

VILLAGE OF LONG GROVE
SPECIAL MEETING OF THE BOARD OF TRUSTEES
TAX INCREMENT FINANCE (TIF) PUBLIC HEARING
TUESDAY, JANUARY 15, 2008 AT 8:00 P.M.
At Kildeer Countryside Elementary School
3100 Old McHenry Road, Long Grove, Illinois 60047

Officials in Attendance:

President: Rodriguez
Trustees: Acuna, Barry, Hannon, Lazakis, Schmitt, Wachs
Clerk: Schultheis
Staff/Other
Officials: Village Manager Lothspeich, Village Superintendent Block,
Village Counsel Filippini, Village Engineer Chiczewski, Ehler's
and Associates Consultant Beth Ruyle; Foley and Lardner Counsel
Bilas

At 8:14 P.M., President Rodriguez began the Open Public Hearing: Proposed
Downtown/Il Rt. 83 Tax Increment Finance (TIF) Village Of Long Grove.

Village Counsel Filippini stated that the notice regarding the hearing had been publicly
noted in the newspaper, and written notices had been sent to anyone directly affected by
the proposed TIF boundaries as well as any within 750 feet of the proposed TIF
boundaries.

- 1. Introduction To Tax Increment Financing (TIF).** - Trustee Ted Lazakis gave a
detailed chronology of the TIF and how the proposed Tax Increment Finance
boundaries were recommended, including the Streetscape Plan for the downtown
business district. Trustee Lazakis discussed goals that were set forth from the
May, 2006 Open House for improvements in the downtown area, as well as the
December 11, 2007 TIF Informational Meeting.

Trustee Lazakis discussed the definition of Tax Increment Financing. He iterated
that the TIF is intended to attract private investment into areas of the Village not
adequately developed. Trustee Lazakis also said that the tax bills of residents
would not be affected by the TIF. Trustee Lazakis said that once development
begins at a TIF property, it has a higher assessed evaluation; so that the property
taxes are equivalent to that higher increment. He used the "But For" concept –
But For some investment, that property would stay at a low assessed evaluation.

- The life of a TIF is 23 years; and can extend to 35 years
- A blighted area – property with a structural defect that prevents it from being developed.

2. Review Of Joint Review Board (JRB) Recommendation Re: Redevelopment Plan, Project And Consideration Of Any Amendments Thereto. – Trustee Lazakis discussed the findings of the Joint Review Board, and some of the suggestions. The JRB suggested that certain areas like the Village Hall, Kildeer Countryside Elementary School and Old 53 area be taken out of the TIF District. They also suggested that the Village make certain that all of the fire codes were up to date in the TIF area. The JRB said that bringing a water system to the downtown area was a high priority, as well as burying underground utilities.

The TIF Bonds suggested will only be backed by incremental tax money; and the bondholders will make up any gap. Any surplus funds will go back to the taxing bodies; and the bonds can be paid off early. These will not be General Obligation bonds.

The JRB has suggested the Village not to exercise eminent domain on Arlington Heights Road. They also suggested that the Village initiate a study of the impact of the TIF on taxing bodies.

3. Consideration Of Draft Ordinance(s) Approving The Redevelopment Plan And Project.

By a vote of 6 – 1, the JRB voted to adopt the TIF Report and to be neutral on the implementation of the TIF.

4. Review Of Timetable And Next Steps. –

Next step is to take information from the Public Hearing and give it to the Village Board

5. Questions/Comments.

Dr. Thomas Many, Superintendent of District 96, read a testimony to the Village Board, and offered a letter from President of the Board of Education, Marc Tepper, regarding the TIF (They are listed as Appendix A and Appendix B at the end of these Minutes). Dr. Many highlighted the impact of the TIF, stating that they generally do not benefit schools. He acknowledged that the JRB and the Trustee Lazakis had indicated that Kildeer Countryside Elementary School had been removed from the TIF District. He also stated that:

- He said that should a residential component be added to the TIF, that impact on other taxing bodies should be considered.
- He wanted to see a shorter term than 23 years for the TIF.
- Revenue sharing should be considered to make up for potential money lost to the school district
- Want to make certain that the school District have some say in the language of the final TIF agreement.

