

Item #3:
Resolution Further Reducing LOC For Sunset Grove

**VILLAGE OF LONG GROVE
RESOLUTION NO. 2010-R-__**

**A RESOLUTION AUTHORIZING THE FURTHER REDUCTION OF
A LETTER OF CREDIT FOR SUNSET GROVE**

WHEREAS, pursuant to Section 15 of the “Redevelopment Agreement between the Village of Long Grove and Sunset Grove Development Project Corp. (Sunset Grove Project)” dated March 25, 2008, as it may be amended from time-to-time (“**Redevelopment Agreement**”), the Village of Long Grove requires an irrevocable letter of credit as security to the Village for the performance by Sunset Grove LLC (“**Developer**”) of Developer’s obligations to construct and complete the Public Improvements and Private Improvements (as defined in the Redevelopment Agreement); and

WHEREAS, the Developer provided to the Village “Letter of Credit No. 620266800-501,” in the amount of \$3,913,543.72, to secure certain public improvements required pursuant to the Redevelopment Agreement, (“**Letter of Credit**”); and

WHEREAS, based on the recommendation of the Village Engineer, on May 25, 2010, the Village Board passed Resolution No. 2010-R-20, authorizing a reduction in the Letter of Credit to the amount of \$3,888,293.33; and

WHEREAS, based on the recommendation of the Village Engineer, on June 22, 2010, the Village Board passed Resolution No. 2010-R-24, authorizing the further (second) reduction in the Letter of Credit to the amount of \$3,804,131.33; and

WHEREAS, based on the recommendation of the Village Engineer, on July 27, 2010, the Village Board passed Resolution No. 2010-R-28, authorizing the further (third) reduction in the Letter of Credit to the amount of \$3,778,077.83 (the “**Reduced Amount**”); and

WHEREAS, the Developer is now requesting that the Letter of Credit be further reduced to reflect amounts that will be paid for the Aptakistic Road improvements from the proceeds of Tax Increment Financing bonds in accordance with Section 14 of the Redevelopment Agreement (the "**TIF Bonds**"); and

WHEREAS, based on the recommendation of the Village Engineer as set forth in Exhibit A attached hereto, and subject to the issuance of the TIF Bonds, various elements of the improvements for which the Letter of Credit was required will have been satisfactorily secured via a cash deposit with the Lake County Division of Transportation, thereby warranting a further partial reduction in the Letter of Credit to the principal amount of \$2,402,243.66;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE VILLAGE OF LONG GROVE, LAKE COUNTY, ILLINOIS, THAT:

Section 1: Recitals. The recitals set forth above are incorporated as a part of this Resolution by this reference.

Section 2: Reduction of Letter of Credit. The Letter of Credit in the Reduced Amount of \$3,778,077.83 shall be and is hereby reduced to the amount of \$2,402,243.66; provided, however, that such reduction shall not be effective unless and until the TIF Bonds have been issued. The Village Manager and Village Treasurer are hereby authorized and directed to take such action as may be necessary consistent with this Resolution.

Section 3: Effective Date. This Resolution shall be in full force and effect from and after its passage and approval in the manner provided by law.

PASSED THIS ____ DAY OF SEPTEMBER, 2010.

AYES: ()

NAYS: ()

ABSENT: ()

APPROVED THIS ____ DAY OF SEPTEMBER, 2010.

Village President, Maria Rodriguez

ATTEST:

Village Clerk, Karen Schultheis

EXHIBIT A
VILLAGE ENGINEER RECOMMENDATION

#9760743_v2

ESI

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Excellence, Service, Integrity
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September 8, 2010

Mr. David Lothspeich
3110 RFD Old McHenry Road
Long Grove, IL 60047

RE: Sunset Groves Payout 8a
ESI Project Number 04-026-018-01 BG# 72

Dear Dave,

This letter is regarding the recent request by Sunset Groves LLC to release funds from the Construction Loan Account pursuant to the RDA which effectively reduces the performance guarantee. Jack Shum of Lakewood sent an 8th request for reduction via e-mail on September 8th, 2010. This request included the following:

- Cover Letter from Lakewood Real Estate Solutions describing the requested amount of reduction in each section dated August 2nd, 2010
- RDA agreement section stating that the LOC shall be reduced equal to the amount of the IL Route 83 improvements upon issuance of the TIF bonds
- Excel spreadsheet organized to match our breakdown of items showing what items have been completed to what percentage in order to back-up the current payment request.
- Section describing the current amounts held as construction assurance for all improvements associated with the Sunset Groves Development

Based on these documents Lakewood Real Estate Solutions has completed an application for payment to the Village of Long Grove in the amount of \$1,349,716.17 (\$2,613,229.61 less previous amount of \$1,263,513.44).

Subject to the accuracy of the information provided we recommend approval of \$1,349,716.17 as the amount reduced at this time which is 100% of the requested reduction. For clarification purposes, the development agreement between the Village of Long Grove and Sunset Groves LLC states that the LOC for IL Route 83 improvements will be reduced to \$0 when the TIF funds are in place. This is to remove the dual security for the project. The TIF funds will not be reduced until the work is complete in accordance with the approved engineering plans and therefore security that the work will be complete is ensured through these funds. Additional TIF funds will be posted with Lake County Divisions of Transportation (LCDOT) for the Aptakisic Road improvements, and will be reduced by LCDOT in two phases after these improvements are installed in accordance with the approved engineering plans. These amounts and locations are summarized as follows:

Construction Description	Assurance Amount	Assurance Type	Reduction Agency
Sunset Groves Site Dev	\$ 2,402,243.66	Letter of Credit	Long Grove
IL Route 83 Improvements	\$1,349,716.17	TIF Funds	Long Grove
Aptakisic Road Improvements	\$1,022,863.05	TIF Funds	Lake County Division of Transportation

With approval of this payment / performance guarantee reduction it will leave \$2,402,243.66 in the account as Performance Guarantee which we believe to be reasonable and appropriate based on the remaining work.

Sincerely,
ESI Consultants, Ltd

Brian Witkowski, P.E.
Enforcement Officer

Attachment

CC: Jack Shum, Sunset Groves LLC
Vic Filipini, Holland and Knight
Joseph Chiczewski / File, ESI Consultants

Section	Requested Reduction?	Requested Reduction?	Requested Reduction?	Requested Reduction?	Requested Reduction?	Requested Reduction?
Sediment and Erosion Control	\$ 6,300.00	\$ 11,192.50	\$ 9,942.50	\$ 9,942.50	\$ 9,942.50	\$ 9,942.50
Earthwork	\$ 564,823.25	\$ 792,185.00	\$ 788,285.00	\$ 788,285.00	\$ 788,285.00	\$ 788,285.00
Sanitary Sewer Improvements	\$ 169,051.50	\$ 88,955.79	\$ 88,955.79	\$ 88,955.79	\$ 88,955.79	\$ 88,955.79
Water Main Improvements	\$ 100,856.50	\$ 138,083.75	\$ 138,083.75	\$ 138,083.75	\$ 138,083.75	\$ 138,083.75
Storm Sewer Improvements	\$ 158,599.00	\$ 238,233.90	\$ 238,233.90	\$ 238,233.90	\$ 238,233.90	\$ 238,233.90
ON-Site Roadway Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IL Route 83 Road Improvements	\$ -	\$ -	\$ -	\$ -	\$ 1,349,716.17	\$ 1,349,716.17
CUMULATIVE TOTAL	\$ 999,630.25	\$ 1,268,650.94	\$ 1,263,500.94	\$ 1,263,500.94	\$ 2,613,217.11	\$ 2,613,217.11

Payout 1

Payout 7

Payout 8

Grand Summary \$ 529,675.83 \$ 26,118.00 \$ 1,349,716.17

EOPC Remaining \$ 4,485,784.94 \$ 3,751,959.83 \$ 2,402,243.66