



Legislation Text

File #: 24-0046, **Version:** 1

TO: Mayor Richard C Irvin

FROM: Christopher A Minick, Chief Financial Officer/City Treasurer

DATE: January 18, 2024

SUBJECT:

An Ordinance providing for the issuance of not to exceed \$58,000,000 Taxable General Obligation Bonds, Series 2024, of the City of Aurora, Kane, DuPage, Kendall and Will Counties, Illinois, for the purpose of financing certain casino redevelopment costs, providing for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds, providing for the pledge of certain incremental property taxes to the payment of said principal and interest, and authorizing the proposed sale of said bonds to the purchaser thereof.

PURPOSE:

To obtain the approval of the City Council of a proposed ordinance providing for the issuance of the Series 2024 A Taxable General Obligation Bonds for improvements related to the casino.

BACKGROUND:

In October of 2022, the City, GLP Capital, LP (Owner), and HC Aurora, LLC (Developer), entered into a Redevelopment Agreement (RDA) to develop new site for the Hollywood Casino (Casino) and to relocate the Casino to the new site. The agreement specifies that the City will advance \$50 million in funding to be repaid by the receipt of future TIF revenues to assist in the funding of the \$360 million project. The City has chosen to issue bonds to finance the \$50 million advance of TIF Funding. The ordinance authorizing the issuance of those bonds is attached.

Additionally, the RDA calls for the demolition, debris removal, and restoration of the existing casino site at the Developer's and/or Owner's expense. After these tasks have been completed, ownership of the existing casino site will be transferred to the City. Repayment of the bonds is supported from TIF revenues generated by the new casino development. The Developer has agreed to provide a minimum of \$5,250,000 to accommodate the debt service payment on the bonds. Should the TIF increment generation total less than \$5,250,000 annually the Developer will pay the difference to the City.

The attached draft ordinance is the first official step in selling bonds to finance the casino project. The ordinance is structured as a "parameters ordinance" and sets forth various conditions under which sale of the bonds is approved, providing the terms of the bonds are within certain parameters as defined in the ordinance. The parameters established are based on the terms of the redevelopment agreement finalized in October of 2022 and indicate that the bonds cannot be sold should the annual debt service exceed \$5,200,000.

DISCUSSION:

The City entered into the RDA on October 26, 2022 and committed to do certain things in support of the casino site development and relocation project. The City has evaluated the establishment of a TIF District with City Council action anticipated on January 23, 2024. In accordance with the establishment of the TIF District the City has committed to issue bonds to finance the advance of funds as required in the RDA. That bond issue needs to be completed within 90 days of the establishment of the TIF District. We plan to close on the bonds in late February of 2024 which would allow for compliance with the terms of the RDA.

IMPACT STATEMENT:

Approval of the ordinance allows for the City to meet its obligations related to the financing of the advance of funds to be repaid by the TIF District. Were the bonds not to be issued, the City would need to provide another mechanism to finance the \$50 million advance to satisfy the contractual obligation set forth in the RDA between the City and the Owner and Developer.

RECOMMENDATIONS:

Staff recommends approval of the attached Ordinance providing for the issuance of not to exceed \$58,000,000 Taxable General Obligation Bonds, Series 2024, of the City of Aurora, Kane, DuPage, Kendall and Will Counties, Illinois, for the purpose of financing certain casino redevelopment costs, providing for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds, providing for the pledge of certain incremental property taxes to the payment of said principal and interest, and authorizing the proposed sale of said bonds to the purchaser thereof.

cc: Finance Committee



CITY OF AURORA, ILLINOIS

ORDINANCE NO. _____
DATE OF PASSAGE _____

An Ordinance providing for the issuance of not to exceed \$58,000,000 Taxable General Obligation Bonds, Series 2024, of the City of Aurora, Kane, DuPage, Kendall and Will Counties, Illinois, for the purpose of financing certain casino redevelopment costs, providing for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds, providing for the pledge of certain incremental property taxes to the payment of said principal and interest, and authorizing the proposed sale of said bonds to the purchaser thereof

