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**THE VILLAGE OF COAL CITY**

GRUNDY & WILL COUNTIES, ILLINOIS

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RESOLUTION  
NUMBER 17-10

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**A RESOLUTION APPROVING A TERM SHEET RELATING TO THE INDUSTRIAL  
DEVELOPMENT OF APPROXIMATELY 240 ACRES LOCATED NEAR THE  
INTERSECTION OF REED AND BROADWAY ROADS AND ECONOMIC  
INCENTIVES RELATED THERETO**

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Coal City

on June 28, 2017

RESOLUTION NO. 17-10

**A RESOLUTION APPROVING A TERM SHEET RELATING TO THE INDUSTRIAL DEVELOPMENT OF APPROXIMATELY 240 ACRES LOCATED NEAR THE INTERSECTION OF REED AND BROADWAY ROADS AND ECONOMIC INCENTIVES RELATED THERETO**

**WHEREAS**, the Village of Coal City (“Village”) is an Illinois non-home rule municipal corporation, organized and operating pursuant to the Constitution and laws of the State of Illinois; and

**WHEREAS**, the Village has the authority to promote the health, safety and welfare of the Village and its citizens, and to prevent the spread of blight and deterioration and inadequate public facilities by promoting the development of private investment in the marketability of property thereby increasing the tax base of the Village and providing employment for its citizens; and

**WHEREAS**, pursuant to 65 ILCS 5/8-1-2.5, the Village may appropriate and expend funds for economic development purposes, including without limitation for commercial enterprises that are deemed necessary or desirable for the promotion of economic development within the community; and

**WHEREAS**, pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4 *et seq.*, the Village has the authority to provide incentives to owners or prospective owners of real property to redevelop, rehabilitate and/or upgrade such property by reimbursing the owner for certain costs from resulting increases in real estate tax revenues or from other Village revenues; and

**WHEREAS**, the Village approved a Tax Increment Financing Redevelopment Plan and Projects (the “Plan”), designated a Redevelopment Project Area and adopted Tax Increment Financing as provided under the Act for the Coal City TIF District (the “TIF District”) on January 10, 2011; and

**WHEREAS**, included in the Redevelopment Project Area is approximately 240 acres of

undeveloped property near the intersection of Reed Road and Broadway in the Village of Coal City, Illinois (the “Property”) under contract for purchase by Highfield Investment Group, or one or more entities controlled by Highfield Investment Group (cumulatively, the “Developer”); and

**WHEREAS**, Developer is desirous of acquiring the Property in stages and eventually develop an approximately 1.4 million square foot industrial, rail-served distribution facility across four newly constructed buildings (the “Project”); and

**WHEREAS**, the Village finds that the Project is consistent with and in furtherance of the Village’s economic development objectives of transforming underutilized properties into higher and more productive uses, creating public-private partnerships to foster private investment, create jobs, increase property tax revenues, spur further development in the area and diversify the Village’s economic base; and

**WHEREAS**, the Corporate Authorities find that the Project and the Village’s negotiation of an economic incentive package related thereto is for a proper public purposes and is advisable, necessary and in the best interests of the Village’s public health, safety and welfare; and

**WHEREAS**, it is in the Village’s interest to set forth general terms on which the parties may negotiate a redevelopment agreement pertaining to the Property; and

**WHEREAS**, the Village has negotiated a non-binding term sheet, attached hereto as Exhibit A and, by this reference, incorporated as though fully set forth herein (the “Term Sheet”), that summarizes certain business terms to be further negotiated by and between the Village and Developer; and

**WHEREAS**, the Term Sheet shall serve as a basis for negotiation of a possible mutually acceptable redevelopment agreement between the Village and Developer for the development of the Property with the Project and economic incentives related thereto; and

**WHEREAS**, the Village’s intention in approving the Term Sheet is to set forth a nonbinding framework and general terms for the parties to negotiate diligently and in good faith

on the matters addressed in the Term Sheet and on such other matters related to the framework as the parties may deem necessary and, as such, the Term Sheet is nonbinding; and

**WHEREAS**, the Term Sheet is to set out the general parameters of the anticipated agreement between the parties, but does not restrict the parties from negotiating outcomes inconsistent with the Term Sheet or to negotiate on other issues not referenced in the Term Sheet; and

**WHEREAS**, the Village hereby finds and determines that it is in the best interest of its citizens to approve the Term Sheet and to authorize and direct the Mayor, Village Administrator, Village Attorney, TIF Counsel, financial advisor and such other and further Village officials or consultants as may be necessary or convenient to such negotiations (cumulatively, the “Negotiating Team”) to negotiate, for Village Board review and approval, the redevelopment agreement contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the President and Board of Trustees of the Village of Coal City, Counties of Will and Grundy, Illinois, as follows:

**SECTION 1. RECITALS.**

That the foregoing recitals shall be and are hereby incorporated into and made a part of this Resolution as if fully set forth in this Section 1.

