alone to justify approval. Trustee Johnson noted that the developer reported that without the configuration proposed it would not work as efficiently or be economically viable. To gain the needed number of

hotel rooms and reduce the impact on the surrounding neighborhood, this height was required. Trustee Johnson asked about LEED Silver Certification. Points for "Silver" are required in the findings, but the certification is not granted until after completion of the project.

Trustee Hedges asked what amount of parking would be required for the development if it was done independently of the Village. Ms. Bolte noted that this would depend on the size of the development and that the current proposal includes 73 fewer spaces than required by zoning since a portion of the property includes B-3 zoning. Trustee Hedges asked about the financial analysis by the Plan Commission. The role of the Plan Commission is to determine if the developer can get a letter from a bank indicating that the bank will make a loan, as for other projects reviewed by the Plan Commission. Trustee Hedges asked if they just needed a letter of assurance from the bank. Ms. Bolte noted that this was what the Plan Commission generally got, as appropriate for their review under the ordinance.

Trustee Hale asked about resident concerns about residential parking in the area, and where visitors to condo owners might park. Ms. Bolte said that the Commission relied on the inventory reports from Village parking staff and there was some discussion of the impact. He asked about meeting space and possible collaboration with the 19th Century Club. There is interest in developing a relationship that could expand meeting space rather than adding floors to the Sertus development.

Ms. Daly presented staff recommendations in four categories: the garage component, the development program, the hotel and economic development impacts.

Staff recommends reconstruction of the garage, since large and increasing investments are required to maintain it in a fair to poor condition and once a new garage is built, it will revert to the Village to control.

Staff recommends the mixed-use development including retail, residential, hotel and parking as supportive of the GDTMP, the Retail Study, and the Heritage Tourism Study, as a gateway to downtown and as a bridge to the Avenue Lake district, as because of the potential synergy with the 19th Century Club.

Staff recommends the hotel based on anticipated strengthening of the economy in the next two to three years, and noted that any change in the hotel plan would require the developer to start over.

Staff recommends the economic benefits, as follows: 28,000 square feet of additional retail space and addition of new downtown residential units is supported by the GDTMP for the anticipated economic upturn, and the \$71 million investment in central Oak Park, with 200 construction jobs, 300 new permanent jobs and \$2.5 million in taxes and fees, as well as 120 new residents providing new vitality to downtown Oak Park.

Parking Manager Cara Pavlicek presented the proposed parking plan and related findings, which included a series of parking studies in 2009. The new development will increase the total available to the public from 340 spaces to 425 spaces, which includes 125 shared spaces with the developer. She reported ample space at Holley Court and elsewhere in the downtown area to temporarily relocate permit parkers and noted that there were approximately 2,500 additional spaces within a quarter mile of the development, and 3,500 within the greater downtown area. The revenue, current and projected, at Lake and Forest is \$359,333 (2009), \$405,000 (projected 2010) and \$450,000 when the new garage is operational.

Trustee Johnson asked about the hotel studies and the capacity of Oak Park to attract visitors. Ms. Daly reported that tourism to Oak Park is not down, the Frank Lloyd Wright Historic District

has the capacity to attract additional visitors and the Branding study by the Visitors Center has created new interest, Chicago area tourism is sound, regardless of the recession, and a collaborative effort with the 19th Century Club could provide additional banquet facilities. With two universities nearby, Oak Park has the opportunity to attract additional college-related activities. Trustee Johnson responded that news reports in recent days have expressed optimism for the future and for new products that offer unique and interesting options, and opined that Oak Park would benefit from a range of hotel options. He asked what type of hotel was proposed. Ms. Daly responded that this would be a boutique hotel, not a "mega" hotel. Trustee Johnson asked about the impact on the two current hotels and whether TIF funds could be used to help them to "level the playing field," and providing multiple price points for visitors. Ms. Daly noted that she is working on marketing plans for the greater downtown area to attract additional visitors.

