

**Special Meeting of the President and Board of Trustees
Village of Arlington Heights
Arlington Heights Village Hall
Board Room
33 S. Arlington Heights Road
Arlington Heights, IL 60005
December 9, 2024
7:00 PM**

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL OF MEMBERS

BOARD MEMBERS PRESENT: President Hayes; Trustees: Baldino, Dunnington, Grasse, LaBedz, Schwingbeck, Shirley and Tinaglia

BOARD MEMBERS ABSENT: Bertucci

STAFF MEMBERS PRESENT: Randy Recklaus, Village Manager; Diana Mikula, Assistant Village Manager; Hart Passman, Village Attorney and Kim Peterson, Recording Secretary

IV. APPROVAL OF MINUTES

V. APPROVAL OF ACCOUNTS PAYABLE

VI. RECOGNITIONS AND COMMUNICATIONS

President Hayes discussed the garbage truck fire that occurred last Friday and injured three of the Village's first responders and damaged a number of homes in the area. President Hayes happily reported that the two officers and one firefighter that were hurt are doing okay and recuperating. President Hayes advised that the Village is currently working with Groot to determine the cause of the incident and prevent such situations from occurring in the future. If any resident sustained any damage to their property, they can call Groot's insurance representative at 913-491-2277 and reference claim number RC15285.

VII. CITIZENS TO BE HEARD

VIII. CONSENT AGENDA

XI. NEW BUSINESS

A. A Resolution Approving a Memorandum of Understanding with School Districts 15, 211 and 214 and CBFC Development LLC, Concerning the Redevelopment of the Former Arlington International Racecourse Property.

President Hayes began the discussion by stating that since day one, his goal is to ensure that the Arlington Park property is put to its highest and best use, befitting of the legacy of the hundred-year-old racetrack. President Hayes advised that the MOU that will be discussed tonight, is not going to accomplish this goal, but it does get the Village further down the road in determining if the Chicago Bears stadium and associated development does meet this goal, not only for our community but the entire Northwest Suburban region. The MOU is a significant and necessary step in this lengthy process. The MOU not only resolves outstanding short- and long-term tax issues by providing a framework for tax certainty, it also provides protection and assurances for the school districts and it allows the Village to continue productive discussions and receive more definite plans and information to do its own due diligence. President Hayes advised a Bears stadium in Arlington Heights is not in any way a done deal with the approval of this Memorandum of Understanding. If the Bears decide to refocus on Arlington Park as the site for their new stadium, there will be many opportunities for the public to weigh in. With this update, the public will know everything the Village knows after the conclusion of this meeting. President Hayes stated the Village has not given or promised anything to the Chicago Bears at this point in the process. The Village will only agree to a new Bears stadium in the Village of Arlington Heights if it is a win-win for the community and provides a net fiscal positive for the Village of Arlington Heights. Lastly, President Hayes thanked all of those involved in getting the process to this point, including Mr. Recklaus, Mr. Passman and many other Village employees, Paul Shadle from DLA Piper's Development, George McCaskey, Kevin Warren and Karen Murphy and a number of others from the Chicago Bears, as well the three impacted school districts, 214, 211 and 15. President Hayes stated that he is very encouraged by where they are at in the process, although there is a long way to go. He is looking forward to continued discussions.

Mr. Recklaus advised that the last time he made a presentation on this topic was back in March, where he outlined the ongoing discussions between the Village, School Districts and the Chicago Bears. These discussions included short term property taxes for the Arlington Park property while it remains vacant, a mechanism to resolve the long-term property taxes for when and if a new privately owned stadium is built there and ways to protect the Village and School Districts to ensure that any development will be in the community's best interest and not overburden the taxpayers or create unsupported school children. Mr. Recklaus stated that he is happy to announce that the parties have reached an agreement on a Memorandum of Understanding (MOU) to do just that. This MOU, if approved, does not mean that the construction of an NFL stadium at the Arlington Park site is a done deal but it is a big step forward in the exploration of the development of the property. Mr. Recklaus explained how he will be presenting

the MOU to the Village Board for their consideration and a vote and then on Wednesday and Thursday the Agreement will be discussed and voted upon by the three school boards. The Chicago Bears Football Club has indicated that they support the Agreement as written.