*Names and addresses are stated as they were heard audibly.

Gerald Ostick – Arlington Heights Road -

Mr. Ostick complained that he believed that property taxes would be adversely affected by what he termed as a “high density shopping mall.” He also mentioned that he was wary of where the money was going for development on the east side of Rte. 83.

Trustee Lazakis replied that the properties could disconnect, and that the Village needed to maintain control of the areas. He said that these properties were within their rights to develop the parcels of land in question. He also stated that the township determined the tax rates of parcels, not the Village.

Eric Burgess – 1561 RFD

Stated that the TIF was a matter of trust. He requested that if there were anyone on the Board that had a vested interest in the development of the downtown that they should make that clear.

None of the Trustees were involved in the investment in the downtown. Trustee Schmitt said that she is a part-time employee at the downtown store, Trillium. Several Trustees said that they had an interest only in seeing the downtown prosper.

Bon Gross – Fairview Lane

He stated that the TIF was a leap of faith. He said that the Village would only have one chance to get the TIF right, and he did not want an amateur attempt. He suggested getting consultants involved.

Trustee Lazakis replied that the Village had employed development consultants, Hitchcock & Associates.

Lisa Goldfine – Fairview Lane

She wanted to know how the Fire Department would get money for new equipment.

Beth Ruyle of Ehlers & Associates replied that there are funds built into the TIF for the Fire Department.

Village Engineer Chiczewski added that the potential for a water system and burying power lines were both high priorities in the downtown, and both helped the Fire Department.

Neil Rowan – Beaver Creek Estates

Wanted to know how this TIF District compared to the one in Lake Zurich.

Trustee Lazakis said that the one in Lake Zurich had General Obligation bonds tied to development of Real Estate that did not take place. Hence, the bonds were defaulting.

Mr. Rowan added that at some point the Village was going to need to attract investors, and was wondering how the Village would do that?

Nancy Bilottco – Buffalo Grove

Asked if Lake County DOT would widen Rte. 83 going east?

Village Manager Lothspeich said that Lake County DOT was interested in Old McHenry Road; and that Lake County DOT did not own Rte. 83.

Marty Semper – 4989 RFD

Wanted to know re: Impact Fees - what the difference was between private corporation and municipality?

Village Counsel Filippini said that Non-Home Rule Impact Fees are residential not commercial. To accomplish goals like burying utility lines required TIF, because the Village could not bear the cost alone.

Jeff Wilson – 5279 Briarcrest

Wanted to know if TIF would address flooding issues.

Village Engineer Chiczewski said that on the east side of Rte. 83 is a flood plain, and that developers would be forced to make their designs meet standards. He said that there could even be a Flood Plain Ordinance.

Dave Brask – 6229 RFD

Stated that he heard the same type of arguments in Lake Zurich for a TIF, and they are now faced with a “\$52 million dollar debt.”

Dan Miller – 1070 Cortland Drive, Buffalo Grove

Wanted to know how the development will affect Rte. 83 and Arlington Heights Road traffic?

Village Engineer Chiczewski said that a traffic study would be needed in the TIF development areas. He said that Lake County DOT and IDOT would both review any changes to traffic patterns; and would look at things like turn lanes, acceleration lanes; deceleration lanes, etc. He further stated that as new development designs were proposed, there would be a process they would have to go through before being approved or denied.

Trustee Lazakis added that the Plan Commission was also looking at the impact of Sunset Grove on the north end of Rte. 83. and Arlington Heights Road.

Ken Friend – 4180 RFD

He introduced himself as being the owner of Long Grove Mortgage; and asked if the Village had given thought to floating a bond?

Village Bond Counsel Bilas said that this was considered a ‘naked TIF’ and that typically the bond that would be floated would not be insured and that rates would be typically between 6-8%; but warned that it was still too early in the process to know the details. She said that typically this would be a non-investment grade bond for 23 years with a call features option put in.

David Klein – 3632 RFD

Asked Bond Counsel Bilas to reiterate whether or not the bond was rated.

Village Bond Counsel Bilas reiterated that it was not.

