

Village of Indian Head Park
201 Acacia Drive
Indian Head Park, IL 60525

MEETING MINUTES
BOARD OF TRUSTEES

“Pursuant to 5 ILCS 120/2.06 (3) minutes of public meetings shall include, but need not be limited to: a general description of all matters proposed, discussed, or decided, and a record of votes taken.”

Thursday, December 7, 2006

7:30 P.M.

I. CALL TO ORDER -MAYOR RICHARD F. PELLEGRINO

The regular scheduled meeting of the Village of Indian Head Park Board of Trustees was held on Thursday, December 7, 2006, at the Municipal Facility, 201 Acacia Drive, and was called to order at 7:30 p.m. by Mayor Richard F. Pellegrino. Village Clerk Joseph Consolo called the roll as follows:

II. ROLL CALL: JOSEPH CONSOLO, VILLAGE CLERK

PRESENT (AND CONSTITUTING A QUORUM):

Mayor Richard F. Pellegrino
Trustee Richard Andrews
Trustee Debbie Anselmo
Trustee Anne Bermier
Trustee Carol Coleman
Trustee Norman L. Schnauffer
Trustee Matthew P. Walsh II

ALSO PRESENT:

Frank Alonzo, Administrator
Steve Busa, Treasurer
Joseph Consolo, Village Clerk
Patrick Crowley, Chief of Police
Jim Niewiara, Counsel, Quinlan & Carroll, Ltd.
Edward Santen, Water/Public Works Superintendent

III. PLEDGE OF ALLEGIANCE TO THE FLAG

Mayor Pellegrino and the Board of Trustees led the audience in reciting the Pledge of Allegiance to the Flag: *“I Pledge Allegiance to the Flag of the United States of America and to the republic for which it stands, one nation under God indivisible with liberty and justice for all”*.

■ PRESENTATION BY SUSAN FRIEND, DIRECTOR OF THE SOUTHEAST ASSOCIATION FOR SPECIAL PARKS AND RECREATION

Mayor Pellegrino introduced Susan Friend, the new Director of the South East Association for Special Parks and Recreation (S.E.A.S.P.A.R.), who is present this evening to provide the Board with a report regarding the programs and services offered by S.E.A.S.P.A.R.

Susan Friend stated that she has been with S.E.A.S.P.A.R. for twenty-seven years, the S.E.A.S.P.A.R. organization recently celebrated its 30th anniversary and the Village of Indian Head Park has been a member of S.E.A.S.P.A.R. for twenty-eight years. She added that the Village of Indian Head Park was the first Cook County community to join S.E.A.S.P.A.R. and since that time many of the surrounding communities also became a member. Susan Friend further stated that there have been many changes over the past several months and S.E.A.S.P.A.R. became fully staffed again for the first time from May through October. During that period of time, new initiatives were taken and there are many new age appropriate programs that are being offered for both young children, teens and adults to suit the individual needs of individuals with disabilities. Susan Friend stated that over the last ten or fifteen years the severity of the people that S.E.A.S.P.A.R. serves has dramatically increased due to the incidence of Autism. She noted that staff ratio with day camps years ago might have been forty individuals with ten staff members. Today, a day camp of forty individuals might require a staff of thirty in order to safely and successfully manage the program. Susan Friend stated that the needs of participants in S.E.A.S.P.A.R. programs have changed over the years, one of the goals is to be better acquainted with the communities that are served and to strengthen relationships with those communities. She noted that the Village of LaGrange recently opened a new recreation center which creates a great deal of potential for S.E.A.S.P.A.R. because the facility is close to Indian Head Park and S.E.A.S.P.A.R. can offer more programs. The former Burke Beverage warehouse was converted to a recreation facility and there are dance rooms, art rooms and several basketball courts that can be utilized by S.E.A.S.P.A.R. for program events.