Trustee Johnson asked for clarification about the "cost per space" for the garage. Mr. Barwin explained that \$24,400 is the "hard" cost, an additional \$4,000 is soft costs and the total of \$32,000 includes all additional related Village development costs divided across the 300 spaces owned by the Village. Trustee Johnson noted that there was a higher "up front" cost to build the enclosed garage, but that this was a lower "long term" cost with this enclosed facility.

Trustee Hedges asked how active the 19th Century Club has been in development discussions. Ms. Daly reported that the 19th Century Club is aware of the development and that there have been initial conversations.

Trustee Hedges asked about when the development would be completed. Ms. Daly noted that the earliest that the project would be completed would be in 2011, but more likely in 2012, when the economy would be more likely to be in recovery.

Trustee Hedges asked if the 85 parking spaces reserved for condo owners would be physically separate from the other parking, probably through a gate configuration accessible only to condo owners. He asked about management of shared parking spaces. Ms. Pavlicek reported that there would probably be unified management of all other spaces including shared spaces and permit parking, but whether this would be managed by the Village or by a private management company has not been determined.

Trustee Hale asked about parking usage at 68% of available spaces in 2009 and asked if this was due to the recession. Ms. Pavlicek reported that parking revenues were up from 2008 to 2009, and that permit purchases were static. Most of these are daytime permits purchased by corporate customers for their employees. Trustee Hale asked about use of parking by hotel guests. Ms. Pavlicek reported that due to the unique urban setting of Oak Park with access to mass transit and with visitors arriving by air or by rail could reduce the number of cars per hotel guest.

Trustee Hale asked Mr. Heise if the 300 spaces owned by the Village would maintain their tax exempt status, and that parking rates across shared spaces would not impact that status. He also noted that as long as the Village continues to provide permit parking, the public is free to participate in it and that Village spaces would be delineated in the development.

Trustee Hale asked if we needed to tear down the garage and replace it. Village Engineer Jim Budrick said that would not be necessary yet as long as the Village continues to do progressive maintenance. The last maintenance was in 2004 and additional work of about \$870,000 will be needed this year or next. In another five to seven years another million will be needed to maintain it, with a complete rebuilding no later than 2024. President Pope noted that he had sat beside the original engineer of this garage recently, and that he asked about the lifespan of the garage. The engineer reported that it had a 35 year life span, and we are now in year 36.

Trustee Brewer noted that the current garage structure is being underused at 60% of capacity. Ms. Pavlicek agreed, and noted that there might be some increase with new retail and restaurants in the new development, with a goal of 85% usage to show that we haven't overbuilt. In rare situations ample nearby parking can accommodate any overflow. Mr. Barwin noted that corporate clients tend to leave in the afternoon as hotel guests return in the evening and weekends. Trustee Brewer noted that most permit parking was daytime use, allowing those spaces to be used by others in the evenings. Ms. Pavlicek noted that peak times are between 11:00 a.m. and 4:00 p.m.

Trustee Brewer asked about whether there were any other developments approaching the \$71 million proposed in Oak Park. Ms. Daly noted that the closest was Whiteco, for about \$50 million. Trustee Brewer asked what other impacts such a large development might have on the community. Ms. Daly noted that this could spur additional retail interest by marketing Oak Park as a community which could attract a \$71 million development. She noted that the new retail could bring additional density to downtown Oak Park as a kind of "retail Mecca" for shoppers with spillover into the surrounding retail community, including the greater downtown area.

Trustee Lueck asked about the potential for two-story retail. Ms. Daly reported that the new retail paradigm is a change in the retail footprint to be more vertical, using infill rather than moving further into the suburbs. Trustee Lueck asked how we could assure the best retail mix to appeal to condo residents, hotel guests and to Oak Park residents as a whole. Ms. Daly reported that she and representatives of the greater downtown area and OPDC were using the Retail Strategy Study to work with developers to achieve the right mix. Trustee Lueck asked how this development could serve as a bridge between downtown and the Avenue. Ms. Daly noted that the hotel, a restaurant and retail could draw people from both directions, and that the distance from the development to the Avenue was just two and a half blocks.