Dan Perlin – Thompson Avenue, Buffalo Grove

Identified himself as an attorney for a pharmacy company looking to build in Sunset Grove; asked if there was a deficiency in school funds because of a shortfall from the TIF, would taxes be raised to cover the deficient funds?

Trustee Lazakis answered directly, "No."

Dan Perlin restated the question as: If No TIF money is going to the School District, if there is a deficiency from tax funds, will the school raise taxes? He also asked that the Village not make the same Lake Zurich mistakes; and said that in lieu of a bond, there should be a minimum tax floor imposed upon developing property owners in the TIF District.

Trustee Lazakis reiterated his comment that if no residents were in the TIF area, there should not be any impact on the schools; and that the TIF Act addresses how the Village would make up lost revenue.

Village Counsel Filippini added that the schools' revenue raising power was not limited bound by other taxing districts on Assessed Valuation but was set forth by the state as a maximum increase in actual tax dollars from the year by 5% or CPI, and that the TIF would have no effect on any other taxing body.

Nelson Gray – Director of Business Services

Said that it was CPI plus growth, so he believed that there was an impact

Village Counsel Filippini said that there would not be an impact.

Kevin Thomas – 5266 RFD

Said that he had been to all of the TIF meetings, and he believed that the TIF was doable as long as the Village kept the development as \$9,000,000 or less. He also said that he wanted to make sure that the look and the content of the developments were held up to a higher standard. He suggested to the audience that they all attend the Plan Commission Meeting on January 16, 2008; because if the development was not done right, he believed "a large portion of the Village would be scarred."

Chris Borawski – 6271 RFD

He said that downtown Long grove needed to be fixed, and that the Village did not need "strip malls." He wanted to see money in the Village reserves spent now on the downtown; and that the environmental impact of increased traffic and noise from further commercial development should be considered. He addressed several of the Trustees directly with a plea against the TIF.

Barry Nathanson – 1522 RFD

He said that Long Grove should make certain that the land being developed is under the control of the Village and its standards; and not Buffalo Grove's.

Eric Burgess – 1561 RFD

He said that the 23 year bond concept should be shortened or modified; and that the TIF should be made "tight" so that it maintains standards.

Monica Bedrosian – 5129 RFD

Discussed how she moved to District 96 because she liked the idea of open land, and now she found that she is adjacent to land that was going to be developed under the TIF. She said that she was not told about the TIF when she started building.

Denise Harnish-Dvorak – Rte. Old 53, Long Grove
Stated that the Village should consider a referendum from residents.
Trustee Lazakis replied that Board would deliberate that option.

Haig Bedrosian – 5129 RFD
Stated that this Board would not be intact for 23 years, so a referendum should decide whether or not the TIF was a vision of the residents.

Camy Gould – 2230 RFD
Replying to the comment about a referendum that the residents would be obligated to educate themselves for a referendum to be voted upon; and that based upon Village Board meeting attendance this was not realistic. She said that whether or not the Village agreed to develop the land; it was going to be developed anyway.
She urged the Village to seek out balance in what was developed, and not allow too many office buildings. She said that residents wanted services downtown, and that there was an opportunity for high quality development. She concluded that the residents should attend the meetings to learn more, and that the residents' issues should be addressed.
Village Counsel Filippini informed the audience that under Illinois law a referendum would be non-binding in our non-Home Rule Village.

Haig Bedrosian – 5129 RFD
Said that he consulted with the Village before he bought land in Long Grove, and he feels betrayed because he now finds out that the land was commercial that was by his property. He wanted to know why the revenue from Menard's was not enough to cover revenue issues for the Village for downtown development.
Trustee Lazakis said that revenue from building permits was in dramatic decline, and that the Village was very close to being built-out. He said that the Revenue on Rte. 22 and Old McHenry and Menard's will help close the gap on the housing permits shortfall. Trustee Hannon reminded the audience that revenue from Menard's was estimated to be between \$200,000 - \$450,000 per year; but that housing permits were down about \$500,000. She also said that it would be about two years before the Village would start seeing tax money from Menard's. She added that the tax money from Rte. 22 and Old McHenry was about \$22,000 per year; and that tax revenue from the downtown area was about \$200,000.
Trustee Hannon said that no one is attempting to enact a strip mall concept in the Village, but sales tax is needed and development would provide that.

