

Curt Barrett

From: Erik Spande
Sent: Friday, December 6, 2019 7:07 AM
To: Lemon, Brian; Carl Sorgatz; Curt Barrett
Cc: Christie, Robert; Weldy, Gina; Poorten, Kevin; Cloutier, Charles S
Subject: Re: Proposal Modifications and Revised Draft Term Sheet

Hello Brian,

The VOW board has reviewed the 11/25/2019 draft of the DA. We will be providing a more detailed response by Monday AM.

In the meantime here are a few big-picture responses on the 11/25 DA draft:

1. The entire VOW board was disappointed at the extensive changes in the 11/25/2019 DA draft, many of which we had not seen before. Therefore, the draft DA needs to be sent to the Working Group since about half of the DA narrative has been deleted, significantly modified, or added.
2. A TC plan dated 9/13/2019 was referenced. Since we have not seen this TC draft, please provide this to the VOW for review
3. Yet again NM has co-mingled the DA and grant discussions. We have asked repeatedly that these issues be kept separate. Please do so in the future

Sincerely,
Erik Spande

From: Lemon, Brian <Brian.Lemon@nm.org>
Sent: Tuesday, November 26, 2019 3:03 PM
To: Erik Spande <espande@villageofwinfield.com>; Carl Sorgatz <csorgatz@villageofwinfield.com>; Curt Barrett <CBarrett@villageofwinfield.com>
Cc: Christie, Robert <Robert.Christie@nm.org>; Weldy, Gina <Gina.Weldy@nm.org>; Poorten, Kevin <Kevin.Poorten@nm.org>; Cloutier, Charles S <charles.cloutier@nm.org>
Subject: Proposal Modifications and Revised Draft Term Sheet

Gentlemen –

As discussed, Northwestern Medicine will not make changes to the previously-communicated proposal as it relates to the scale of economic commitment that proposal represents. However per discussions with NM senior leadership and based on our prior dialogue with you, we can offer two structural changes that may give the Village greater flexibility:

- NM is willing to sell the Snyder Building to the VOW for \$3 million. This would be accompanied by a 50-year land lease (plus 10 years of renewal options), further described in the draft DA term sheet.
- In lieu of committing to 20-year taxability of the otherwise tax exempt portions of the Phase 1B mixed-use office building, NM would enter into a 20-year grant agreement for an annual amount equal to the taxes on that portion of the building (i.e. the upper two floors). We estimate this amount to be \$170,000 per year. This would not affect NM's 20-year commitment to taxability of the Phase 1A mixed use parking deck (and the other portions of these projects that would not qualify for tax-exemption) and would be in addition to agreed-upon payments for roads maintenance and police services.

Enclosed for your review is an updated draft Development Agreement term sheet that incorporates these proposals. There are also a number of non-substantive changes in the revised DA term sheet to remove duplicate or internally conflicting language and/or in the interest of overall simplification. If there are specific questions about any of those, Charlie should be contacted directly for clarification.

Also, in reference to Erik's email of November 22nd, our team is astonished by the Snyder refit cost estimate provided to VOW by the architect who did the walk-through with Charlie. We have extensive experience with construction projects including major renovations as well as de-novo facilities. Healthcare facilities are among the most complex and costly projects to execute and we have a large amount of real-world data to review in terms of project costs (in addition to significant industry relationships). Based on that experience, we believe the \$8-10 million estimate to refit the Snyder building is significantly too high. Before the Village makes decisions about how to proceed, we recommend this be carefully examined.

We are optimistic the structural changes noted above will be favorably received by the Village and enable us to reach substantial agreement at our next meeting on December 10th.

May you and yours have a happy and healthy Thanksgiving holiday.

Best regards,
Brian

Brian Lemon
President
Central DuPage Hospital
630-933-5501
brian.lemon@nm.org



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Curt Barrett

From: Lemon, Brian <Brian.Lemon@nm.org>
Sent: Friday, December 6, 2019 3:20 PM
To: Erik Spande
Cc: Carl Sorgatz; Curt Barrett; Christie, Robert; Weldy, Gina; Poorten, Kevin; Cloutier, Charles S; Littmann, Pamela
Subject: Next Steps
Attachments: 20190913_Winfield Town Center Update.pdf

Hello Erik –

Kevin and I have discussed your email message from earlier today. As we have made clear repeatedly, NM will not be making any further changes to the substance of our proposal. Unfortunately it appears VOW is not ready to give us an answer. Accordingly, we are canceling next Tuesday's meeting. When the Village is prepared to give us a definitive response, as appropriate we will reschedule a meeting to discuss next steps towards implementation.