WHEREAS, the City of Aurora has a population of more than 25,000 persons and is, therefore, a home rule unit under subsection (a) of Section 6 of Article VII of the Illinois Constitution of 1970; and

WHEREAS, subject to said Section, a home rule unit may exercise any power and perform any function pertaining to its government and affairs for the protection of the public health, safety, morals, and welfare; and

WHEREAS, In October of 2022, the City, GLP Capital, LP (Owner), and HC Aurora, LLC (Developer), entered into a Redevelopment Agreement (RDA) to develop new site for the Hollywood Casino (Casino) and to relocate the Casino to the new site, and

WHEREAS, the RDA placed various obligation on the City, Owner, and Developer to facilitate the Casino Redevelopment and Relocation Project, and

WHEREAS, the RDA requires the City to provide an advance of TIF Funding in the amount of \$50 million (City Advance) to assist in the financing of the \$360 million project, and

WHEREAS, the City Advance will be repaid from future TIF Incremental revenues generated over the life of the TIF District, and

WHEREAS, the Owner and Developer have guaranteed a minimum payment of \$5,250,000 increment or TIF Support Payments annually, and

WHEREAS, It is anticipated that the Casino Redevelopment and Relocation Project will provide significant additional resources and tax revenue to the City, and

WHEREAS, pursuant to the provisions of Section 6 of Article VII of the Constitution of the State of Illinois, the City has the power to incur debt payable from ad valorem property tax receipts or from any other lawful source and maturing within forty (40) years from the time it is incurred without prior referendum approval; and

WHEREAS, the City Council of the City (the "City Council") has considered the needs of the City and does hereby determine that it is necessary, desirable and in the best interests of the City to borrow at this time to finance its contractual obligation to advance \$50 million in TIF funding for the Redevelopment of a new site for the Hollywood Casino and its relocation (The Project); and

WHEREAS, on the 28th day of August, 1973, the City Council did adopt Ordinance Number 4340 determining the procedures to be followed in the borrowing of money for public purposes of the City and in evidence of such borrowing for the issuing of full faith and credit bonds of the City without referendum approval, such ordinance being entitled:

An Ordinance of the City of Aurora, Illinois, establishing procedures to be followed in incurring indebtedness for corporate purposes, issuing nonreferendum bonds to evidence such indebtedness and authorizing and directing the levying of a tax, without limit as to rate or amount, for the purpose of paying principal and interest on such bonds as the same become due.

which ordinance was amended by Ordinance No. 085-5353, duly adopted by the City Council on March 19, 1985 (Ordinance No. 4340 as so amended, which is also known as Section 2-319 of

Division 1 of Article V of Chapter 2 of the Code of Ordinances of the City, being referred to hereinafter as the “Enabling Ordinance”); and

WHEREAS, the City Council does hereby further determine that, in order to pay the costs of the Project, it is necessary, desirable and in the best interests of the City to borrow not to exceed \$58,000,000 at this time and, in evidence of such borrowing, issue full faith and credit bonds of the City in the aggregate principal amount of not to exceed \$58,000,000 (the “Bonds”);

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Aurora, Illinois, as follows:

Section 1. Incorporation of Preambles. The City Council hereby finds that all of the recitals contained in the preambles to this Ordinance are true, correct and complete and does incorporate them into this Ordinance by this reference.

Section 2. The City Council hereby adopts the attached Ordinance,

An Ordinance providing for the issuance of not to exceed \$58,000,000 Taxable General Obligation Bonds, Series 2024, of the City of Aurora, Kane, DuPage, Kendall and Will Counties, Illinois, for the purpose of financing certain casino redevelopment costs, providing for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds, providing for the pledge of certain Incremental property taxes to the payment of said principal and interest, and authorizing the proposed sale of said bonds to the purchaser thereof

in its entirety.