Haig Bedrosian – 5129 RFD
Wanted to know how proposed development along Rte. 83 would generate revenue.
Trustee Lazakis said that the TIF projects would not be considered until after Sunset Grove was generating revenue. He further stated that there would not be looking to put in speculative retail; and that the Village would not be borrowing the full amount for the projects all at once.

Denise Harnish-Dvorak – Old Rte. 53, Long Grove

She asked if the residents were going to have to keep “an eye on” future Trustees to make certain that they were overseeing the TIF properly?

Trustee Lazakis replied the only way the TIF could be changed would be to go through the entire process again.

Superintendent Block said that the Bedrosian’s had requested a permit for a shed, and in the course of speaking to them, as a courtesy, he informed them that there was potential for commercial development behind their house; but that they interpreted that as a change of Village policy. He said that the proposed, commercial development was within the rights of the property owners; and not by design of the Village.

President Rodriguez reminded the Bedrosians and the audience that the development of the land commercially would take place based upon the rights of the property owner. ,

Haig Bedrosian – 5129 RFD

Replied that the Comprehensive Plan laid out several options for development.

Trustee Lazakis said, once again, that the Village does not own the property in question; and that the Village could not stop the property owners from building – there is no option for the Village to keep that land as vacant if the property owners want to develop it.

Dave Brask – 6229 RFD

Reprised his previous comment that the TIF should be made for the amount that was needed (\$9,000,000) and not for \$44, 000,000.

Tina Bailey – 5121 RFD

She wanted to know if there was a contingency plan being made for the homes that backed up to parking lots in the proposed commercial area. She said that these homeowners would be exposed to crime and potential lawsuits.

Trustee Lazakis answered that the expansion of the TIF would not be into residential areas; and that areas bordering TIF development would have landscaping and screening.

Tina Bailey – 5121 RFD

Said that million dollar homes would now be backed up to buffers and not open space.

Trustee Lazakis said that there were no access roads being suggested by developers to access Arlington Heights Road by the pending development application.

Tina Bailey – 5121 RFD

Stated that developers were already encroaching upon private land and were trespassing.

President Rodriguez said that the developers were not allowed on private land and suggested that the residents call the Police if trespassing continued.

Marie Manhard – 5111 RFD

She said that she believed the consensus of the audience was that they did not want the development. She also wanted to know how traffic would get in and out, and that she had been approached by lowball offers for her property.

Trustee Lazakis said that the access to the proposed development would be from Rte 83 or Aptakistic Road; and that there was a suggestion to have Robert Parker Coffin Road extend east into the commercial development area.

Marie Manhard – 5111 RFD

She wanted to know what process kept homeowners from de-annexing?

Trustee Lazakis said that the property would first have to de-annex, and then be annexed into Buffalo Grove.

Village Counsel Filippini said that the property owners could not be forced to de-annex.

Gerald Ostick – Arlington Heights Road

Stated that if Bally Bunion sold its property, it would revert to R2 zoning. He also said that there was a rumor that the Winery also wanted to disconnect.

Trustee Lazakis said that the Village was always seeking to protect its borders.

Brian Sutherland (Representative) – 5105 RFD - Life on the Vine Christian Church

Said that the Church was not in any discussions to disconnect.

Haig Bedrosian – 5129 RFD

Asked Beth Ruyle of Ehlers and Associates how many TIF's she had worked on, and how many Villages she had suggested should not have a TIF?

Beth Ruyle said that she had worked on, in excess of forty TIF Districts. She said that there were five or six that were not listed as eligible for a TIF.

As the time limit was about to expire, President Rodriguez asked if there were any further questions. As there were none, President Rodriguez requested if the Bedrosians agree to defer their request for a short slide presentation. Their presentation is to be held at the January 22, 2008 Village Board meeting. They agreed to the deferral, as did the Village President.

CLOSE PUBLIC HEARING.

There being no further public comment, at 10:55 P.M., the Public Hearing was closed by President Rodriguez.

ADJOURNMENT. Next Regular Meeting – Tuesday, January 22, 2008 at 8:00 p.m.