Mr. Recklaus advised that back in 2022 the Village entered into a Pre-Development Agreement with the Chicago Bears Football Club that provided a roadmap for the development process, which is still in effect. In this agreement the Club states that they do not intend to ask the Village for financial assistance for the construction of the stadium structure. The stadium would be privately funded and owned and pay taxes, which is different from most professional stadiums throughout the country and even in Chicagoland. Publicly owned stadiums do not generate any property taxes for the host community, however more stadiums are being built with a private real estate investment angle. The fact that a privately funded and owned stadium and mixed-use district is being contemplated in Arlington Heights, is central to the discussion of the MOU. A privately owned and financed stadium district development provides far more opportunities for profit and revenue for the team and the community. The Arlington Park property is 326 acres and when you consider the size of this site, this type of stadium center and mixed-use development could generate more profit to the team/ownership and more tax revenue for the public than any other site contemplated. However, as the Village has said all along, any taxes on this site have to be fair. Mr. Recklaus explained how the Village stated in the 2022 Pre-Development Agreement that they would consider contributing to the cost of some of the infrastructure needed for the project, but only if the Village and consultants determine that the project would not be viable without and public/private partnership and it's determined the project will generate a net increase in Village tax revenues above current levels, even after factoring in any operational or capital costs the Village assumes (net fiscal benefit).

Mr. Recklaus explained how approximately two years ago, the issue of short-term taxes arose as an obstacle. When the racetrack was open and operating, their tax bill was \$3 million. When the Bears bought the property, with an unlicensed racetrack on it, their property tax bill went up to \$16 million. The Bears have since appealed this issue to the board of review and expressed concern about what a tax bill would look like once a couple billion-dollar sports facility is built on the site. The school districts also had legitimate concerns at this time as well. It is an important goal of the school districts, Village, and other taxing bodies, to be able to generate enough new revenue from the development to offset any new costs that are incurred, so that the new development does not place a burden on existing tax payers. The proposed MOU provides a framework to solve both the short- and long-term property tax issues and to protect the school district interests as they continue to explore the possibility of the project moving forward.

Mr. Recklaus discussed the different sections of the agreement, highlighting several points of importance, including the requirement that the Chicago Bears Club resume

the traffic and financial studies 60 days after the approval of taxes for the 2024 assessment year, which can be found in Section 4. Additionally stated in Section 4, is that the Village will not approve zoning until an agreement has been reached on school operating costs. Village staff truly does not believe that any development on this site will generate a large number of school children. Mr. Recklaus advised that the Village doesn't think that given the large increase in revenue that's going to be anticipated by the school districts for this project, there will be any shortfall. The Village has control in the end over the number of units and can approve or deny any proposal and with the inclusion of this Section, the school districts interests will be protected. Mr. Recklaus explained how Section 5 is another important Section, as it deals with various financial tools, including Tax Increment Financing (TIF). All of the parties involved agree that Tax Increment Financing is not a good tool to solve the property tax assessment problem for a unique use like an NFL stadium. However, they do feel that TIF could be a good tool for developing other parts of the project outside of the stadium. Normally a TIF involves an advisory joint review board with representatives from all the local taxing bodies. As a sign of good faith, the Village has agreed that any TIF on this site will allow the joint review board to be not just advisory, but its approval of any project will be a prerequisite for any TIF deal on the project.

