VILLAGE OF HOMEWOOD

BOARD AGENDA MEMORANDUM **DATE OF MEETING: November 10, 2026**

To: Village President and Board of Trustees

From: Napoleon Haney, Village Manager

Topic: An Amendment to the Restated Redevelopment Agreement that includes the Collateral Assignment of TIF Documents and Subordination of Redevelopment Agreement (RDA) and a Purchase and Sales Agreement Among the Village of Homewood, A&R Screening, LLC, LAROYCO LLC and Midland States Bank

PURPOSE

The Village Board is being requested by John LaRoy, owner of Apparel Redefined, to approve the necessary documents that will enable the company to initiate and complete the rehabilitation and reoccupancy of the existing 9,400 square-foot office building at 1313 175th Street along with the new construction of a 35,700 square-foot screen-printing production facility.

PROCESS

The Board approved the initial Redevelopment Agreement and Purchase and Sales agreement in October 2023. A&R Screening, doing business as Apparel Redefined, planned to renovate the existing building at 1313 175th Street and construct a light industrial screen printing facility on a portion of the four acres of vacant land to the west of the 1313 175th Street building. Movement on the project was delayed while the developer assembled the needed financing for the project. The Village Board approved a Restated Redevelopment Agreement, effective February 10, 2026 concerning the redevelopment of the property at 1313 through 1351 175th Street. The developer is prepared to complete the project.

Property History

The 175th Street corridor has always been the focus of "future redevelopment" for the Village of Homewood. The 175th Street corridor is part of the Northeast Tax Incremental Financing District (TIF), created in 2015. Utilizing TIF funding, the Village purchased and closed on the 1221 175th Street building (Atrium Building) for $200k in May of 2022 with the hopes of redeveloping the building as part of the 175th Street redevelopment focus. The Village, at that time, also owned the four (4) vacant acres of land to the west for over 34 years. Because the vacant land was Village owned and "exempt," the property had not generated property taxes for those 34 years. Due to market and economic conditions, the Village was unsuccessful in marketing the vacant four acres over the years. In 2023, John LaRoy approached the Village with a light industrial concept that would develop a portion of the vacant land, create a business headquarters, create jobs, and build a newly constructed light industrial facility. The Village, in partnership with Apparel Redefined, worked through a number of steps to secure the needed financing for the project.

The RDA and Purchase & Sales Agreement

In summary, the Village, using TIF funding, purchased the 1313 175th Street building ($400k) in November 2023 as part of a 5.8-acre land transfer to the developer. Approximately three acres of this transfer will remain vacant. As part of the TIF agreement, the Village agrees to reimburse the developer 100% of any incremental property taxes generated by the business. The Village agrees to use existing and available TIF dollars to reimburse the developer for soil mitigation work in an amount not-to-exceed $1.13M once the project is completed. The Village also agrees to support a Cook County Class 8 incentive for the project.

Land/Property Reverter Provision

As a safeguard when the Village conveys property to a developer as part of a redevelopment agreement, the Village typically includes a reverter or "clawback" provision. Such a provision generally allows the Village to regain ownership of the property if the developer fails to satisfy certain obligations under the redevelopment agreement. Under the developer's proposed financing structure, however, the Village's customary reverter rights will be subordinate to the developer's lender.

As a condition of financing, the lender requires a first-priority security interest in the property being pledged as collateral. Consequently, if the developer defaults on its loan and the lender exercises its rights against the collateral, the Village will likely be unable to recover the property through its customary reverter provision.

In practical terms, if the developer were to default on its financing obligations and the lender foreclosed on the property, the lender, or a subsequent purchaser through the foreclosure process, could obtain ownership of the property. While lender priority is a normal component of many real estate development financing arrangements, staff is highlighting this issue because approximately three (3) acres of currently vacant land being conveyed by the Village could ultimately be beyond the Village's ability to recover in the unlikely event that the developer defaults on their obligations.

Accordingly, this information is being presented to the Village Board so that it is fully aware of the limitation on the Village's traditional reverter protection when considering the proposed redevelopment agreement.

Subordination Agreement

To perfect this development deal, the Village Board is being requested to approve a TIF Subordination Agreement. In summary, Apparel Redefined is pledging its rights under the RDA, particularly its rights to receive TIF money, to Midland States Bank as additional security for the loan. At the same time, the Village is agreeing that certain Village rights under the RDA will be subordinate to the Bank's rights. The RDA potentially provides the Developer with up to $5,000,000 in reimbursement of qualifying TIF project costs; plus up to $1,130,400 for qualifying

extraordinary soil-condition costs. The subordination routes all future TIF payments to the lender as pledged debt service. This does not create a new $6.13 million obligation for the Village. The TIF payments remain subject to the RDA's conditions and available TIF revenues. Rather, the subordination changes who receives the TIF money once a payment becomes due.

Amendment to the Restated Development Agreement
To provide some assurances to the Village as it relates to the actual transfer of the building, the developer has agreed to the terms of the amendment to the restated development agreement. At the property and land conveyance closing, the developer will issue a promissory note to the Village in an amount of Four Hundred Thousand Dollars ($400,000), and owner will place a recordable mortgage on the property.

The Village's mortgage is subordinate to the mortgages securing the project financing provided by Midland States Bank and Fifth Third Bank at closing.

The forgivable mortgage demonstrates that if the property goes into foreclosure and there are excess funds from the sale, the Village will be entitled to recoup the proceeds. The Village and the developer are restructuring the closing so the developer can purchase the property using lender financing. The lender will receive the first mortgage, the Village will receive a second mortgage securing its $400,000 forgivable obligation, both financing and property acquisition will close together on a new closing date. It is important to note that one parcel will be removed from the transaction, and title to the remaining property will be transferred to the developer.

OUTCOME
Approving the agreements will allow for the developer to begin and complete their work to construct their new headquarters and light industrial facility.

FINANCIAL IMPACT
- **Funding Source:** Northeast TIF
- **Budgeted Amount:** $0
- **Cost:** N/A

LEGAL REVIEW
Not Required

RECOMMENDED BOARD ACTION
Pass an ordinance approving the amendment to the restated redevelopment agreement, related purchase and sale agreement, and the collateral assignment of TIF Documents and subordination redevelopment agreement among the Village of Homewood, A&R Screening LLC and LAROYCO, LLC.

VILLAGE OF HOMEWOOD

ATTACHMENT(S)

- Amendment to the Restated Redevelopment Agreement and Related Purchase and Sale Agreement Among the Village of Homewood, A&R Screening, LLC and LAROYCO, LLC
- Collateral Assignment of TIF Documents and Subordination of RDA