Susan Friend stated S.E.A.S.P.A.R. will host the first basketball team game next week at the new LaGrange recreation center on East Avenue and one person from Indian Head Park will be participating. She added that new groups in the pre-school age category are being brought into the S.E.A.S.P.A.R. programs and a new relationship was developed recently with staff from Briar Place Nursing Center to incorporate programs for mentally ill patients. S.E.A.S.P.A.R. is in the process of assessing its financial situation, there has been a downward trend and a capital replacement plan is being developed to budget for vehicle replacements and other high cost items. Susan Friend stated that S.E.A.S.P.A.R. opened its own building in conjunction with the Downers Grove Park District Recreation and Fitness Center and the cost savings are substantial because S.E.A.S.P.A.R. previously was paying rent for space for a number of years.

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She noted that \$130,000 in rent fees have been saved over the past three years by S.E.A.S.P.A.R. so the money can now be put to better use through programs. Susan stated that most of the grant funds were obtained through the Illinois First Program to help build the new S.E.A.S.P.A.R. facility and some funds were received through private donations.

Susan Friend stated that S.E.A.S.P.A.R. is investigating obtaining a new talking computer system with a \$25,000 donation to S.E.A.S.P.A.R. from a private individual from Downers Grove. An enhanced Website is also in the works. Mayor Pellegrino stated that information about S.E.A.S.P.A.R. programs can also be placed on the Village's cable bulletin board. Joan Pieri, the Village's representative to S.E.A.S.P.A.R. stated that her son Dino has been involved with S.E.A.S.P.A.R. programs for many years and she has been the Village's representative to S.E.A.S.P.A.R. for 15 years. Mayor Pellegrino and the Board of Trustees thanked Joan Pieri for her many years of public service to the community. Joan Pieri thanked the Board for supporting S.E.A.S.P.A.R. and mentioned that her son Dino has benefitted greatly from participating in the structured events offered by S.E.A.S.P.A.R.

■ FINANCIAL REPORT - TREASURER STEVE BUSA

Financial report for the month ending October 31, 2006

Treasurer Busa presented the financial report for the month ending October 31, 2006. For the month of October, he noted: (1) total revenues were \$298,418.04; (2) expenditures were \$249,044.47 and; (3) total fund balances in all accounts at the end of October were \$807,521.58. Trustee Schnauffer moved, seconded by Trustee Coleman, to approve the financial report for the month ending October 31, 2006, as presented by Treasurer Busa. Carried by unanimous roll call vote (6/0/0).

Aye: Andrews, Anselmo, Bermier, Coleman, Schnauffer, Walsh

Nay: None

Absent: None

IV. CONSENT AGENDA

Prior to voting on the Consent Agenda items, Mayor Pellegrino noted that the resolution authorizing the execution of an economic incentive agreement between IHP Development LLC and the Village of Indian Head Park has been placed on the regular Board agenda for discussion.

Approval of Tax Levy Ordinance for Fiscal Year Beginning May 1, 2006 and ending April 30, 2007 (Ordinance #06-19)

Approval of Ordinance Repealing Ordinance #06-14 Granting Zoning Relief for the Property Located at 26 Stonehearth Lane (Ordinance #06-20)

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Approval of Property Tax Extension Limitation Law Resolution (Resolution #R12-06-1)

Approval of Meeting Dates for 2007

Reappointment of Steve Busa as Treasurer for the term ending December 31, 2007

Trustee Andrews moved, seconded by Trustee Bermier to approve the consent agenda items as presented for Board approval. Carried by unanimous roll call vote (6/0/0).

Aye: Andrews, Anselmo, Bermier, Coleman, Schnauffer, Walsh

Nay: None

Absent: None

V. REVIEW AND APPROVAL OF BOARD MEETING MINUTES

***N* Minutes of the Regular Board Meeting - November 9, 2006**

Trustee Andrews moved, seconded by Trustee Anselmo, to approve the November 9, 2006, Board meeting minutes, as presented. Carried by unanimous voice vote (6/0/0).

AGENDA ITEM

Resolution Authorizing the Execution of an Economic Development Incentive Agreement between IHP Development LLC and the Village of Indian Head Park.

