

**: OFFICIAL PROCEEDINGS:****: OF THE CITY OF PEORIA, ILLINOIS :**

A Special Meeting of the City Council of Peoria, Illinois, was held on Monday, November 1, 2011, at 6:16 P.M., at City Hall, Council Chambers, 419 Fulton Street, with Mayor Jim Ardis presiding, and with proper notice having been given.

**ROLL CALL**

Roll call showed the following Council Members physically present: Akesson, Gulley, Irving, Riggensbach, Spain, Spears, Turner, Van Auken, Weaver, Mayor Ardis – 10; Absent: Sandberg - 1.

**INVOCATION & PLEDGE OF ALLEGIANCE**

Mayor Ardis requested a moment of silent prayer or silent reflection, and then he led the Pledge of Allegiance.

**ANNOUNCEMENT REGARDING CUMULATIVE VOTING ON-LINE SURVEY AND PUBLIC FORUM ON REDISTRICTING**

Mayor Ardis encouraged citizens to visit the City of Peoria website [www.ci.peoria.il.us](http://www.ci.peoria.il.us) and participate in an on-line survey designed to gather citizens' input regarding the cumulative voting process. He noted a public forum regarding redistricting and the cumulative voting process would be held at River West on Wednesday, November 2, 2011, from 7:00 P.M. to 9:00 P.M. for interested citizens.

**PETITIONS, REMONSTRANCES & COMMUNICATIONS**

**(11-471) Communication from the City Manager and Corporation Counsel Requesting Approval of the DESIGN CONCEPTS for the AMENDED AND RESTATED REDEVELOPMENT AGREEMENT by and Among the CITY OF PEORIA and EM PROPERTIES, LTD. and PERE MARQUETTE HOTEL, LLC and PERE MARQUETTE TIF, INC.**

Developer Gary Mathews distributed a letter to members of City Council.

City Manager Ulrich distributed a revised Redevelopment Agreement, a detailed financial analysis of the hotel project, and a chart comparing the project costs as originally presented with the agreement in its current state to members of City Council.

City Manager Ulrich provided a brief summary of the comparison of the hotel project in its original form and in its current form. He noted the major changes which included: an \$8 million savings in the total of the grant, which would place between \$6 - \$13 million less in debt service; a \$7 million loan to the developer, which would provide approximately \$3 million in additional interest over the course of the loan and a personal guaranty from the developer; and the developer fee being paid entirely out of profits from the project.

City Manager Ulrich explained the use of taxable General Obligation bonds would be used to front the \$29 million grant funds. He said a condition of this grant was that the developer would not contest property taxes. He said the \$7 million loan would utilize the City's OPEB funds that are currently drawing 0.6% interest. He noted the loan would remain at a zero percent interest rate during the construction phase of the project, and then draw a 7% interest rate afterward. He added the 25-year loan would generate an additional \$3 million.

City Manager Ulrich said, if the property were sold, any proceeds would go toward paying off all loans. He said, additionally, any dollars not spent would be placed into reserve funds for contingency projects which were itemized in Schedule 4 of the agreement.

City Manager Ulrich clarified all developer fees would come from operating profits. He said this lowered the City's risk, while maintaining the quality of the project. He said all parties hoped to have the closing before December 31, 2011. He said the bonds would be sold soon after the closing had taken place.

City Manager Ulrich outlined a number of sources of revenue the hotel project could potentially generate, which included: property tax, Business Development District hotel tax; Business Development District sales tax; HRA tax (hotel rooms); Restaurant tax; City sales tax; and miscellaneous revenues from utility tax, amusement tax, telecommunications tax, and licensing. He also presented three revenue projection scenarios, based on a recent appraisal arranged by the developer. He said enough revenue would be generated to cover the bonds. He added the developer agreed to redirect additional dollars back into the project.

In discussion with Council Member Van Auken, City Manager Ulrich clarified revenue could be passed between two adjacent TIFs and; therefore, Southtown TIF funds could be utilized if necessary.

Hearing no objections, Mayor Ardis granted Privilege of the Floor to anyone who wished to comment regarding the hotel project.

