

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: March 11, 2025

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Amy Zukowski, Director of Finance

Topic: Budget Amendment – Stoney Point Grill II, LLC Incentive Payment

PURPOSE

Staff requests that the Village Board approve a budget amendment to pay Stoney Point Grill II, LLC their second of six (6) incentive payments per the redevelopment agreement approved at the October 25, 2022 Board meeting.

PROCESS

During the October 25, 2022 Board of Trustees meeting, the Village Board authorized the Village to enter into a redevelopment agreement with Stoney Point Grill II, LLC. The redevelopment agreement provided for reimbursement of Tax Increment Financing (TIF) and non-TIF costs to assist the developer with the build-out of the restaurant. There is a remaining \$425,000 in reimbursements payment obligated to Stoney Point Grill II, LLC that will be paid out over a five-year period, according to the following schedule:

1. \$85,000 after 12 months after the opening date.
2. \$85,000 after 24 months after the opening date.
3. \$85,000 after 36 months after the opening date.
4. \$85,000 after 48 months after the opening date.
5. \$85,000 after 60 months after the opening date.

Since Stoney Point has completed 12 months of successful operations, the Village is required to make an incentive payment. In anticipation of this payment, a budget amendment is required.

Assigned Fund Balance

Funding for the remaining incentive payment of \$425,000 that is spread out over five (5) years, is pledged from the Village's *Assigned Fund Balance* and will be included in each fiscal year budget until finalized (\$85k per year). *Assigned Fund Balance* is fund balance dollars that have been designated and obligated to use for a specific purpose. The Village has typically used assigned fund balance dollars to fund actual and/or prospective economic development projects. The process of assigning and obligating "*Assigned Fund Balance*" dollars occurs every year during the audit process.

VILLAGE OF HOMEWOOD



Source of Funding for the Incentive

The initial funding for the incentive to Stoney Point Grill II, LLC was \$600,000 which was returned to the Village from our reserves with the Intergovernmental Risk Management Agency (IRMA) in April of 2020. The reserves had slowly accumulated from prior years where Homewood's insurance premium payments to IRMA were less than the amount of claims that were paid out. The \$600,000 was kept within the General Fund Balance and was intended to be used specifically for this development and is "assigned" to the incentive through the audit process annually.

The first \$425,000 incentive payment was paid from the \$600,000 brought back from IRMA. The remaining \$425,000 that is to be paid over the next five (5) years (\$85k per year) will also be paid from Assigned Fund Balance, and will need to be approved by the Board every year with a budget amendment.

The Village has been fortunate to meet its minimum fund balance policy (five months of operating expenditures) and assign surplus funds above the minimum balance to projects like Stoney Point Grill II, LLC. We will continue to assign fund balance for this redevelopment agreement annually through the audit process as long as our minimum fund balance requirement continues to be met. Should the Village not be able to assign fund balance at some point in the future, the annual incentive payment will be paid out of the General Fund.

OUTCOME

Approval of the budget amendment will allow the Village to meet its obligation to Stoney Point Grill II, LLC and HCF Homewood, LLC for the second incentive payment.

FINANCIAL IMPACT

- **Funding Source:** General Fund Assigned Fund Balance
- **Budgeted Amount:** \$0
- **Cost:** \$85,000

LEGAL REVIEW

Not Required

RECOMMENDED BOARD ACTION

Approve a budget amendment of \$85,000 to the General Fund for the incentive payment to Stoney Point Grill II, LLC.

ATTACHMENT(S)

None