Regarding the referenced TC plan dated 9/13/2019, that is enclosed.

Regards,
Brian

Brian Lemon
President
Central DuPage Hospital
630-933-5501
brian.lemon@nm.org



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Curt Barrett

From: Erik Spande
Sent: Friday, December 13, 2019 5:32 PM
To: Lemon, Brian (Brian.Lemon@nm.org); Weldy, Gina (gina.weldy@nm.org); Christie, Robert (robert.christie@nm.org); Poorten, Kevin (Kevin.Poorten@nm.org); Cloutier, Charles S; Carl Sorgatz; Curt Barrett
Subject: Village of Winfield position statements on grant renewal and TC DA negotiations
Attachments: 2019.12.13_VOW_Grant position_final.pdf; 2019.12.13_VOW_DA position_final.pdf

Hello Brian and Kevin,

The Village of Winfield (VOW) received Northwestern Medicine's (NM) ultimatum for the grant renewal and town center (TC) development agreement (DA) on Friday December 6th. The same December 6th email from NM also unilaterally terminated further negotiations on both the grant and the TC DA, and NM has demanded that the VOW agree to the unilateral terms as provided in the draft 11/25/2019 DA outline before discussions will resume. It is understood that many of the terms in NM's 11/25/2019 draft DA outline had not been previously seen or agreed to by the VOW.

Attached please find the VOW's board's position on both the TC DA and the grant renewal.

Sincerely,
Erik Spande
Winfield Village President



Village President
Erik Spande

Village Manager
Curt Barrett

Village Trustees
Dennis Hogan
Emily Jacobs
Don Longacre
James McCurdy
Phillip Mustes
Carl Sorgatz

Position Statement on Town Center Development Agreement

December 13, 2019

This document is a summary of the last offer provided by the Village of Winfield (VOW) Board to Northwestern Medicine (NM) on the Town Center development agreement (DA). This summary is the unanimous direction of the Winfield board before receiving the December 6, 2019 ultimatum and termination of negotiations by NM. It is also noted that in the November 25, 2019 version of the DA outline that NM unilaterally made extensive and unexplained changes to the August 12, 2019 draft DA outline that had been jointly crafted over the last two years. The demand by NM for unilateral changes in the DA outline has broken the established negotiation protocol and is not acceptable to the VOW.

- Scope – there is general agreement on the scope of Phase 1A, 1B and 1C based on August 12th draft DA
- Tax Status for eligible TC properties – 25 years
- Schedule – there is general agreement, as shown in the August 12th draft DA outline.
- Claw-back – if NM is willing to allow the VOW to buy Phase 2 area properties from NM if they are not developed in 10 years then the VOW is willing to sell the 2 parcels the VOW controls to NM. If NM is not willing to sell Phase 2 area parcels then the VOW will not sell the 2 Phase 2 VOW-controlled parcels to NM, but will instead enter into a long-term lease for use of the properties by NM.
- Village Hall – the VOW is willing to consider the Snyder Building as our new village hall only if NM is willing to sell the building and the land to the VOW. Regardless, if the VOW decides to not purchase the Snyder building as village hall then the eastern-most property (Wurtz parcel) on the triangle block will be sold to the Village at market price as a potential future village hall site.
- Riverwalk – extending the Phase 1A parking deck approximately 50 ft into the planned Riverwalk Park all the way to the flood plain delineation as shown in the draft September 2019 TC plan is not acceptable. Instead, the VOW recommends moving the deck toward Winfield Road and/or reconfiguring the structure and associated daycare play area so that it conforms to the OSLAD-funded Riverwalk Park plan provided to NM in 2018.
- Phase 1C plaza – the VOW agrees to split the cost of the Phase 1C plaza with NM, and the VOW will maintain ownership of the land and will be responsible for maintenance of the plaza. It is understood that the cost of the plaza may be approximately \$2 million and that the plaza will be integrated with planned Phase 1C commercial buildings.



Village President
Erik Spande

Village Manager
Curt Barrett

Village Trustees
Dennis Hogan
Emily Jacobs
Don Longacre
James McCurdy
Phillip Mustes
Carl Sorgatz

Position Statement on Town Center Development Agreement (continued)

December 13, 2019

- Design – it is the VOW’s intention to update the TC design guidelines. This update will be completed by early 2020 so that it does not impact the engineering of Phase 1B or Phase 1C structures.
- Commercial – VOW wants monthly reports and review of commercial tenant space activity as agreed upon in the August 12th draft DA.
- Approvals – development that is in conformance with an approved Master Plan does not require an additional public hearing, only a Plan & Zoning Commission review for conformance and final vote by the Village Board.