Gary Mathews, EM Properties, thanked the City for its leadership and thanked the public for its patience in all parties reaching an agreement. He said he was very enthusiastic about the project. He noted Peoria was his hometown and he was confident as to the value of this project to the City. He further thanked his staff, his wife, and many supporters of the project.

Ken Baumgartner, Caterpillar, noted the City's recent courageous decision to move ahead on the Museum Block project, and he said he felt the hotel project would be equally beneficial to the community. He said many of Caterpillar's global clients had come to expect luxury accommodations when visiting the area and this project would provide an opportunity for dollars to stay in the City of Peoria, rather than being shifted across the river.

Frederick Smith, Peoria resident, said he felt the hotel project was a good one, but he expressed concern with the Civic Center's lack of big productions. He said the Civic Center needed to ensure the arena was always booked with quality programming to encourage people to come to Downtown Peoria. He said this would help the City compete with Bloomington.

Bob Marx, Peoria Area Convention and Visitors Bureau, said the hotel property was essential for Peoria to thrive in the convention market. He also noted Marriott had over 18 million "rewards" clients who were very loyal to the Marriott brand. He said this loyalty factor would be beneficial to the success of the project.

Council Member Spain expressed concern that some of the language within the agreement regarding building materials and design standards was not clear. He said to address the quality of exterior building materials on the new hotel, he would like to see language added for clarification. He said these exterior material requirements were taken from the Exterior Building Materials requirements for the City's Form Districts.

Council Member Spain moved to approve the design concepts of the amended and restated Development Agreement with the condition that language be added stating the exterior materials for the first floor of the building cannot be EIFS or similar material, and shall be stone, brick, ground faced/burnished concrete masonry, precast concrete or high quality synthetic stone, subject to approval by the Illinois Historic Preservation Association and the National Park Service; seconded by Council Member Van Auken.

Council Member Akeson expressed concern that the schematic design for the hotel as it was originally presented to Council was simply photographs with no description of materials. She displayed samples of numerous building materials, noting the comparison in durability and quality. She noted there were no standards established for downtown construction.

Council Member Gulley said he liked the original concept presented for the hotel project with brick, stone and glass as the building materials, but he said he felt the City was not financially prepared to go to this extent for a hotel. He said he would support the motion on the floor for the design concept because he felt the Council needed to be realistic.

Motion to approve the design concepts of the amended and restated Development Agreement with the condition that language be added stating the exterior materials for the first floor of the building cannot be EIFS or similar material, and shall be stone, brick, ground faced/burnished concrete masonry, precast concrete or high quality synthetic stone, subject to approval by the Illinois Historic Preservation Association and the National Park Service was approved by roll call vote.

Yeas: Gulley, Irving, Riggensbach, Spain, Spears, Turner, Van Auken, Mayor Ardis – 8;

Nays: Akeson, Weaver – 2.

**(11-472) Communication from the City Manager Requesting Approval of an ORDINANCE Approving the REDEVELOPMENT AGREEMENT by and Among the CITY OF PEORIA and PERE MARQUETTE HOTEL LLC, PERE MARQUETTE TIF, INC. and EM PROPERTIES, LTD., to REHABILITATE the HOTEL PERE MARQUETTE into a FULL SERVICE MARRIOTT; CONSTRUCT a NEW COURTYARD MARRIOTT; CONSTRUCT a PARKING GARAGE with RETAIL and RESTAURANT SPACE; CONSTRUCT an ELEVATED CONNECTOR to the PEORIA CIVIC CENTER; and to Authorize the City Manager to Execute the Necessary Documents.**

As referenced in Item No. 11-471, City Manager Ulrich distributed a revised Redevelopment Agreement, a detailed financial analysis of the hotel project, and a chart comparing the project costs as originally presented with the agreement in its current state to members of City Council.

Council Member Gulley moved to adopt the Ordinance approving the Revised Redevelopment Agreement by and among the City of Peoria and Pere Marquette Hotel LLC, Pere Marquette TIF, Inc. and EM Properties, LTD., to rehabilitate the Hotel Pere Marquette into a full service Marriott; construct a new Courtyard Marriott; construct a parking garage with retail and restaurant space; construct an elevated connector to the Peoria Civic Center; and to authorize the City Manager to execute the necessary documents; seconded by Council Member Turner.