Trustee Lueck asked if the development would meet the Village goal of having parking pay for itself. Ms. Pavlicek noted that the basic revenues would be close but that operating and maintenance costs would still create a gap. She suggested that the Board review whether a Village subsidy or increases in parking rates would be the best way to bridge the gap. Trustee Lueck noted that being able to sell day and night usage permits for the same spaces could help to maximize revenue. She added that every space that goes unused is an added cost to the taxpayers of Oak Park and that it is not wise to overbuild parking spaces.

Trustee Lueck also asked about new pedestrian traffic analysis be done across Forest, as most people leaving the parking garage tend to cross in mid-street, rather than at the corner. Mr. Budrick noted that streetscape elements can help to manage this issue. Trustee Lueck asked if the retail portion of the development could be accessed directly from the garage. President Pope reported that the architect in the audience had explained that service corridors for the retail areas surrounded the garage, requiring that drivers exit the garage for efficiency and security purposes in order to get to the retail area.

Trustee Lueck asked what about the impact on taxpayers if we didn't rebuild the garage but waited until after the TIF ends in 2018. Mr. Budrick noted that the Village would need to determine how new construction could be financed and what kind of funding sources would be available at that time.

Trustee Pate noted that if the garage was not rebuilt now, there would be no tax dollars from the site as it would still be off the tax rolls as a Village-owned parking garage. She asked what other communities are now considering similar developments. Ms. Daly responded that she does not know of any other communities outside of the City of Chicago which have any proposal similar to

this one. Trustee Pate noted that the Village needs to be planning for where the economy will be in the future, not just where it is today.

Trustee Johnson asked where visitors would be able to park if the full capacity of the garage were to be used. Ms. Pavlicek responded that while this was unlikely, in such cases Holley Court also has 400 excess spaces, representing approximately a 60% usage rate. Trustee Johnson summarized the current situation of overall usage at about 60% and pointed out that this development will provide cost-effective parking, with additional new parking developments in the downtown area to accommodate future growth. He asked if the new garage would incorporate counters at the entrance to indicate to parkers the number of spaces available in the garage at any time, and Ms. Pavlicek said that this would be an option with new construction. President Pope added that the additional parking mentioned by Trustee Johnson referred to the current flat lot where new development could include structured parking.

The Board recessed for a ten minute break and then reconvened.

President Pope introduced consultant Mark Angelini and CFO Craig Lesner to present a financial review of the project. Mr. Angelini noted that he would present the financial terms and conditions contained in the Redevelopment Agreement (RDA) concerning the public-private partnership between the Village of Oak Park and the developer. There are two components, funding to replace the current garage, and the hotel portion.

The developer will provide 300 spaces in the enclosed garage with a one hundred year life cycle for \$9.8 million capped at \$24,000 in hard costs and \$4,800 in soft costs plus the land allowance. The Village can terminate the agreement if it doesn't meet these provisions. The development will proceed on an open book process allowing the Village to enjoy any savings in construction costs in this down economy. The project will configure the garage in a more efficient rectangular shape to match or exceed earnings with a projection of greater than \$4,000 cost savings per space.

By reprogramming the land parcel for more efficient use of garage and other space, the Village is providing the land parcel as an allowance with no cash involved to use for purposes of assembling the necessary private capital for the project. The RDA provides for a capped subsidy of \$500,000 as a rebate of hotel tax or refund to be provided as a limited capped after the hotel is operational.

The developer is responsible for fully securing all private financing for the non-Village portion of the parking deck, the hotel, the condominiums, and retail space, both debt and equity, must be secured by the developer. The developer will allow the Village to have open book access to its bidding and plan documentation to develop the final construction budget. The Village will also have an owner's rep present as the deck is being constructed to assure that it is built according to plan specifications. The developer must also comply fully with the PUD specifications which set deadlines for construction plans. If financing is not secured by a date certain, the deal will die.

The RDA provides that the Village may use whatever municipal financing options it deems appropriate, including geo bonds, revenue bonds or TIF bonds. Funds are not required to be delivered until the project is fully completed, allowing the Village to pay only when the private components of the project are completed, and economic impacts of completion are available. The projected economic benefit of the development is \$2.5 million annually. The project is poised to take advantage of an uptick in the market and a thawing of credit markets in a very viable location.