Village President
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Position Statement on Grant Renewal

December 13, 2019

This document is a summary of the last offer provided by the Village of Winfield (VOW) Board to Northwestern Medicine-Central DuPage Hospital (NM-CDH) on the grant renewal agreement. This summary is the unanimous direction of the Winfield board before receiving the December 6, 2019 ultimatum and termination of negotiations by NM. It is also noted that NM unilaterally made extensive unexplained changes to grant terms and that this breach of established negotiation protocol is therefore not acceptable to the VOW.

- The 2016 grant agreement provides financial stability and the basis for a successful long-term partnership. The VOW believes the grant renewal should have the same objective.
- NM-CDH will continue the \$900,000 grant, with annual adjustments based on the CPI, to be placed in the Village Support Fund. The VOW is flexible on how this amount is reached.
- Funds placed in the Village Support Fund shall be used at the VOW's discretion for the following three purposes:
 1. Reimbursement of costs caused by the operations of NM-CDH
 2. Economic development efforts to grow the VOW tax base
 3. Investments that enhance VOW operations and efficiencies
- Costs – the VOW understands that NM wishes to have a quantitative evaluation of costs associated with services that Winfield taxpayers provide to NM for free. Calculations related to costs need to be further defined and minimum remuneration established. It is understood that the costs include but are not limited to police services, roads, and a percentage of administrative costs required to run the village and the aforementioned services and infrastructure.
- Grant – the VOW understands that NM-CDH may wish to package the difference between costs and the total remuneration as an economic development grant.
- Term – the renewed grant agreement will be in effect while the terms of the grant are met. The primary term is that the VOW government will not impose new taxes or fees on Central DuPage Hospital related to its operations. It is understood that current fees associated with common costs related to permits and development may be subject to modest changes to account for inflation.

Curt Barrett

From: Lemon, Brian <Brian.Lemon@nm.org>
Sent: Tuesday, December 17, 2019 1:20 PM
To: Erik Spande; Carl Sorgatz; Curt Barrett
Cc: Christie, Robert; Weldy, Gina; Poorten, Kevin; Cloutier, Charles S
Subject: NM Response to 12-13-19 VOW Communication
Attachments: Winfield Town Center Update_10.26.18.pdf; Winfield Town Center Update_12.16.19.pdf; Winfield Town Center Update_9.13.19.pdf; NM VOW Proposal 12-17-19.docx

Gentlemen -

We are in receipt of President Spande's December 13th email message. The accusatory assertions of that message are unfounded, and the overall tone of the communication is unfortunate.

Northwestern Medicine's proposal was formally communicated in our meeting of October 8, 2019. At that time, and after many months of negotiating progress on all key points, we put together our strongest possible proposal addressing the Village's key requests. We made it clear this was NM's "best and final" proposal. This fact was again conveyed via email following the meeting. Repeatedly in our communications since then, we have explained and emphasized the historic significance of the offer, the final nature of the proposal and that additional financial commitments in excess of those represented by the proposal would not be possible. On November 22nd, we offered a number of modifications to NM's proposal (without changing the overall financial commitment) specifically in light of conversations at our meeting ten days earlier (November 12th). These changes were prompted by your questions and comments, and were designed and intended to provide the Village with additional flexibility. In response, we received President Spande's message of December 6th which conveyed a continuing disregard for our repeated explanation that NM's proposal reflects the maximum we are able to offer. In light of these facts, it is baffling at best for the Village to now posture that NM has suddenly and without prior conversation conveyed that our proposal is final. We are also aware that this distortion and others have been placed in the public domain as official communications from Village government to the Winfield community – an unfortunate development when we are so close to an agreement.

Enclosed for your review, in the format you have requested, is another statement of NM's proposal. This now includes issues related to location of the proposed mixed-use parking deck vis-à-vis the Village's Riverwalk plans as well as the conditions under which NM would agree to sell the Snyder Building land to the Village. The core issues where agreement will allow us to move forward are in the topic areas of taxation, payment for services, "clawbacks", and sale of certain properties.

After this week, please direct communications to Kevin Poorten as he will be formally assuming responsibility as CDH's President following my retirement on December 20th.