Council Member Akeson said she felt the projected costs were too low for rehabilitation, Courtyard construction, and the parking deck and that construction quality of the connector and the Pere Marquette rehabilitation would be compromised, as funding would be utilized primarily for the parking deck. She expressed concern that there had been a lack of scrutiny on the part of the City Council regarding the project.

City Manager Ulrich clarified specifics regarding construction for the project were outlined in the agreement, including the scope from which the City worked, as well as the developer.

In discussion with Council Member Gulley who expressed concern whether or not the City could afford to utilize OPEB funds in light of the RIF and ERI, City Manager Ulrich said this would provide the City with an opportunity to invest current stagnant funds. He said the City was required to set aside funding for retirees and current employees for healthcare costs, and these funds currently drew very little interest. He reiterated the investment of these funds would generate approximately \$3 million over the life of the loan. He added that OPEB funds could not be used for operations and, ultimately, the additional revenue would help to lower the City's liability.

In discussion with Council Member Irving, City Manager Ulrich said the developer's position in not protesting property taxes would help to stabilize the project, with a large portion of the financing coming from TIF funding. He said any shortfall would be identified well after revenues begin to come on line and would not be an issue. He also clarified the contingencies built in to the project to cover the City against an unexpected issue arising, noting dollars not used for this would go toward covering debt services. He said the Marriott contract was for a 30-year term and, during that timeframe, Mr. Mathews and his development team would be considered the owner of the project, while the Pere Marquette would be identified as the manager of the project. He added he hoped to add a City representative to the development team to help coordinate the project.

Council Member Irving thanked City Manager Ulrich for looking out for the best interest of the City in negotiating this agreement.

ORDINANCE NO. 16,757 approving the Revised Redevelopment Agreement by and among the City of Peoria and Pere Marquette Hotel LLC, Pere Marquette TIF, Inc. and EM Properties, LTD., to rehabilitate the Hotel Pere Marquette into a full service Marriott; construct a new Courtyard Marriott; construct a parking garage with retail and restaurant space; construct an elevated connector to the Peoria Civic Center; and to authorize the City Manager to execute the necessary documents was adopted by roll call vote.

Yeas: Gulley, Irving, Riggerbach, Spain, Spears, Turner, Van Auken, Mayor Ardis – 8;  
Nays: Akeson, Weaver – 2.

**(11-473) Communication from the City Manager and Corporation Counsel  
Requesting Approval of the CONNECTOR EASEMENT AGREEMENT by and  
Between the PEORIA CIVIC CENTER AUTHORITY, CITY OF PEORIA, and  
PERE MARQUETTE HOTEL, LLC and PERE MARQUETTE TIF, INC., and to  
Authorize the City Manager to Execute the Agreement.**

Council Member Gulley moved to approve the Connector Easement Agreement by and between the Peoria Civic Center Authority, City of Peoria, and Pere Marquette Hotel, LLC and Pere Marquette TIF, Inc., and to authorize the City Manager to execute the agreement; seconded by Council Member Spain.

Approved by roll call vote.

Yeas: Gulley, Irving, Riggerbach, Spain, Spears, Turner, Van Auken, Mayor Ardis – 8;  
Nays: Akeson, Weaver – 2.

**(11-474) Communication from the City Manager and Finance Director/Comptroller  
Requesting Adoption of an ORDINANCE Providing for the ISSUANCE of  
ONE or MORE SERIES of TAXABLE GENERAL OBLIGATION BONDS, of the  
City of Peoria, Peoria County, in Connection with a REDEVELOPMENT  
PROJECT for the PERE MARQUETTE HOTEL, Authorizing the Execution of  
One or More Bond Orders in Connection therewith, Providing for the LEVY  
and COLLECTION of a DIRECT ANNUAL TAX for the Payment of the  
Principal of and Interest on Said Bonds and Further Securing Said Bonds  
with a Pledge of Certain Incremental Property and Business District Taxes.**

Council Member Gulley moved to adopt an Ordinance providing for the issuance of one or more series of taxable General Obligation bonds, of the City of Peoria, Peoria County, in connection with a redevelopment project for the Pere Marquette Hotel, authorizing the execution of one or more bond orders in connection therewith, providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds and further securing said bonds with a pledge of certain incremental property and Business District taxes; seconded by Council Member Turner.