The location includes multiple mass transit options in a vibrant community with strong demographics and household incomes and a variety of urban amenities, which the Urban Land Institute study noted as desirable for new development. They also note a sense of place (compelling design) and connectivity to the surrounding community and sustainable development which this development exhibits.

Trustee Lueck asked about the cost of land contributed by the Village, what the appraised value would be. Mr. Lesner noted that this was actually a reassignment of the value for this project. To get actual "cost" the land would have to be put up for sale and a different garage built elsewhere. This is not a cash transaction but a theoretical value assigned to the financial model prepared by the developer to attract private capital. Trustee Lueck asked if the developer has "air rights" to this land. Mr. Lesner responded that this was one way of viewing it, and that this allows the development to occur without the developer having to incur this land cost, focusing instead on hotel operation and reducing the required room rate to operate the hotel. This allows the Village to leverage the value to get an amenity. Trustee Lueck noted that this appears to be a win-win situation, benefiting both the developer and the Village, with the Village retaining the land.

Trustee Lueck noted the many emails she had received based on a lack of understanding of the actual financial arrangements. By contributing the land, a more efficient garage can be constructed with a longer life cycle, while securing other economic benefits and bringing \$71 million into the Village.

Trustee Lueck asked about the hotel subsidy and when it would be paid. Mr. Heise replied that the payments are over a two year period triggered by occupancy rates. If there is no operating shortfall, there is no subsidy. Trustee Lueck clarified that nothing was to be paid until the hotel was opened.

Trustee Lueck also noted that the Village would only pay for the garage after it was built; whereas if the Village did it directly, they would have to pay up front, including demolition and construction. She added that people are concerned that this is a bad time to build but that this risk is being borne by the developer, not the Village. If the hotel doesn't get built, there is no risk to the Village.

Trustee Lueck asked about the allegations by Mr. Fox that dollars are going into the TIF fund that don't belong there and that the Village projections are inaccurate. Mr. Angelini indicated that he stands by his projections and analysis, and pointed out that projections also include aid to other business owners with use of TIF bonds and other funding options.

Trustee Lueck asked about current revenues from the Sertus site and the Lake and Forest garage. The garage is projected to provide about \$400,000 this year; President Pope estimated a property tax bill for the Sertus property of about \$60,000, but exact figures were not available.

Trustee Brewer asked for details about the projected \$2.5 million in revenues from the development and when it would come online. Mr. Angelini explained that the analysis took all of the components of the project and compared them to other similar properties in the location, as well as to historic assessor records with an inflator factor of 2% historically for Cook County to determine likely values when it comes online.

Trustee Hale asked about the confidence interval. Mr. Angelini indicated that \$2.1million will represent anticipated property taxes, with the balance in fees and retail taxes, and indicated that he felt secure that the projection was accurate and that it wouldn't be 50% of that. Even if it were 50% it would be sufficient to cover debt service. Trustee Hale noted that this development clearly outperforms other development scenarios in terms of revenue discussed with staff for this property, including a development that was all condos or all apartments at the site. Mr. Angelini

noted that other options excluding the garage would have to be on a much smaller scale and would have difficulty meeting the parking requirements, with a much less desirable retail mix and lower revenue streams.

Trustee Hale asked if it was accurate to say that this was \$14 million in taxpayer dollars to go to the developer. Mr. Angelini disagreed, indicating that \$10 million was being spent to purchase a new asset (the garage), that the \$4.2 million was the theoretical value of the land to support necessary financing for the hotel, and that the \$500,000 over two years to the hotel operator (not the developer) was the only real cost to taxpayers. He also noted that the development of a hotel in downtown Oak Park was a key component of the GDTMP.

Trustee Hedges asked if a new owner would be of the same caliber as the original one. Mr. Angelini noted that with a fully built-out hotel in the heart of Oak Park, it would be an attractive option and that the owner of the note on the property would secure a capable new owner to assure repayment of the note. Trustee Hedges asked if construction costs have dropped in this economy. Mr. Angelini said that builders are now experiencing true reductions in construction costs.