Mayor Pellegrino stated that Counsel Niewiara has been working with Phil Fornaro from IHP Development LLC on the details of an economic incentive agreement between IHP Development LLC and the Village of Indian Head Park. Mayor Pellegrino asked Mr. Fornaro how the plans are coming along over the past couple of years with the new plaza to be constructed on the former Mazur property and the attempt to develop the property from an end user standpoint. Mr. Fornaro stated that a couple of brokers were hired that were highly recommended by lenders and there was no success early on in the project. Mr. Fornaro noted that at that time brokers suggested that the property be cleared to make the property more visible for marketing purposes. He added that over the past several weeks he conducted a comprehensive search of seven or eight brokers and found a Coldwell Banker brokerage, Fred Leve, that specializes in commercial development. Mr. Fornaro stated that the Coldwell Banker agent is also marketing the Clock Tower Pointe project which is also being developed in the area. Mr. Fornaro stated that he was close to signing a lease with an upper end restaurant but there was a problem with their investor.

Mayor Pellegrino asked Mr. Fornaro how long he marketed the property with Fred Leve from Coldwell Banker.

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Mr. Fornaro stated that Coldwell Banker marketed the property for approximately eight or nine months. Mayor Pellegrino inquired if there was any other interest in the property from other end users other than the restaurant and if there were problems with the access to the property, demographics or traffic patterns. Mr. Fornaro stated that there is no stop light at the location of the development. He further stated that he had contact with Caribou Coffee and Starbucks but the main concern was with the side of the street the business would be located and the right turn out of the development onto Joliet Road, the access to Vine was not a problem, there was limited access around the building and the difficult area is the middle unit. Mr. Fornaro pointed out that the building layout was redesigned and the square footage reduced since then to have access around the building with more parking.

Trustee Coleman inquired about the present square footage of the building. Mr. Fornaro stated that building is 15,800 square-feet, which was reduced from 18,900 square-feet. Trustee Coleman stated that the economic incentive agreement calls for \$550,000 over a ten year period. She added that the \$550,000 dollar amount was negotiated with Brookside Development in 1998 and some of the language in the incentive agreement between IHP Development LLC and the Village of Indian Head Park is similar to the Brookside agreement.

Trustee Coleman stated when the Brookside Development was being discussed by the Board at that time, there were extraordinary costs by the developer for site assessment remediation issues that came up in clearing the property and the Water Reclamation District of Chicago required that the developer incorporate a storm water management plan into the project. Mayor Pellegrino stated that he recalled that some of the issues that came up with Brookside Development were subsequent to the economic incentive agreement. Trustee Coleman stated that the storm water management plan may have come up after that agreement but the site remediation extraordinary costs are included in the Brookside incentive agreement and that was one of the reasons the Board entered into an economic development incentive agreement at that time with Brookside Development. Trustee Coleman noted that the Brookside property was 4.19 acres and the IHP Development property is 1.52 acres, which is about a third of the size of the Brookside Development. Trustee Coleman further noted that one of the findings in Section 3 of the IHP Development incentive agreement is that the structure that previously occupied the subject property was demolished within the past year and was less than significantly occupied and underutilized for at least one year. Trustee Coleman stated that the fact the property was underutilized was the developers choice because the building was demolished and revenue could have been generated from renting out the building. Trustee Coleman asked Counsel Niewiara about the reference in the incentive agreement that states the corporate authorities of the Village have determined that the developer meets the highest standards of creditworthiness under sections of the Illinois Code. Counsel Niewiara stated that Mr. Fornaro did provide the information and Illinois Statute requires a developer to exercise one of three options to demonstrate creditworthiness: (1) a bond rating, which did not apply to this situation; (2) to show a certain level of assets; (3) the most typical one is to provide a letter from a financial institution with an excess of 10 million dollars in assets attesting to the financial strength of the developer.

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A letter was received from a financial institution with fifteen locations in four states and with an excess of 3.9 billion in assets attesting to the financial strength of IHP Development LLC. Counsel Niewiara provided a copy of the financial letter to the Board of Trustees.

