

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
413 N. MILWAUKEE AVENUE
LIBERTYVILLE, ILLINOIS 60048**

August 26, 2020

Virtual Board Meeting
6:30 p.m.

A special meeting of the Board of Library Trustees of the Cook Memorial Public Library District has been scheduled for Wednesday, August 26, 2020 and will be held virtually as authorized by Illinois Governor Executive Order No. 5, dated March 16, 2020.

To join the meeting via computer or smart device, click on this link:

<https://us02web.zoom.us/j/87142705682>

To join the meeting via telephone, dial (312) 626-6799 and enter Meeting ID: 871 4270 5682

1. Call to order.
2. Roll call.
3. Public Comment.
4. Authorization for Library representative on Hawthorn Mall Joint Review Board to vote to recommend or deny approval of proposed TIF District.
5. Adjournment.

Wendy Vieth, President
Board of Library Trustees

August 24, 2020

Village of



290 Evergreen Drive · Vernon Hills, IL 60061-2999 · 847-367-3700

August 24, 2020

President Wendy Vieth
Cook Memorial
Public Library District

President Vieth,

On behalf of the Village of Vernon Hills, I would like to take this opportunity to address the President and Board of Trustees regarding this extremely important issue.

Hawthorn Shopping Center, (HSC) has been the cornerstone and financial foundation of the Village of Vernon Hills since it was first constructed. Built in the early 1970's, HSC became the cradle for virtually all of the retail and business growth and development, not only in Vernon Hills, but throughout the Lake County region. Mostly due to the success of HSC, Vernon Hills has become one of the two largest economic engines in Lake County to the local taxing bodies, only a positive impact on local schools and businesses.

The Hawthorne Mall has been an important economic engine for the Village of Vernon Hills, and for the region since it opened in the 1970's. It is conservatively estimated that over \$70M of tax revenue has been generated by the Mall – as part of property taxes, sales taxes and other revenues to the Village as well as to other taxing districts, such as School Districts 73 and 128, Lake County and other local taxing districts. Thousands of jobs associated with the Mall's operation have had a synergistic effect throughout the area, generating even more growth and development leading to spin off spending along Milwaukee Avenue and Townline Road and throughout the community that is staggering.

After the recession of 2009-10, the retail world began to change. The internet, online shopping and marketing giants like Amazon began to have a huge impact on the traditional shopping and buying habits of consumers everywhere. For years, economists have forecasted the demise of large indoor regional malls. Within the past few years, a significant number of retail giants have either closed their stores, filed for bankruptcy, or have announced store closings in the near future. The Village has been closely monitor the health of the Mall over the last 10 to 15 years as retail trends within Illinois, and the U.S., have changed and unfortunately have negatively impacted traditional retail operations.

Even prior to the Corona Virus pandemic, the closure of Mall anchors – Sears and Carson’s since 2018 have led to significant lost sales taxes and jobs. The other two anchors, JCPenney and Macy’s are also threatened by the current retail trade changes. JCPenney has already filed for bankruptcy and plans to close as many as 250 stores, while Macy’s has plans to close as many as 125 stores. These closures pose “ripple” effects for existing tenants – through co-tenancy closures and loss of consumer traffic. Currently, the vacancy rate of Hawthorn Mall is near 40% with as many as an additional 10% in short-term leases.

The Village initially utilized a local sales tax sharing program in 2013 to attempt to stabilize operations (up to \$10,000,000), but the ongoing strength of retail sales limits that approach. After detailed and careful consideration with Mall ownership, the Village is pursuing a TIF designation as an additional tool to reposition and strengthen the largest taxpayer in the Village (and for other taxing districts). Mall ownership has now proposed to invest approximately \$250 million to reposition and strengthen the Mall and has requested public assistance in doing so.

A TIF is needed due to the challenges associated with:

- Repurposing or removing obsolete and single purpose structures (anchors);
- Adding non-retail or alternate real estate redevelopment options (mixed use);
- Relocating and reconstruction of utility services; and
- Addressing project economics in order to provide a competitive alternative to non-mall locations as the market continues to change over time.

The Village is also proposing to:


- Continue to contribute sales taxes as part of any redevelopment effort;
- Structure appropriate and prudent “pay as you go” performance based obligations;
- Pursuant to the State TIF statute, insure that the required TIF payments are available to the schools for the education of school-aged children in the TIF.

It is the Village’s firm conviction that unless the Mall is repositioned and redeveloped through TIF and sales tax programs, the future prospects are lower real estate valuations (other malls such as Yorktown have already recorded significant drops in valuation, of up to 30%, due to vacancies), job loss, and retail sales reductions. Given the importance of the Mall we believe that “do nothing” is not an alternative.

Having said all that, I would like to convey to the Board that the Village is extremely sensitive to the needs of all of the taxing bodies affected by this TIF, especially the significant concerns of School District 73. The Village has been working diligently with the District to find a mutually beneficial agreement. As of this moment, the details Redevelopment Agreement have not been completed and discussions with the Village and developer are ongoing.