Regards,

Brian Lemon
President
Central DuPage Hospital
630-933-5501
brian.lemon@nm.org



VILLAGE OF WINFIELD

NORTHWESTERN MEDICINE CENTRAL DUPAGE HOSPITAL

12.15.19 Response to VOW Development Agreement Positions (12.13.19)

Development Agreement Issues

- NM agrees to a minimum of 20 years of taxability on otherwise exempt properties. The Village will not take or support any action that would seek to impose new taxes, fees or assessments on CDH as long as these properties remain on the tax rolls.
- NM will hold all its owned property until it chooses to develop or sell. NM also needs to own any property under buildings it develops. NM would not be able to begin development until all required properties are owned. As an option to be determined by the VOW Board, NM is willing to vacate and sell the Snyder Building (including land) to the Village for fair market value to use as a new Village Hall and police station. This option is available only if the rest of the components of the agreement are accepted. In the event the VOW decides not to use the Snyder Building for new Village Hall, NM will agree to the potential sale of the Wurtz property if the Village decides to construct a new Village Hall on that location. The Village would have to decide within 6 months of the development agreement being executed whether they plan to purchase and renovate the Snyder Building or develop a new structure. NM would begin Phase IB design once the Village's selection is clear. Regardless of which option the Village chooses to pursue, the respective property transaction to facilitate that solution must be executed within 5 years of the development agreement being executed. All parties will mutually agree to a process to determine fair market value of any properties to be sold.
- For clarification purposes it should be noted that the location of the Parking Deck has not changed in over 2 years (going back to November 2017). The previous version of the Master Plan referenced in the development agreement is attached (dated 10/26/2018) showing the Parking Deck in the exact same location. That version does include a minor encroachment over the Riverwalk boundary line (shown on all plans with a dashed line).
 - We regret any confusion that may have arisen between the Parking Deck and Riverwalk projects as we believe such confusion was avoidable. On multiple occasions (including both February and May of 2019), NM requested drawing review meetings with the Village to coordinate project details (including Riverwalk design, county storm water requirements, traffic studies, etc.) and even offered to reimburse the Village for any cost associated with the reviews regardless of whether the project moved forward. However, the Village Manager did not allow the Village to participate in any meeting where the project details were to be reviewed. NM is happy to begin these meetings immediately to ensure a seamless set of drawings.
 - The Village's Riverwalk plans are currently not in compliance with the easements they have been granted by NM. First, the easement boundary does not follow a straight north-south line as the Village assumed. It includes an arc that the Village has not taken into consideration. Therefore, the only portions of the Parking Deck encroaching on the easement boundary are the northwest and southwest corners. Second, the entrance to

the Village Riverwalk park along High Lake at the south end of the area includes an entire parcel owned by NM that the Village has no easement and therefore no legal right to construct. This conflict was pointed out to the Village Manager in October and NM believes it is part of the OSLAD grant-funded work the Village intends to complete. Currently, the development agreement grants the needed easement to the Village.

- Despite the issues described above, NM is willing to shift the garage east to accommodate the Village's request. An alternate plan is attached that reflects this change. Due to this conflict being a direct result of the Village unwillingness to collaborate early on in the project design, the costs associated with this shift (including both re-design and construction) will be included as part of NM's \$1M contribution to the overall Riverwalk park. NM would assist in quantifying these costs if a development agreement is executed.
- NM agrees to the Village maintaining ownership of the plaza. NM will contribute 50% of the cost of the plaza (capped @ \$1M). The contribution will be based on actual cost and not guaranteed to be \$1M.
- The Village's design guidelines must accommodate multiple types of design and not be overly prescriptive. As noted by real estate consultants for both entities, this has the potential to drive away potential tenants. Further, NM's office building in Phase 1B will reflect the CDH campus architecture.
- In order to facilitate a smooth process going forward, NM agrees to monthly meetings that will cover not only leasing updates but also overall project process and details. NM requests this meeting includes 2 Village trustees.

VILLAGE OF WINFIELD

NORTHWESTERN MEDICINE CENTRAL DUPAGE HOSPITAL

12.15.19 Response to VOW Cost-For-Services Positions (12.13.19)

Economic Development Grant Sunset and Payment for Services

- The Economic Development Grant will be extended in its current form until both the mixed-use Phase 1A parking deck and Phase 1B office building are completed, assuming NM is able to acquire all the properties from the Village necessary to initiate Phase 1B immediately.
- Per our most recent proposal, after completion of the projects mentioned above and based on previous meetings and discussions with the Village, NM will agree to reimburse the Village for administrative, police, and road maintenance costs based on previously identified data-driven methodologies.
- At the Village's option, NM will also include an economic development grant to the Village equal to the amount of taxes that NM would pay if the upper floors of the Phase 1B office building were taxable. If the Village so elects, those floors will be tax exempt in accordance with their not-for-profit use.
- Similar to the development agreement, the duration for this agreement will be 20 years. Since it is based on real costs, an annual CPI adjustment is not necessary.