**SECTION 2. TERM SHEET.**

The Corporate Authorities shall and do hereby authorize, approve and direct the Village President to execute and deliver the Term Sheet to Developer and further authorize and direct the Negotiating Team to negotiate, for Village Board review and approval, the redevelopment agreement contemplated in the Term Sheet.

**SECTION 3. RESOLUTION OF CONFLICTS.**

All enactments in conflict herewith are hereby repealed to the extent of such conflict.

**SECTION 4. SAVING CLAUSE.**

If any section, paragraph, clause, or provision of this Resolution shall be held invalid, the invalidity thereof shall not affect any of the other provisions of this Resolution, which are hereby declared to be separable.

**SECTION 5. EFFECTIVENESS.**

This Resolution shall be in full force and effect from and after its passage, approval, and publication in the manner provided by law.

SO RESOLVED this 28 day of June, 2017, at Coal City, Grundy and Will Counties, Illinois.

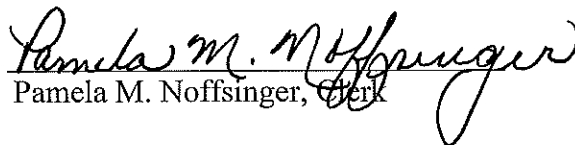
AYES: 5  
NAYS: 0

ABSENT: 1  
ABSTAIN: 0

**VILLAGE OF COAL CITY**

  
Terry Halliday, President

Attest:

  
Pamela M. Noffsinger, Clerk

**EXHIBIT A**

**TERM SHEET**

[Attached on following pages]

4846-1539-1051, v. 1

**Highwood Development/Coal City, Illinois**

**TERM SHEET**

**June 22, 2017**

**1. Developer:**

Highfield Investment Group, or one or more entities controlled by Highfield Investment Group (collectively the “Developer”) intends to redevelop the land consisting of approximately 240 acres located near the intersection of Reed Rd and Broadway in the Village of Coal City, Illinois (the “Property”). The Property will be developed as an approximately 1.4 million square foot industrial and distribution facility (the “Project”).

**2. Developer State of Organization:**

One or more entities will be formed to undertake the Project. Each entity will be in good standing with the State of Illinois.

**3. Developer Address:**

Highfield Investment Group  
Unit 18, 11410 27<sup>th</sup> Street SE  
Calgary, AB Canada  
Attn: Adrian Munro  
403-723-9103  
Fax: 403-723-2109  
Email: [AMunro@Highfieldig.ca](mailto:AMunro@Highfieldig.ca)

Highwood Development LLC  
1900 Chestnut Avenue – Suite 408  
Glenview, Illinois 60025  
Attn: Mr. Jerry Pientka

**4. Project:**

It is anticipated that the Project will be developed in two phases (individually, a “Phase” and collectively the “Phases”) as follows:

- Phase I – Two buildings consisting of 330,000 square feet and 297,000 square feet of industrial/distribution space to be built 2018 and 2019
- Phase II – Two buildings consisting of 420,000 and 385,000 square feet of industrial/distribution space to be built in 2019 and 2020.

Developer will undertake redevelopment of the Property including acquisition and site assembly, demolition, site analysis, environmental remediation, other site preparation, and the construction of the industrial and distribution facilities, other improvements required for the operation of the

industrial park, parking lot lighting, landscaping improvements, and other site improvements. The result will be a Project that ameliorates the blighting characteristics of the Property, improves the Property's appearance, and places the Property into active use. Additionally, the Developer will design, permit, and construct (i) off-site road, water, and sanitary line improvements and (ii) on-site road, rail, water, sanitary line, and storm water detention improvements required to serve the Project.

5. Village Financing:
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The Village or its designated issuing agency (collectively defined as the 'Village') shall issue a one or more series of TIF Revenue Notes (the "Notes") in a principal amount of \$8.9 million supported from the following pledges:

- 80% of the ad valorem taxes which are allocated to and when collected are paid to the Treasurer of the Village for deposit by the Treasurer into the TIF District and which are attributable to the taxes levied on the Property ("Available Incremental Property Taxes")

The Note shall be issued as follows:

A. Note (Tax-Exempt) – Phase I. The Village will issue a parity tax-exempt note (the "Tax-Exempt Note") to Developer upon completion of Phase I (the "Issuance Date") in an aggregate initial principal amount equal to the amount of the eligible costs as delineated in the TIF Eligible Costs under the Act which have been incurred by the Developer by the Issuance Date up to a maximum principal amount of \$2,900,000, as evidenced by a certificate provided by the Developer and approved by the Village substantiating as much ("Certificate of Expenditure"). After the initial issuance of the Tax-Exempt Note, if the principal balance of the Taxable Note is less than \$2,900,000, then the principal balance of the Tax-Exempt Note will be increased when the Village issues additional Certificate(s) of Expenditure, up to a maximum of \$2,900,000. Eligible costs will be certified by the Developer to, and approved by, the Village on the Issuance Date and on a quarterly basis thereafter. Interest on the Tax-Exempt Note will accrue upon issuance at a rate equal to the median value of the uninsured 20-year BAA G.O. Bond Index as published by Thompson Reuters MMD plus 275 basis points (the "Tax-Exempt Note Interest Rate") and will compound semi-annually. The Tax-Exempt Note will begin to accrue interest and payments will begin to be made upon issuance. The Tax-Exempt Note will have a first lien on the Available Incremental Property Taxes. The Village may not prepay the Tax-Exempt Note for a period of 5-years at any time without the Developer's consent.

Note (Taxable) – Phase I. The Village will issue a taxable note (the "Taxable Note") to Developer upon completion of Phase I (the "Issuance Date") in an aggregate initial principal amount equal to the amount of the eligible costs as delineated in the TIF Eligible Costs under the Act which have been incurred by the Developer by the Issuance Date up to a maximum principal amount of \$700,000, as evidenced by a certificate provided by the Developer and approved by the Village substantiating as much ("Certificate of Expenditure"). After the initial issuance of the Taxable Note, if the principal balance of the Taxable Note is less than \$700,000, then the principal



balance of the Taxable Note will be increased when the Village issues additional Certificate(s) of Expenditure, up to a maximum of \$700,000. Eligible costs will be certified by the Developer to, and approved by, the Village on the Issuance Date and on a quarterly basis thereafter. Interest on the Taxable Note will accrue upon issuance at a rate equal to the median value of the BBB corporate bond index as published by Bloomberg plus 275 basis points (the “Taxable Note Interest Rate”) and will compound semi-annually. The Taxable Note will begin to accrue interest and payments will begin to be made upon issuance. The Taxable Note will have a second lien on the Available Incremental Property Taxes.

Note (Tax-Exempt) – Phase II. The Village will issue a parity Tax-Exempt Note to Developer upon completion of Phase II (the “Issuance Date”) in an aggregate initial principal amount equal to the amount of the eligible costs as delineated in the TIF Eligible Costs under the Act which have been incurred by the Developer by the Issuance Date up to a maximum principal amount of \$3,800,000, as evidenced by a Certificate of Expenditure. After the initial issuance of the Tax-Exempt Note, if the principal balance of the Taxable Note is less than \$3,800,000, then the principal balance of the Tax-Exempt Note will be increased when the Village issues additional Certificate(s) of Expenditure, up to a maximum of \$3,800,000. Eligible costs will be certified by the Developer to, and approved by, the Village on the Issuance Date and on a quarterly basis thereafter. Interest on the Tax-Exempt Note will accrue upon issuance at a rate equal to the Tax-Exempt Note Interest Rate and will compound semi-annually. The Tax-Exempt Note will begin to accrue interest and payments will begin to be made upon issuance. The Tax-Exempt Note will have a parity first lien along with the Phase I Tax-Exempt Note Available Incremental Property Taxes. The Village may not prepay the Tax-Exempt Note for a period of 5-years at any time without the Developer's consent.

Note (Taxable) – Phase II. The Village will issue a Taxable Note to Developer upon completion of Phase II (the “Issuance Date”) in an aggregate initial principal amount equal to the amount of the eligible costs as delineated in the TIF Eligible Costs under the Act which have been incurred by the Developer by the Issuance Date up to a maximum principal amount of \$900,000, as evidenced by a Certificate of Expenditure. After the initial issuance of the Taxable Note, if the principal balance of the Taxable Note is less than \$900,000, then the principal balance of the Taxable Note will be increased when the Village issues additional Certificate(s) of Expenditure, up to a maximum of \$900,000. Eligible costs will be certified by the Developer to, and approved by, the Village on the Issuance Date and on a quarterly basis thereafter. Interest on the Taxable Note will accrue upon issuance at a rate equal the Taxable Note Interest Rate and will compound semi-annually. The Taxable Note will begin to accrue interest and payments will begin to be made upon issuance. The Taxable Note will have a parity second lien along with the Phase I Taxable Note on the Available Incremental Property Taxes.