ORDINANCE NO. 16,758 was adopted by roll call vote.

Yeas: Gulley, Irving, Riggensbach, Spain, Spears, Turner, Van Auken, Mayor Ardis – 8;

Nays: Akesson, Weaver – 2.

**(11-475) Communication from the City Manager and Corporation Counsel  
Requesting Approval of the Following and Authorization for the City  
Manager to Execute the Necessary Documents as Outlined:**

- A. ORDINANCE Approving the AGREEMENT Between the CITY OF PEORIA and MAIN STREET LAND TRUST and PEORIA SPEAKEASY, INC. for the SALE of the FRANKLIN STREET PARKING LOT; and**
- B. PURCHASE AGREEMENT Between the CITY OF PEORIA and MAIN STREET LAND TRUST and/or MAIN STREET LLC for the PURCHASE of the PARKING LOT Commonly Known as 501 HAMILTON BOULEVARD.**

City Manager Ulrich distributed a replacement communication and Ordinance with a replacement Page 4 to the agreement, regarding the Franklin Street Parking Lot to members of City Council.

Council Member Gulley moved to adopt an Ordinance approving the revised agreement between the City of Peoria and Main Street Land Trust and Peoria Speakeasy, Inc. for the sale of the Franklin Street parking lot; seconded by Council Member Turner.

ORDINANCE NO. 16,759, as amended, was adopted by roll call vote.

Yeas: Gulley, Irving, Riggensbach, Spain, Spears, Turner, Van Auken, Mayor Ardis – 8;

Nays: Akesson, Weaver – 2.

Council Member Gulley moved to approve the purchase agreement between the City of Peoria and Main Street Land Trust and/or Main Street LLC for the purchase of the parking lot commonly known as 501 Hamilton Boulevard; seconded by Council Member Van Auken.

Approved by roll call vote.

Yeas: Gulley, Irving, Riggensbach, Spain, Spears, Turner, Van Auken, Mayor Ardis – 8;

Nays: Akesson, Weaver – 2.

Mayor Ardis thanked City Manager Ulrich and his Staff, as well as Developer Gary Mathews and his team, for their diligence in working toward a mutually beneficial agreement. He said he was excited about the quality of the project coming to Downtown Peoria.

Council Member Van Auken thanked Mayor Ardis for his leadership and vision in working to bring this project to reality for the City of Peoria.

**(11-476) Communication from the City Manager and Finance Director/Comptroller  
Requesting Approval of the ESTIMATE OF TAXES to be LEVIED, in the  
Amount of \$25,970,973.00, at a Rate of \$1.2899, Pursuant to 35 ILCS  
200/18-60.**

Council Member Spain moved to approve the estimate of taxes to be levied, in the amount of \$25,970,973.00, at a rate of \$1.2899, pursuant to 35 ILCS 200/18-60; seconded by Council Member Riggerbach.

Approved by roll call vote.

Yeas: Akeson, Gulley, Irving, Riggerbach, Spain, Spears, Turner, Van Auken, Weaver, Mayor Ardis – 10;

Nays: None.

### **REQUEST TO MOVE AGENDA ITEM FORWARD**

Upon request, Mayor Ardis moved the Town Item forward on the agenda. No objections were heard.

### **PETITIONS, REMONSTRANCES & COMMUNICATIONS – TOWN OF THE CITY OF PEORIA**

**(11-477) Communication from the Town Officials Budget Committee Requesting Approval of the PROPOSED ESTIMATED TAX LEVY of \$2,125,824.00 with an ESTIMATED TAX RATE of .13562 for the Town of the City of Peoria and to Enter this Action into the Permanent Record.**

Trustee Irving moved to approve the proposed estimated tax levy of \$2,125,824.00 with an estimated tax rate of .13562 for the Town of the City of Peoria and to enter this action into the permanent record; seconded by Trustee Turner.