Trustee Coleman stated that she does not object to an incentive agreement with IHP Development because it can be a win-win situation for both the Village and the developer. She added that the dollar amount is too high and a 15,000 square foot facility could not generate the type of revenue to support the same incentive as Brookside Development over a 10 year period. Trustee Coleman stated that based on the square footage of the IHP Development project, a lower dollar amount in the range of \$185,000 to \$200,000 over a five year period for incentives would be reasonable. Mayor Pellegrino stated that he instructed Counsel Niewiara to provide an agreement to IHP Development that was consistent with the Brookside agreement in terms of context, length of time and dollar amount fully factoring in that some of the businesses in the Brookside Development may not be part of the incentive agreement.

Trustee Coleman stated that all of the sales tax generated by all of the businesses in Brookside is factored into the incentive agreement with Brookside. Mayor Pellegrino noted that an equation was applied to dollars that were contracted for in 1998 and the value in dollars today. Mr. Fornaro stated that an incentive would allow him to offer incentives to end users to possibly reduce the monthly rent or other incentives to attract new business tenants.

Mayor Pellegrino stated that the Board would like to see in the agreement that whatever final amount is agreed to would apply to new businesses attracted to Indian Head Park and not existing businesses that may wish to relocate. Mayor Pellegrino stated that there are market pressures, the real estate is down both residentially and commercially and the Board appreciates a developer's interest to invest in the community. He added that the Villages of Roselle, Arlington Heights, Palatine and other areas are being redeveloped and the condominium concept is moving but the commercial areas are struggling. Trustee Coleman stated that she understands why an existing business would want to relocate to a newer, updated modern facility in the same area. Mr. Fornaro stated that he intends to build the facility on the west Vine Street property, the infrastructure plan is in place and his goal is to construct the building as soon as a tenant is located for the space. Mr. Fornaro stated that his intention is to build, own and maintain the property. Trustee Andrews stated that he is not opposed to the idea of an incentive agreement with IHP Development and there are details that need to be discussed as Trustee Coleman mentioned. Trustee Andrews pointed out that the IHP Development property is a smaller parcel than Brookside and an incentive proportionate with the square footage would be in order and should be considered. He noted that the residents of Indian Head Park authorized a sales tax increase that will double the flow of revenue to the Village, that translates into a reduction in the amount of years to offer an incentive to IHP Development and five years for an incentive term would be more appropriate.

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Trustee Andrews stated that he suggested that a change to the section of the agreement be made to extend a response time to 14 days instead of 5 days which is too fast to provide a response in the event research time is needed by Counsel to provide a response. Trustee Andrews further stated that he would like to see a provision incorporated in the agreement between IHP Development and the Village of Indian Head Park that in the event between the time the agreement is entered into and when the certificate of occupancy is issued; a rebate portion of sales tax would apply. He added that once the building is up and there is a tenant, the sales tax revenue should start coming in. Trustee Andrews stated that a clause should be added in the incentive agreement that if at any time the developer files for bankruptcy, between the time the Village and developer enters into the agreement, the agreement would be null and void. Mayor Pellegrino stated that the original developer of Brookside did enter into a bankruptcy, there was sale of the property out of bankruptcy and the Village needs a heightened comfort level relative to incentive agreements.

Mayor Pellegrino asked the Board to apply the distinction where the property is located when the number of years for an incentive agreement is being considered. He noted that the corner parcel of the Brookside property has easy ingress and egress with traffic signals in comparison to the IHP Development property. Mayor Pellegrino stated that the IHP Development property is approximately 40% of the size of Brookside in terms of land area, he asked the Board to evaluate the difference between \$550,000 that began in 1998 and \$550,000 in present value of those dollars in 2007 and to apply that inflationary ratio to the equation.