Mr. Recklaus explained how in light of the realization that TIF is not a good fit for a privately owned stadium, all parties agree that a new tool will have to be developed by the State of Illinois to help facilitate major privately funded projects of this kind. This project, if it moves forward, will be one of the biggest redevelopment projects in the history of the State. The new tool that the Village, Schools and the Bears are suggesting be created already exists in other states around the country and it's called Payment In Lieu of Taxes (PILOT). The Village and developer, or property owner, would negotiate a PILOT agreement that would have to be approved by a local review board made up of representatives from each of the taxing bodies. A PILOT agreement would be set for a pre-determined period, between 23 and 40 years and the property owner would still pay taxes as set prior to the agreement, but they would be frozen for the period of the agreement. In lieu of the increased taxes, they would make an agreed upon payment for the term of the agreement. They would make these payments above and beyond the normal taxes and the payment would be subject to agreed upon increases during that time period. The taxing body review board would vote based on the proportion of the tax bill they are responsible for and because school districts are responsible for such a big percentage of the tax bill, they would get the biggest say and would have to agree to whatever the PILOT agreement says. After the agreement runs out, the property would get reassessed just like any other property. This tool would have to be created by the State legislature for this to proceed and TIF could not be used on the same part of the development as PILOT.

Mr. Recklaus advised that the benefits of this PILOT arrangement would be that the property owner would know with certainty what their taxes are for a specified period of time. The local taxing bodies receive tax certainty as well, as they would get a seat

at the table to determine, negotiate and plan for the long-term revenue, which is very different than the standard property tax process. The intent would be for this tool to only apply to very large unique projects and not typical developments. Under this agreement, the Village, school districts and Chicago Bears Football Club all agree that they would support such legislation if introduced in Springfield.

Mr. Recklaus discussed the Community Benefits Agreement found in Section 6, as well as Section 7, which states that in regards to the 2023 taxes that are payable in 2024, the Cook County Board of Review said the assessment for the property should be approximately \$125 million and assessed as an improved commercial property. This would generate a tax of about \$8.9 million for that year. There was some disagreement about this, as for part of the year, the racetrack was still standing, therefore the 2023 taxes will be determined by the Property Tax Appeal Board and/or the courts. In 2024, the property is now vacant, or unimproved, and in the agreement, the parties all support using the County Board of Review figure of \$125 million and that the property is now vacant, which in and of itself lowers the taxes for the site. This agreement did not create the new negotiated property tax figure, it merely acknowledges that the parties will not dispute the figure already developed by the Cook County Board of Review as it applies to the now vacant site. The County figures for a vacant site will generate a tax bill of approximately \$3.6 million per year. Under this agreement for 2025 – 2027, or the pre-construction period, the parties agree that they can support keeping the property at this same assessment level and for the years 2028 – 2030, the parties can agree to keep the assessment levels the same, if by the end of 2027 the Bears have submitted formal application to the Village for land use entitlements required for the construction and operation of an NFL stadium on the property. If they do not, the assessment will begin to increase by the consumer price index. For assessment years 2031 until the end of the pre-construction period, the property can remain at that level until construction begins, if the Bears begin applying for permits for construction six months after the approval of entitlements or if that occurs by December 31, 2030. The final decision on whether to approve this property tax amount is up to the Cook County Board of Review.

Mr. Recklaus advised that this is a very unique challenge and personally thanked the Chicago Bears Football Club, School Districts 214, 211 and 15, as well as Charles Perkins, retired Director of Planning and Community Development, Thomas Kuehne, Director of Finance and Hart Passman, Village Attorney, for all of their hard work in putting this agreement together. The public can find the entire agreement and FAQ sheet on the Village's website, www.vah.com/arlingtonpark. Staff recommends approval of the MOU.

President Hayes thanked Mr. Recklaus for breaking this agreement down to something that is understandable, as there is a lot of legal and tax language used. President Hayes advised that the FAQ page is especially helpful.

Trustee Schwingbeck thanked everyone for their hard work and stated that this is a great first step. Trustee Schwingbeck asked if the Bears have signed off on this agreement, which Mr. Recklaus advised that there is not a signed document, but the Bears did state that they can agree to this agreement as written. Trustee Schwingbeck asked about the financial and traffic studies and when those will be completed, which Mr. Recklaus advised that the Bears have 60 days to resume the studies once the taxes get settled through the Board of Review process, which is most likely sometime in early 2025. Trustee Schwingbeck asked if the Village's expenses to conduct their own studies will be reimbursed, which Mr. Recklaus advised they will be. Trustee Schwingbeck stated that he is excited about a possible stadium development and along with many residents is looking forward to getting that property developed as long as it is a win win for the residents.