Trustee Irving recognized Town Assessor Bonnie Gavin, Township Supervisor Joe Whalen, and Town Treasurer Patrick Nichting in the audience. He explained the Town Board had met to discuss the levy and had agreed to hold it at its current level, as was done in previous years. He noted the Town reserves were required to have six months worth of expenses at all times. He said tonight's action would leave approximately eight months worth of expenses in reserves. He noted next year's levy would be significant in order to keep the funding level even.

Chairman Ardis thanked Trustee Irving for his leadership and he said he felt, in light of the current economy, it was a good decision to maintain the Town levy. He noted the Township provided much-needed assistance to many of Peoria's citizens.

Motion to approve the proposed estimated tax levy of \$2,125,824.00 with an estimated tax rate of .13562 for the Town of the City of Peoria and to enter this action into the permanent record was approved by roll call vote.

Yeas: Akeson, Gulley, Irving, Riggerbach, Spain, Spears, Turner, Van Auken, Weaver, Chairman Ardis – 10;

Nays: None.

### **UNFINISHED BUSINESS**

**(INCLUDING BUT NOT LIMITED TO MOTIONS TO RECONSIDER ITEMS, IF ANY, FROM THE PREVIOUS REGULAR MEETING)**

**(11-433) C. Communication from the City Manager Requesting the CITY COUNCIL to Provide DIRECTION on the 2012-2016 CAPITAL IMPROVEMENT PLAN.**

Finance Director/Comptroller Jim Scroggins distributed a chart of 2011 Active Capital Improvement Projects and Proposed Fund Sweep to the members of City Council. He explained the handout identified three different project categories: 1) Outstanding projects to be completed; 2) Completed projects returned to fund balance; and 3) Open, but inactive, projects with recommended sweep to fund balance. He noted swept dollars would be returned to the capital fund.

Council Member Gulley said he felt, just because projects had not seen recent activity, funds should not be automatically swept. He said if a project was important enough to be initiated, it should be developed. He also expressed concern that certain projects in District 1 were not brought into view. He noted these projects were not only important to his district, but the entire community as well. He cited the Southern Gateway project and the Clark/Darst Streets project as examples.

In discussion with Council Member Spears, City Manager Urich confirmed the \$1.6 million to be swept was funding already spent. He added, due to lack of funding sources, some of the projects on the list were unable to be completed.

In discussion with Council Member Van Auken who expressed concern regarding the accuracy of the information distributed, City Manager Urich clarified funds being swept were from different fiscal years. In regard to the West Main Street Façade Program, he said funds being swept were from 2005, and he noted there were still funds available for the two projects Council Member Van Auken was concerned about.

Council Member Spain said he was surprised by some of the project items listed and he noted it would be helpful for the Council Members to receive information to track these projects. City Manager Urich agreed the information would be helpful.

Council Member Gulley moved for the City Manager to report back funding options for the Clark/Darst Streets project; seconded by Council Member Van Auken.

Approved by roll call vote.

Yeas: Akesson, Gulley, Irving, Riggerbach, Spain, Spears, Turner, Van Auken, Weaver, Mayor Ardis – 10;

Nays: None.

City Manager Urich provided responses to some of the requests City Council Members had made during previous budget discussions: 1) Fleet management coordination – Public Works confirmed Police vehicles were maintained by the City, while the Fire fleet was maintained at its own facility due to the size of the vehicles, and Vice vehicles were maintained by an outside vendor. 2) Technology upgrades – Information Systems confirmed an upgrade to software for permits and finance would be installed, as well as a full upgrade for Questys to assist with the agenda process. He said, with the upgrades, there was also funding to move toward a paperless agenda and provide IPADS for City Council to access meeting information. 3) Washington Street project/Museum block project - funding was available from the stakeholders in the Museum project to assist with completing the upgrades to Washington Street. He noted he would bring forward a recommendation in that regard. 4) Resident Police Officer Program – was identified as a priority on the Strategic Plan. He said a search for a funding source would be on-going. 5) Gateway Building upgrades – repairs to the tile floor on the balcony and dormers were immediate upgrades needed. He noted, in future years, items such as the sound system upgrade would be addressed.

In discussion with Mayor Ardis, City Manager Urich confirmed the software upgrades would make the City's system compatible with the County's, if the County upgrades as well.