Mayor Pellegrino stated that based on the discussion by the Board this evening, he supports a seven year incentive agreement between IHP Development and the Village of Indian Head Park at \$400,000. Mayor Pellegrino stated that the Board could certainly take this under advisement and take the matter up again at the Board meeting in January.

Trustee Coleman stated that the Village is not trying to cover the cost of the property. Mayor Pellegrino stated if the Board is trying to distinguish why the terms of an agreement should not apply to certain parcels then the Board must consider why that agreement applies to existing parcels. Mayor Pellegrino stated that the location of the property should be considered, area or square footage and the amount of dollars. He noted that the worth of \$550,000 in 1998 is less than the worth of money in 2007 projected over five, seven or ten years. Trustee Coleman stated that the \$550,000 for Brookside in 1998 was tied to extraordinary development costs as a result of the project that was provided by the developer. Mayor Pellegrino stated that there is a problem with attracting tenants to the IHP Development property that would generate revenue and there are challenges with the property. Trustee Coleman stated that she assumed IHP Development did their due diligence when the property was purchased and costs as well as any difficulties with the property would have been taken into consideration at the time the property was acquired.

Mayor Pellegrino stated that the project needs to keep moving, when you build it they will come

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and when a potential business person drives down Joliet Road and there is an actual structure in place, it will hopefully help the developer to attract a tenant for the space.

Mayor Pellegrino added that if a developer is given the tools, it will be a win-win situation for both the Village and the developer. Trustee Coleman asked Mr. Fornaro if his plan was to wait to construct the building until a tenant can take the space. Mr. Fornaro stated that he has the capability to build the facility at this time; but real estate is not as strong as when he first started the project. Mr. Fornaro stated that the real estate taxes in Cook County went up tremendously in the last couple of years for retail and an end cap unit in the commercial building would typically be about \$23.00 per square foot; but that is not possible any more because the taxes are about an additional \$7.00 per square foot. Mr. Fornaro further stated that it is difficult for a retail business to come in and make it at \$30.00 per square foot and some of the businesses at Brookside are experiencing the same difficulties. Mr. Fornaro stated that his idea is to be able to drop the rent by \$4.00 or \$5.00 per square foot to attract business and by doing so the development itself would lose approximately \$64,000 to \$70,000 per year based on a 16,000 square foot facility. Mr. Fornaro stated that this particular location is not an "A" location because of the demographics and lack of traffic lights but it is an attractive location and once the building is up, it might be a good location with an anchor tenant. He added that the structure can be built quickly, the steel structure can be ordered in a matter of weeks and the build out can take place once a tenant decides how much space is needed.

Trustee Andrews stated that it would be appropriate to continue the matter regarding the economic incentive agreement between IHP Development and the Village of Indian Head Park to the January Board meeting and to ask Board members to make suggestions to Counsel Niewiara to incorporate any changes prior to the January Board meeting to possibly consider a final proposal. Mayor Pellegrino asked the Board members to provide any changes or details concerning language in the incentive agreement, dollar amounts and years of the agreement prior to the January Board meeting.

Trustee Walsh stated that the dollar amount of \$400,000 or \$500,000 in sales tax would be fifty-percent of whatever total revenue would come in to the Village so in order for Mr. Fornaro to make \$400,000 he would need to generate \$800,000 in sales tax revenue and \$400,000 would come back to the Village. Mayor Pellegrino stated, that is correct.

Mayor Pellegrino noted that the Brookside agreement was developed two administrations previously and the Board is being consistent with past policies. He further noted that the past policies with revenue sharing agreements have worked.

**VI. QUESTIONS AND/OR COMMENTS FROM INDIAN HEAD PARK
RESIDENTS/PROPERTY OWNERS IN ATTENDANCE**

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None

VII. ADJOURNMENT

There being no further business to discuss, Trustee Coleman moved, seconded by Trustee Walsh, to adjourn the regular Board meeting at 8:25 p.m. Carried by unanimous voice vote (6/0/0).

Respectfully Submitted,

Joseph V. Consolo, Village Clerk

Kathy Leach, Deputy Clerk/Recording Secretary