

# VILLAGE OF HOMEWOOD



## BOARD AGENDA MEMORANDUM

DATE OF MEETING: June 24, 2025

**To:** Village President and Board of Trustees

**From:** Napoleon Haney, Village Manager

**Topic:** Second (2<sup>nd</sup>) Amendment to the Wind Creek IL LLC Redevelopment Agreement

### PURPOSE

Wind Creek IL LLC has asked the Villages of East Hazel Crest and Homewood to approve an amendment to their Redevelopment Agreement (RDA) that would allow the developer to recover additional tax increment financing (TIF) eligible expenses that were not anticipated when the original RDA was approved in 2023. The original RDA authorized reimbursement for up to \$55 million in TIF eligible expenses. With approval of this amendment, the amount of TIF eligible expenses that could be reimbursed would be \$70 million.

### PROCESS

In 2023, the Villages of Homewood and East Hazel Crest entered into a Redevelopment Agreement with Wind Creek IL, LLC that included \$55 million in TIF incentives. These incentives are paid exclusively from property taxes paid by the developer. While the developer paid all expenses up front, reimbursement to the developer of its TIF eligible expenses will extend over many years.

Since the original RDA was signed in 2023, the casino and hotel tower project has experienced significant unanticipated cost increases:

- Original 2023 Project Budget: \$529 million (includes \$55 million of TIF eligible expenses)
- Actual 2025 Costs: \$605 million (\$76 million more than the original budget - a 14% increase)
- Breakdown of the \$76 million overage includes the following:
  - \$35 million – Higher construction costs
  - \$33 million – Increased costs for furniture, fixtures, and equipment
  - \$5 million – Pre-opening operational expenses
  - \$3 million – Additional financing costs

These increases were driven mainly by inflation and market volatility in construction and material costs. As of March 2025, eligible TIF expenses have reached \$72 million, justifying the request for additional support.

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### *TIF Notes*

Since the TIF eligible expenses will be paid to the developer over many years, the Villages agreed in the RDA to issue a “TIF Note,” which is essentially a promise to make future incentive payments as property taxes are paid. Funds to repay the developer’s TIF eligible expenses come exclusively from property taxes paid by the developer. When the original RDA was approved in 2023, the Villages agreed to issue a TIF note for \$55 million. This amendment would authorize the issuance of a second TIF note for \$15 million, for a total of \$70 million.

### *TIF Sharing/Reimbursement*

Per the Redevelopment Agreement, \$0.95 of each property tax dollar paid by the developer is used to reimburse the Developer’s TIF eligible expenses, and the remaining \$0.05 is retained in each Villages’ TIF District. This amendment does not change that split.

## **OUTCOME**

Approval of the RDA amendment would reduce the property tax revenue retained in the Village’s Northeast TIF. However, this reduction is a trade-off for ensuring the project as a whole is completed successfully and continues to generate long-term economic benefits for the Village.

## **FINANCIAL IMPACT**

The financial impact on the Village of Homewood is modest and delayed as listed below:

- Homewood’s Northeast TIF will continue to receive 5% of the Incremental Property Tax revenue generated by the parking garage.
- Under the current \$55 million note, it is estimated that it would be paid off by 2036. After the note is paid, all of the TIF incremental property taxes from the parking garage would flow to the Northeast TIF.
- If the amendment is approved and the TIF note total increases to \$70 million, it is estimated that the notes would be paid off by 2040.
- The total reduction in revenue to the Village’s Northeast TIF is estimated at \$325,290, or about \$65,060 per year.

## **LEGAL REVIEW**

Completed

## **RECOMMENDED BOARD ACTION**

Pass a resolution approving a second (2<sup>nd</sup>) amendment to the redevelopment agreement between the Village of Homewood, the Village of East Hazel Crest, and Wind Creek IL, LLC for the redevelopment of property to construct a casino, hotel, and parking garage within the Northeast Tax Incremental Redevelopment Project Area in Homewood and the Halsted Street Redevelopment Project Area in the Village of East Hazel Crest.

## **ATTACHMENT(S)**

Agreement