Mayor Ardis noted, when possible during construction projects, the installation of the fiber for a fiber optics upgrade should occur whenever the ground was being excavated.

Mayor Ardis questioned whether or not Asset Forfeiture funds could be used for the Resident Police Program.

Police Chief Settingsgaard said he believed these funds could not be used for salary and benefits, but he would confirm that and report back to Council.

In discussion with Council Member Spears regarding several Public Works expenditures, Director Barber confirmed funds allocated for CIP projects were restricted funds.

In discussion with Council Member Van Auken, Chief Settingsgaard noted he would investigate whether or not Asset Forfeiture funds could be utilized to maintain the property where a Resident Police Officer would reside. He said he felt this would be a more appropriate use of these funds; however, he would investigate this and the salary/benefits issue further and report back to Council.

Council Member Riggerbach suggested, in the future, holding a Policy Session in the format of the Strategic Plan earlier in the budget process to allow a fine-tuned matrix of CIP projects to come forward, with on-going tracking.

Council Member Spain expressed his appreciation to his colleagues for their support of the Resident Police Officer program. He said, if the Council wanted to make this program a reality, to give him a timeline so he could do the research on it and get the project moving forward.

Council Member Akeson expressed concern regarding the City's lack of a Tree Policy. She noted the importance of trees in communities and questioned how many trees the City replaced during the course of a year.

Public Works Director Dave Barber said the City replaced less than 50 trees per year. He noted IDOT had strict standards regarding trees, as did many subdivisions.

Council Member Akeson moved to include the establishment of a City Tree Policy on the list of future policy sessions to be held; seconded by Council Member Spain.

Approved by roll call vote.

Yeas: Akeson, Gulley, Irving, Riggerbach, Spain, Spears, Turner, Van Auken, Weaver, Mayor Ardis – 10;

Nays: None.

In discussion with Council Member Gulley regarding the Dr. Martin Luther King Jr. Drive Western Connection project, Director Barber confirmed funding from 2005 was utilized only for property acquisitions to accommodate the widening of Dr. Martin Luther King Jr. Drive. He added that no decision had been made from the report that was generated and the City did not have complete jurisdiction over this area.

Council Member Gulley said he wanted to ensure there was funding available for Phase I.

In discussion with Council Member Irving, Director Barber clarified the amount allocated for Fleet Capitalization would change, pending the outcome of the ERI and RIF which would affect staffing levels. He said many current fleet vehicles would no longer be needed due to a reduction in staff. He noted the importance of utilizing a replacement schedule for those vehicles in the fleet which were used the most. He said the life expectancy of vehicles in the fleet was around ten years, though some vehicles had exceeded that length of time. He said it was important to eliminate the vehicle from the fleet before maintenance expenses began exceeding the value of the vehicle.



Council Member Irving requested Staff review the process for the Sidewalk database. He questioned whether or not the process was too long.

Director Barber noted IDOT was currently in Phase I of the Allen Road/Townline Road project and would bring it forward in the near future.

**(11-433) D. PUBLIC COMMENTS Regarding the FY2012 CITY OF PEORIA BUDGET.**

Following a third call for public comments, Mayor Ardis determined there were no members of the public who wished to address the City Council regarding the FY2012 City of Peoria Budget.

**CITIZENS' OPPORTUNITY TO ADDRESS THE CITY COUNCIL/TOWN BOARD**

It was determined there were no citizens who wished to address the City Council/Town Board.

**EXECUTIVE SESSION**

It was determined that an Executive Session was not needed.

**ADJOURNMENT**

Council Member Van Auken moved to adjourn the Special City Council Meeting; seconded by Council Member Irving.

Approved by roll call vote.

Yeas: Akeson, Gulley, Irving, Riggerbach, Spain, Spears, Turner, Van Auken, Weaver,  
Mayor Ardis - 10;

Nays: None.

The Special City Council Meeting adjourned at 9:00 P.M.

\_\_\_\_\_  
Mary L. Haynes, MMC, City Clerk  
City of Peoria, Illinois

By:

\_\_\_\_\_  
Beth Ball, MMC  
Chief Deputy City Clerk

adh