Trustee LaBedz thanked everyone who was involved in negotiating the MOU and asked about the meaning of the word substantially in Section 2 of the Resolution, as the way it's written she is concerned that the Board will not have more involvement. Mr. Passman advised that there would be no changes in material terms. Mr. Recklaus stated that his intention is for there to be no changes and Staff would certainly come back to the Board if anything changed. Trustee LaBedz asked about the financial and traffic studies and if these would not resume until the taxes were settled, which Mr. Recklaus stated the studies would have to resume within 60 days of the tax settlement. Trustee LaBedz referred to Section 5 and asked if the vote is proportional with the Joint Review Board for Tax Increment Financing, which Mr. Recklaus advised that if TIF is used on any other part of the site besides the stadium build, it would be a one member one vote situation. Trustee LaBedz asked about Section 7 (B2), assessment years 2028 – 2030, and if it refers to unimproved property still, which Mr. Recklaus advised that it does. In addition, she asked Mr. Passman to go over Section 7 (3), assessment years 2031 through the end of the pre-construction period. Mr. Passman discussed this section in further detail and advised that these additional periods are meant to reflect the triannual assessment that the County Assessor engages in.

Trustee Shirley thanked Mr. Passman and Mr. Recklaus and advised that he is very anxious to get this thing moving along. Trustee Shirley asked about Section 1 (K,) and if the Bears are indicating that with the Cook County Assessor's valuation of the property and subsequent tax bill, the project is not financially feasible, which Mr. Recklaus advised that this portion of the agreement is just acknowledging that the Bears position is that they can't make this work. Trustee Shirley asked about Section 5 (A), and what the Village's mechanisms are to promote and push for the adoption of this (PILOT) legislation, which Mr. Recklaus advised that all reasonable efforts will be made to get legislative support.

Trustee Grasse stated that she is very appreciative of all of the hard work involved in this complex agreement. She stated that she supports this non-binding agreement, as it is really an agreed upon roadmap of mutuality. Trustee Grasse stated that she thinks

this is a great place to start for all parties involved and is in support of this so far. She really appreciates the section that requires the Joint Review Board approval, as it gets all of the parties involved in the decision making. Trustee Grasse asked about environmental studies and when those will be conducted, which Mr. Recklaus advised that environmental studies would have to be done as part of the review of the project.

Trustee Tinaglia advised that this is not a sprint, but a marathon, and Staff has done a great job thus far. Trustee Tinaglia stated that he supports this, as it is a wonderful opportunity, as long as all of the residents and school districts are protected.

Trustee Dunnington asked about zoning in the agreement and what is meant where it says that the Bears will also update the conceptual site plan, which Mr. Recklaus advised that the conceptual site plan will have to be reviewed and updated on an ongoing basis as part of this process. Trustee Dunnington asked if the tax agreement would still apply once a PILOT is in place, which Mr. Recklaus advised that you can't establish a PILOT until vertical construction is beginning on that site, and the two time periods cannot overlap. Mr. Passman stated that if PILOT legislation is adopted, and if the parties agree to pursue it and come to terms on it, when that agreement takes effect, all property tax deals in Section 7 fall away. Lastly, Trustee Dunnington asked if the Village Board would be involved in the PILOT agreement, which Mr. Recklaus stated 100%.

Paul Shadle, on behalf of the Chicago Bears, thanked the Village Board, Village Staff and all of the School Boards for their very hard work in developing this very complicated, but good agreement.

Colin Gilbert, 1011 W. Burgoyne Rd., stated that he is excited and thanked the Board and Village Staff for all that they've done to get to this point. It's a tremendous collaboration and this is a proud day for the Village. Mr. Gilbert acknowledged that there is still a lot of work to be done, but stated that he is confident that the Board will proceed in a fiscally responsible manner and protect the businesses and residents.

