

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: January 9, 2024

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Angela Mesaros, Director of Economic and Community Development

Topic: Hartford Building Development – Assignment of Agreement and TIF Note

PURPOSE

The Village of Homewood entered into a redevelopment agreement (RDA) on July 27, 2021, with HCF Homewood, LLC to develop the former Triumph Building into a mixed-use residential building. In February 2022, the Village approved the assignment of the Agreement and TIF Note to a construction loan institution (CNB Bank & Trust). The developer is currently in the process of securing a long-term real estate loan to pay off the construction loan. The real estate loan is with a different lending institution (Lender), CoVantage Credit Union, and once again requires that the RDA and its terms and conditions be assigned to the Lender to secure the developer's obligations to the lender.

PROCESS

The Village provided Tax Increment Financing incentives to the developer of the Hartford Building development. As a condition of the loan from the lending institution, the developer is required to assign the incentives to the lending institution. This assignment protects the lending institution and may ensure the proposed development is completed should the developer default on the loan. The key benefits related to the assignment are listed below.

- The bank cannot receive any of the redevelopment agreement benefits or payments unless the developer defaults on the loan for this project.
- Should the developer default on the loan, and the bank forecloses, the bank (or a subsequent owner) will only receive the Redevelopment Agreement benefits if they comply with the Developer's obligations under the Redevelopment Agreement.
- The Village and the Developer cannot amend the Redevelopment Agreement without the bank's permission.

OUTCOME

Upon approval of the attached resolution, should the borrower/developer default on its loan, the lending institution is allowed to receive the benefits (TIF incentives) that would have gone to the developer, provided the lending institution, or whoever acquired the property through foreclosure, etc., honors the original terms and conditions of the redevelopment agreement.

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FINANCIAL IMPACT

- **Funding Source:** N/A
- **Budgeted Amount:** N/A
- **Cost:** N/A

LEGAL REVIEW

Completed

RECOMMENDED BOARD ACTION

Pass a resolution approving the assignment of a redevelopment agreement and TIF note proceeds to CoVantage Credit Union of New Lenox, IL to secure a long-term real estate loan given to HCF Homewood, LLC.

ATTACHMENT(S)

- Resolution
- Assignment