Trustee Hedges asked about whether a private parking partnership was still an option for the Village. Mr. Angelini noted that capital for such a joint project is not robust, but if the Village wants to reduce its garage development cost in exchange for sale of operating rights to a private owner, there is still time to do this. Trustee Hedges noted that since the Village currently subsidizes the full cost of parking in the Village, such an option would result in higher rates and costs to users in the future.

Trustee Johnson asked Mr. Angelini to rank the relative risk to the Village of the project on a scale of one to ten. Mr. Angelini responded that the risk is on the developer, and that the risk to the Village is zero. Trustee Johnson asked about due diligence for any prospective debt or equity partner in the venture. Mr. Angelini noted that many less qualified partners no longer exist, and that those remaining are smart, savvy and have the capital necessary for such a project. With lower loan to equity ratios they are underwriting projects carefully; in this conservative risk environment.

Trustee Johnson asked how the TIF capacity is related to the recent lawsuit by OPRFHS District 200 impacts this analysis. Mr. Heise noted that these are two completely separate issues; that the lawsuit addresses what is owed to whom. Mr. Angelini noted that the revenues for this development are many multiples of the debt service and that the TIF will be capable of meeting obligations.

Trustee Johnson noted that in the past when financial analyses were done in-house, some people did not "believe" them; now that an external consultant has been hired, some people still don't believe those analyses. Mr. Angelini noted the extensive background over 20 years of his company, which specializes in municipal governments across the country, including the City of Chicago, doing analysis of public/private partnerships and leveraging of public funds for economic and fiscal benefits, and how the development will enhance the sense of place. He is confident in these projections. He noted that they wanted to assure the Village that it was getting what it bargained for in terms of assets purchased and additional impacts at that corner.

Trustee Johnson noted that building a 100-year life cycle garage was a better investment than another \$2 million in a deteriorating garage near the end of its life cycle and asked if the Village would get multiples for each dollar invested. Mr. Angelini said that there would be at least three dollars for each one invested, not counting secondary impacts on the greater downtown Oak Park business community, the comprehensive approach recommended by the GDTMP. Trustee

Johnson asked about the comparable value of building a garage without this partnership. Mr. Angelini noted that the up-front costs of demolishing the current garage and rebuilding while limiting adjacent development on the Sertus property to a low-rise building would have a negative investment value and will cost more to construct a garage there.

President Pope summarized that people might oppose the project because they don't like the height, the architecture, density or uses, but not based on the economics. He noted the comments of Tad Wefel about the development and responded to them. The market test for building a hotel will be whether someone who knows the hotel industry will finance it. Without the financing, the project won't get built and the PUD will expire. The \$500,000 support for the hotel will only be provided when the hotel is open and operational. Without that, no payment will be made. Projected real estate tax is determined by values; if these are not solid, the financing won't be there. He noted that the \$4.2 million asset value assigned for the land under the garage is a phantom number as long as the Village must have a garage there. And the same people who criticize the cost of the garage also demand more parking and spending more money. Alternative developments on the site would still require parking, and without the garage land, such parking would not be feasible and no one would loan money to develop it.

Trustee Johnson noted that the annual cost of building a new garage or of maintaining the current one could come to \$480,000 per year. Under Mike Fox's analysis, that would leave about \$1 million in annual revenue for the new project; under Mark Angelini's analysis it would be more like \$2 million. In either case it makes sense financially.

Trustee Johnson asked Ms. Bolte about setback allowances. Ms. Bolte noted that the allowable setbacks for institutional neighbors, Grace Episcopal Church and the 19th Century Club, were similar to allowances made for other developments in the past, and the lack of a setback on Lake Street would keep the development in line with other properties on Lake Street. She also discussed the series of setbacks at higher levels of the building. She noted that from the north this structure can be seen to complement One Forest Place and Mills Park Tower to the south. She also noted that one of the commissioners who reviewed the project had said that the glass would be less intrusive than a structure of brick or other solid material on the skyline.