Martin Bauer, 528 S. Ridge Ave., stated that he is a huge fan of Arlington Heights, but is also a concerned tax payer and is not a fan of subsidies for big businesses. Mr. Bauer advised that the MOU gives the Bears the tax break they have been asking for, but doesn't give the village and school districts a whole lot in return, which concerns him. Mr. Bauer stated that any comprehensive redevelopment proposal should be voted on by the residents of Arlington Heights in a special referendum, and is recommending the Board vote no.

President Hayes advised that this MOU really deals with tax issues and not revenue issues. The revenue issues will be of substantial benefit to not only our community but the surrounding Northwest Suburban region. President Hayes thinks the revenues that would be derived from a Bears redevelopment in Arlington Park would be substantially

greater than what was existing at the Arlington Racetrack. Mr. Recklaus advised that there is a misconception that the Village was getting a lot of revenue from the racetrack when it was active and they really were not.

Donald Meersman, 420 W. Wing St., thanked the Board for everything they do and stated that he is eager to see the economic impact statement, although he understands the Bears are not required to provide one. In addition, he advised that he is not in favor of public subsidies for private businesses, although in this particular situation, perhaps the Village can suggest to the Bears that they would be happy to consider public financing if the Bears would let them invest in the team.

Keith Moens, stated that since this project has been deemed financially infeasible without local subsidies, as a resident, he is very concerned about how much his local taxes will escalate as a result of this MOU. Mr. Moens advised that this MOU favors the Bears way too much, and since it is non-binding, should be rejected by the Board tonight.

Tom Schild, thanked everyone for the hard work and asked how many students from grammar school to high school are projected to be residents on this property, which Mr. Recklaus advised that they don't have enough information to determine this and the Bears have indicated that they don't want to produce a project that generates too many school children. Mr. Recklaus explained how the downtown area, which is similar in size to the non-stadium part of the property site, generates approximately less than 50 children. Mr. Charles doesn't think that the school districts should have that much of a voice with this low number of school children.

Trustee Richard Baldino moved to approve the resolution authorizing the execution of a Memorandum of Understanding with the Chicago Bears Football Club LLC., and School Districts 214, 211 and 15. Trustee Tom Schwingbeck Seconded the Motion.

The Motion: Passed

Ayes: Baldino, Dunnington, Grasse, Hayes, LaBedz, Schwingbeck, Shirley, Tinaglia

President Hayes stated that he is very encouraged about where they are in the process, as this was a significant step, and advised that the public will be involved in every step of the process, as everyone's input is valued.

B. An Ordinance Providing for the Levy Assessment and Collection of Taxes for the Year Beginning January 1, 2025, and Ending December 31, 2025, for the Village of Arlington Heights.

Mr. Recklaus advised that the Board discussed the budget multiple times beginning in June and had two budget meetings in November and it was discussed again last week. Staff is looking for approval of a motion approving the 2025 tax levy in the amount of \$54,101,500.

Trustee Tom Schwingbeck moved for approval that the Ordinance Providing for the Levy, Assessment and Collection of Taxes for the Year Beginning January 1, 2025 and Ending December 31, 2025, for the Village of Arlington Heights. Trustee Richard Baldino Seconded the Motion.

The Motion: Passed

Ayes: Baldino, Dunnington, Grasse, Hayes, LaBedz, Schwingbeck, Shirley, Tinaglia

XII. APPOINTMENTS

XIII. PETITIONS AND COMMUNICATIONS

President Hayes thanked the Rotary Club and everyone involved in this year's Santa Run.

XIV. ADJOURNMENT

Trustee Robin LaBedz moved to adjourn at 8:21. Trustee Richard Baldino Seconded the Motion.

The Motion: Passed

Ayes: Baldino, Dunnington, Grasse, Hayes, LaBedz, Schwingbeck, Shirley, Tinaglia