B. Assignment of Notes. All Notes may be (i) assigned or pledged as collateral to any senior lender holding the Notes, or, (ii) sold or assigned to a sophisticated investor. Notwithstanding the foregoing, the Developer may transfer the Notes at any time to (i) any entity controlling, controlled by or under common control with Developer or (ii) any entity in which the majority equity interest is owned by the parties that have a majority equity interest in Developer.

6. Reimbursement of TIF Eligible Costs:

The Village will reimburse Developer for costs which are eligible for reimbursement under the TIF Act in the amount of up to \$8.3 million.

Developer shall advance (or in certain cases, may have already advanced) all funds and all costs necessary: (i) to redevelop the Property; and (ii) to undertake other matters and costs eligible for reimbursement under the TIF Act. To establish its right of reimbursement, Developer shall submit to the Village such documentation as may be reasonably requested by the Village (including but not limited to lien waivers, cancelled checks, paid invoices, etc.) verifying: (a) the costs Developer has incurred in connection with its redevelopment of the Property; and (b) the eligible costs under the TIF Act which Developer has incurred and for which Developer is requesting reimbursement. The Village shall have 15 business days after receipt of such information from Developer to recommend approval or disapproval of such request for reimbursement and, if a request is disapproved, to provide Developer in writing and in detail with an explanation as to why the Village will not or cannot recommend such reimbursement.

7. Certificate of Completion:

The Completion Certificate shall be issued as follows:

**Phase I**

- Completion of construction of building area consisting of at least 600,000 square feet of GLA
- Executed leases for at least 80% of the building's GLA
- Occupancy of at least 80% of the building's GLA
- Tenant / end user commencing business operations on the premises.
- A certificate of occupancy issued for the buildings by the Village, not to be unreasonably withheld.
- All Phase I buildings being connected to the Village's sanitary system with any septic fields disconnected.

Upon satisfaction of these requirements, the Phase I Certificate of Completion shall be issued by the Village

**Phase II**

- Completion of construction of building area consisting of at least 800,000 square feet of GLA
- Executed leases for at least 80% of the building the buildings GLA
- Occupancy of at least 80% of the buildings
- Tenant / end user commencing business operations on the premises.
- A certificate of occupancy issued for the buildings by the Village, not to be unreasonably withheld.

Upon satisfaction of these requirements, the Phase II Certificate of Completion shall be issued by the Village.

8. Other Project Financing:

Developer will provide sufficient equity and construction financing so as to complete the Project as contemplated herein.

9. Prior Expenditures:

The Village agrees to perform all necessary actions, including the passage of an inducement, intent, or reimbursement resolution, if needed, to preserve the eligibility of costs to be reimbursed under the TIF Act and the tax-exempt status of any municipal obligations to be issued.

10. RDA Execution Requirements:

Prior to execution of the RDA, Developer shall provide the Village with evidence of its financial condition, including evidence of private equity and debt financing to undertake the Project, , an opinion of legal counsel, and other customary closing documents.

11. Limits on Developer Action:

Until the Project has been completed, Developer may not, without the reasonable consent of the Village, merge, liquidate or consolidate any of its development entities, except as may be done in the ordinary course of business, but in no way that will materially and adversely affect its ability to complete the Project until the Project has been completed as delineated in the RDA.

12. Event of Default:

The RDA will contain event of default provisions customary for real estate and municipal finance transactions that contemplate tax-exempt obligations.

13. Infrastructure Fees:

All Village Infrastructure Fees required to be paid by the Developer shall be deferred until such time that an building permit is issued for a specific building on a subdivided Lot. The agreed-on Village Infrastructure Fee payment shall be equal to \$6,112 per acre for the subdivided Lot. The Village agrees not to increase the Infrastructure Fees during the term of this RDA.

**15. Building Permit Fees:**

Village and Developer mutually agree that the Building Permit Fees shall not exceed (i) \$0.50 / square foot of building floor area for all buildings less than 500,000 SF and (ii) \$0.75 / SF of building floor area for all buildings over 500,000 SF that are developed on the Property.

**16. Park Sanitary:**

Village and Developer agree that the first building ('First Building') developed on the Property may utilize temporary septic fields rather than connecting to the Village sanitary system. Developer agrees to connect the First Building to the Village sanitary system on or prior to completion of the second building developed on the Property provided the Village sanitary system has been approved and accepted by the Village. The cost of installing the sanitary system for the Property shall be the responsibility of the Developer. When the Developer connects the buildings to the Village sanitary system, no additional fees or levies shall be charged to the Developer.

**17. Wash Facility / Private Well:**

Developer agrees to utilize Village water for the Project rather than private wells.

**18. Rail Corridor Access & Adjacent Land Owners Payments:**

The Village and the Developer mutually agree to further discuss the Rail Corridor Access & Adjacent Land Owners Payments topic during the Redevelopment Agreement documentation.