Trustee Johnson noted that this alternative to a single eight story chunky block of development was described in a recent Chicago Tribune story as slabs with overriding panes of glass to de-emphasize bulk and hide the garage, with the highest point at the corner and stepping down from there. Mr. Barwin noted that architect Floyd Anderson assisted with the development of the project and input from the community. Ms. Bolte quoted a architect commission who reviewed the project as saying: "an 80 foot building is an old building type that we don't build anymore," and noted that it was not structurally or functionally current. The shadow is minimized by the north-south axis, which they reviewed for the impact on Austin Gardens. She also mentioned written testimony from a representative of the Tall Buildings Council, who had initially come to Oak Park to visit the Frank Lloyd Wright architecture and now lives here. He noted that when he visited downtown Oak Park, he was shocked by the blighted and poorly-maintained buildings near this development and thought it would benefit the community to have them removed. He also noted that communities must "densify" to create more sustainable standards of living. She also noted references to carbon emission standards in the Findings of Fact.

Trustee Johnson asked Mr. Heise about whether the overlay district limited all buildings to 80 feet, or merely required that taller buildings receive additional scrutiny. Mr. Heise responded that adoption of the overlay district required a public process of review for buildings higher than 80 feet. Trustee Johnson noted that he never would have voted for a process that prohibited any consideration of development taller than 80 feet and noted that it was approved in 2007.

Trustee Johnson asked why the Board was being asked to approve external building materials, and was told that this is normally done. He asked for more details from staff before final approval. Mr. Failor noted that the one issue not yet determined is the public art question, and noted that the Public Art Commission would be making a recommendation about that issue.

Trustee Lueck asked if room service through the restaurant in the development was part of the agreement and was told that this was the case. She asked about the pull-in spot for parking at the front of the hotel and was told that three spots would be available; length of stay in these spots has not yet been determined.

Trustee Lueck asked whether the developer could alter the number of condos or hotel rooms in the development and what the trigger was for review. Mr. Heise noted that any change in numbers would trigger review. A minor change which did not affect density, height, open space, modify proportionate housing types or parking area, roads and other elements could be approved by the Village Planner (full text read by Mr. Failor).

Trustee Lueck asked about covering the outdoor pool. The developer explained that the additional requirements for safety, maintenance and other regulations of a covered pool would not make it feasible economically. Public access would also be very expensive.

Trustee Lueck asked about the proposed public Sky Lounge on the top floor and safety issues and was told that the developer has found these manageable.

President Pope asked about approval of the external ATM and was told that this had been approved, but would not be affiliated with a particular financial institution at the site.

President Pope asked about the requirement for the project to obtain LEED Silver points. LEED Certification is granted only at the completion of the project, but the developer would have to meet the required number of points to qualify.

President Pope asked about the option of car sharing, such as IGO cars available elsewhere in the Village, and suggested that this could be an alternative to a second car for some condo owners. The Board agreed that three spots should be added as a condition of the development. The applicant indicated support of this request.

President Pope also asked about whether construction hiring could include local residents and members of minority groups. The developer noted that while they can hire minority contractors, they cannot control the hiring of workers, but will provide written progress reports as dictated by the RDA.

President Pope asked for a motion to accept the Findings of Fact and direct staff to prepare the necessary documents with the addition of three shared car parking spaces as an amendment. It was moved and seconded to do so.

Trustee Hale thanked all who participated in the discussion of the Plan Commission's Findings of Fact and the Redevelopment Agreement. He noted that he is concerned about the financial viability of the Village and local businesses and the tax burden on citizens. He noted the need to take advantage of opportunities that are presented to expand the commercial and residential tax base, since future tax increases will necessarily fall on residential owners. He noted his disappointment 16 years ago when he first came to Oak Park and noted how dilapidated the garage was and this development would be a great improvement at the gateway to the Frank Lloyd Wright district. TIF funds should be invested responsibly to leverage the new garage with an additional \$2.5 million in revenue. Two-thirds of the taxes will go to the school districts. He

encourages the hotel as a partner with the 19th Century Club to ensure preservation of that building and organization, and support for the two other local hotels to make needed upgrades. With local mass transit and better parking management, the Village needs fewer parking spaces. Zoning in every municipality allows for exceptions where they make sense. Any exception has to prove itself. Restriction to current zoning at that location would prevent a viable development. The economy is with Oak Park, with the likelihood of recovery as the development comes online. And if the investors still in the market think this will work, that's great; if not, we are no worse off than we were.