We stand ready to provide any information needed by the Library Board and strongly urge the Board to support this most important regional redevelopment effort, and ensure the future tax generating ability of the mall.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Mark Fleischhauer', with a large loop at the end of the name. The signature is written over the printed name and title.
Mark Fleischhauer
Village Manager
Village of Vernon Hills

RESOLUTION NO. 2020-01

RESOLUTION APPROVING THE RECOMMENDATION AND REPORT OF THE JOINT REVIEW BOARD IN REGARD TO THE PROPOSED DESIGNATION OF THE REDEVELOPMENT PLAN AND PROJECT FOR THE VERNON HILLS HAWTHORN MALL TAX INCREMENT FINANCING DISTRICT AND THE APPROVAL OF THE REDEVELOPMENT PLAN AND PROJECT IN RELATION THERETO

WHEREAS, pursuant to Village of Vernon Hills (the "Village") Ordinance No. 2020-087, adopted on July 21, 2020, the Village caused notice to be sent to all taxing districts impacted by the proposed Hawthorn Mall TIF District Redevelopment Plan and Project and to the Illinois Department of Commerce and Economic Opportunity on July 24, 2020; and

WHEREAS, the Hawthorn Mall TIF District Joint Review Board (the "Joint Review Board") met on August 13, 2020 at the Village of Vernon Hills Village Hall, pursuant to the Illinois Tax Increment Allocation Redevelopment Act. 65 ILCS 5/11-74.4-1 *et.seq.* (the "Act") which meeting was continued to August 27, 2020; and

WHEREAS, at the meeting on August 13, 2020, pursuant to a 7-1 vote of those members of the Joint Review Board present and voting, Richard Chiarello was appointed as the Public Member of the Joint Review Board and pursuant to a 6-3 vote Julie Simpson, Lake County D18, was appointed Chairperson of the Joint Review Board; and

WHEREAS, the Joint Review Board did carefully review and consider the public record, planning documents, and proposed ordinances relating to the designation of the Redevelopment Plan and Project Area and approval of the Redevelopment Plan and Project in relation thereto for the Village of Vernon Hills Hawthorn Mall TIF District; and

WHEREAS, after consideration of said matters, the Joint Review Board did agree by a majority vote of the members present and voting, that the designation of the Redevelopment Project Area and approval of the Redevelopment Plan and Project move forward and be approved; all as set forth in the recommendation and report of the Joint Review Board (the "Recommendation and Report"), a copy of which is attached hereto as **EXHIBIT A**.

NOW, THEREFORE, BE IT RESOLVED BY THE JOINT REVIEW BOARD OF THE VILLAGE OF VERNON HILLS, LAKE COUNTY, ILLINOIS, AS FOLLOWS:

SECTION 1: The statements set forth in the preambles of this Resolution are found to be true and correct and are adopted as part of this Resolution.

SECTION 2: After hearing presentations by Kane McKenna & Associates, Inc., and Klein, Thorpe and Jenkins, Ltd and after reviewing the public record, the planning documents, and the proposed ordinances approving the designation of the Redevelopment Plan and Project Area and approving the Redevelopment Plan and Project, the Joint Review Board, hereby adopts the Recommendation and Report, attached hereto as **EXHIBIT A**, directs the Chairperson to execute the Recommendation and Report, and recommends that the Village President and Board of Trustees of the Village of Vernon Hills move forward with, and approve, the designation of the Redevelopment Project Area and the Redevelopment Plan and Project in relation thereto, as required by 65 ILCS 5/11-74.4-5(b).

ADOPTED this 27^th day of August, 2020, pursuant to a roll call vote as follows:

AYES:

NAYS:

ABSENT:

APPROVED this 27th day of August, 2020 by the Joint Review Board of the Village of Vernon Hills, and attested by the Chairman of the Joint Review Board of the Village of Vernon Hills, on the same day.

ATTEST

Julie Simpson, Chairperson, Joint Review Board
Village of Vernon Hills, Lake County, Illinois

EXHIBIT A
JOINT REVIEW BOARD RECOMMENDATION

JOINT REVIEW BOARD RECOMMENDATION IN REGARD TO THE PROPOSED DESIGNATION OF THE REDEVELOPMENT PROJECT AREA FOR THE VILLAGE OF VERNON HILLS HAWTHORN MALL TAX INCREMENT FINANCING DISTRICT AND THE APPROVAL OF THE REDEVELOPMENT PLAN AND PROJECT IN RELATION THERETO

To: President and Board of Trustees
Village of Vernon Hills, Illinois

Pursuant to Vernon Hills Ordinance No. 2020-087, adopted on July 21, 2020, and the Notice sent to all taxing districts impacted by the Hawthorn Mall Tax Increment Financing District and to the Illinois Department of Commerce and Economic Opportunity on July 24, 2020, the Vernon Hills Hawthorn Mall Tax Increment Financing District Joint Review Board (hereinafter the "Joint Review Board") met on August 13, 2020 and again on August 27, 2020. After hearing presentations by James V. Ferolo of Klein, Thorpe and Jenkins, Ltd. and Robert Rychlicki of Kane, McKenna & Associates, Inc., and after reviewing: the public records; the planning documents; and the proposed ordinances approving the designation of the Redevelopment Project Area; the Eligibility Report and the Redevelopment Plan and Project relative to the Hawthorn Mall Tax Increment Financing District, the Joint Review Board, by a _____ vote of those members present and voting [Lake County - Aye, Nay]; [College of Lake County, District Number 532]; [Vernon Hills Park District - Aye, Nay]; [Cook Memorial Public Library District - Aye, Nay]; [Countryside Fire Protection District - Aye, Nay]; [Community H.S. Dist. 128 - Aye, Nay]; [School District No. 73 - Aye, Nay]; [Libertyville Township - Aye, Nay]; [Village of Vernon Hills - Aye, Nay]; [Public Member Richard Chiarello - Aye, Nay], voted to recommend that the President and Board of Trustees of the Village of Vernon Hills move forward with the designation of the Redevelopment Project Area for the Vernon Hills Hawthorn Mall Tax Increment Financing District and the approval of the Redevelopment Plan and Project in relation thereto, as required by 65 ILCS 5/11-74.4-5(b).

Date: August __, 2020

By: _____
Julie Simpson
Chairperson of the Joint Review Board