Trustee Hedges also thanked those who were present this evening, and mentioned Kevin Murphy, who gave a thoughtful perspective on the project. He wondered how residents felt when the residential Lake Street had major multi-story department stores move in, and a series of auto dealers on Madison Street, and the development of Mills Park Tower and One Forest Place, Whiteco and Trader Joe's. We have always reinvented ourselves, not just for today but for tomorrow, continuing to look forward to those who will live here in the future.

Trustee Johnson was pleased to have a chance to dialog with the public and discuss this project, as he found emails less helpful, especially those sent in response to the mischaracterization of the project, and personal attacks the Board for considering it, building cynicism among residents. He noted that even Frank Lloyd Wright's Unity Temple was controversial when it was built. While people continue to criticize new developments, Whiteco has produced 65 new jobs, \$100,000 in new taxes and a 62% occupancy rate in the worst recession in 70 years. The charming character of Oak Park is not this building, but its residential neighborhoods, the diversity of its people, high quality schools, its demographics. This is what investors consider when they consider the project, our incomes, our location and values of the community. These are stronger than a single building and will not change if we move forward. He noted strong independently owned shopping districts, access for travelers, parking needs, an increased tax base, and support for the recommendations of the Plan Commission, and conversion of a tax-exempt garage to one that produces tax revenue as reasons to support the project.

Trustee Pate noted high citizen engagement of the Village as a plus for Oak Park and thanked those who participated in the evening's discussion. She noted that the project will evolve as the economy is improving, and the thoughtful process that led to the decision. She said that the Village must continue to evolve, as it did when difficult decisions were faced in the past, and that citizens are wise to place their trust in public officials when elected officials give them no reason to feel otherwise. She said that this was a calculated risk worth taking and that she would support the project.

Trustee Lueck noted that she had been part of all PUD developments, and that each had disappointed her in some way, but that each has improved the economy of the Village. She thanked the Plan Commission for their work, and noted that the community is more than the residential neighborhoods; it is also the business districts, the churches, the 19th Century Club, the parking lots. She provided statistics on the relative mobility of Oak Park residents, with more single residents than "family" households. Both have a voice, and some people don't like a modern building, while others appreciate what is modern and functional. You can be complementary and still be different; Oak Park is about embracing the differences. She thanked the developers for being willing to risk so much money in this community.

Trustee Brewer noted his experience of staying in downtown Detroit in a project that was similar to the proposed development. He noted that every time he visited, it was basically full; a success in an area much more depressed than Oak Park. He believes that the concept has a great ability to work and that it will. He noted the extensive detail provided by the Plan Commission and the financial analysis, and the confidence of the developer for being willing to invest in Oak Park. He

noted that Unity Temple was not “traditional” when it was built, and that this new development promises to be better than other recent developments.

President Pope noted that Oak Park is the most successfully diverse community in the United States, and that the level of economic vitality in Oak Park is stronger than in neighboring communities, an integral part of our success. By providing places for people to come together, Oak Park builds community. He explained that the newest municipal planning concepts call for concentration of people in areas to support the retail base, with social and cultural interactions. He also disputed the option to do nothing. This would involve increasing maintenance costs on a failing garage, and then a large expense down the road to rebuild or sell to someone who would. The alternative of an open-air garage and a small retail development is not compelling. With proposed retail and residential uses this development will foster community and vibrancy of the downtown area, the quality of life in the surrounding community. He thanked the Plan Commission, staff and others who worked on this and called for a vote.

The roll call on the Motion was as follows:

AYES: Trustees Brewer, Hale, Hedges, Johnson, Lueck, and Pate; President Pope

NAYS: None

ABSENT: None

The Motion was adopted.

ADJOURN

It was moved and seconded to adjourn the meeting. A voice vote was taken and the motion was approved. The meeting was adjourned at 12:40 A.M. Tuesday, March 9th, 2010.

SUBMITTED AND RECORDED IN THE OFFICE OF:

Teresa Powell, Village Clerk