

AT THE VILLAGE OF CLARENDON HILLS

IN RE THE MATTER OF:)
)
Ogden Avenue Redevelopment)
Project Area)

INFORMATIONAL PUBLIC MEETING
September 27, 2004
7:00 o'clock P.M.

PROCEEDINGS HAD and testimony taken
at the Clarendon Hills Village Hall, One North
Prospect, Clarendon Hills, Illinois, before
Marlane K. Marshall, C.S.R., License #084-001134,
a Notary Public qualified and commissioned for the
State of Illinois.

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PRESENT:
MS. DIANE HILLER, Village President.
MR. ROBERT M. BAHAN, Village Manager.
MR. MICHAEL J. BROWN, Director of
Community Development.
MR. STEPHEN B. FRIEDMAN, S.B. Friedman &
Company.
KLEIN, THORPE & JENKINS, LTD., by
MR. THOMAS M. MELODY
20 North Wacker Drive
Suite 1660
Chicago, IL 60606-2903,
appeared on behalf of the Village of
Clarendon Hills.

1 MS. HILLER: Welcome, everybody. On the screen
2 it says welcome, and we are glad you're all here. I
3 want you to know we're glad you're here. We want
4 your input, and we want your input on, you know, how
5 you feel and what you would like to see on Ogden
6 Avenue if it were to be redeveloped. So we are glad
7 you're here.

8 The one thing I would ask is that the
9 dialogue be civil and respectful of anyone speaking.
10 I know in the past other board meetings it has been.
11 Everyone has been very professional and very
12 respectful of everyone's comments, and I would ask
13 that everybody here tonight do the same.

14 I want you to know that there will be
15 other opportunities for public -- for the public to
16 speak on this issue. I know I received a flyer that
17 said that this was the last chance that the public
18 had to comment. And I want you to know that that is
19 not true. There will be other public meetings, there
20 will be a public hearing. This is actually a public
21 informational meeting tonight. So again I want you
22 to know that there will be other opportunities. And

1 we will be outlining other dates of other meetings
2 later in the presentation.

3 The other thing I wanted to mention is I
4 have asked Steve Friedman who is our consultant, our
5 professional here to address concerns and questions
6 that I have received regarding the TIF especially in
7 the flyers and some of the letters that I have
8 received. So he will be addressing those concerns.

9 This is not a village board meeting. And
10 there are board members present, but they are here
11 to listen as am I. So we are not going to be
12 participating. We really can't participate because
13 it's not a board meeting, but we are going to be
14 good listeners. And I think that's a great quality
15 to have, and we will be here listening.

16 Lastly I want you to know that we're not
17 just trying to do the absolute minimum required public
18 meetings or public input on this process. We do want
19 a dialogue; we do want your input on this. I am
20 meeting with business owners along Ogden Avenue to
21 let them know what our intentions are, to hear their
22 questions, their concerns, their comments, and to

1 keep the lines of communication open which is very
2 important. I have also offered to meet with any
3 residents or resident groups that would like to meet
4 with us. I will be more than happy to meet with
5 you. Call the village hall, give me your phone
6 number and I will call you back. And I can attend
7 with a member of staff.

8 So again I want to thank you for being here.
9 I think it's going to be a productive informational
10 meeting. And with that I am going to introduce Bob
11 Bahan, our village manager, who is going to be making
12 more introductions and start the meeting. Thank
13 you.

14 MR. BAHAN: Thanks, Diane. I just want to
15 briefly do some introductions so everybody understands
16 who the players are tonight. Obviously Diane Hiller,
17 our village president, and she welcomed you tonight.
18 We also have in attendance Trustee Pocius and
19 Trustee Pedersen who are here to listen. We also
20 have Mike Brown who is our community development
21 director here, Pat Anderson who is our chief of
22 police is sitting in the audience, Steve Friedman of

1 S.B. Friedman & Company and Tom Melody who is our
2 village legal representation. Jewel Littles who is
3 noted on the screen couldn't make it because she
4 is ill.

5 Tonight I want to briefly talk about what
6 the purpose of the meeting is. And this is text
7 that's been lifted right out of the statute. I wanted
8 to put that in just so you understood what the
9 statutory requirement is, but then I am going to try
10 to interpret that for you a little further. So bear
11 with me as I read this.

12 The purpose of the meeting shall be to
13 enable the village to advise the public, the taxing
14 districts, the taxpayers and residents as to the
15 village's possible intent to prepare a redevelopment
16 plan and designate a redevelopment project area and
17 most importantly to receive public comments. So
18 what does that mean? So it's a multipurpose meeting.
19 It's to provide a factual update on the findings of
20 the data and the information that the village board
21 and staff has received to date. It's an opportunity
22 to take comments, to hopefully answer your questions

1 in a meaningful way and to follow up where necessary.
2 And we are anticipating that we will be following up
3 with more information.

4 So what is tonight? Diane alluded to it.
5 Let's start off as to what it is not. It is not a
6 public hearing. It is not a village board meeting.
7 So it is really just a meeting specifically devoted
8 to informing the public.

9 Diane also touched on what the village
10 board's role is tonight. They're here to listen to
11 your concerns and your questions, to gather information
12 and data. And since this is not a board meeting,
13 they are not going to participate but they're really
14 here to listen and see how this turns out.

15 So essentially we have a forum for citizens
16 and business owners. This is not your only chance
17 to participate. There will be other chances to
18 participate. The TIF has not yet been approved.
19 There are other steps involved with it which I will
20 address in just a few minutes. But tonight is a
21 major step in the village's continuing efforts to
22 provide information and answer your questions.

1 I am going to briefly touch on meeting
2 procedures. Village staff and the consultant will
3 give our presentations as quickly as we can. After
4 the presentations there will be an opportunity for
5 questions and comments. We have hired an independent
6 recorder to capture the record so that we have a
7 good set of minutes that can also be shared with the
8 public. We're going to ask that when each person
9 speaks that they state their name and address. The
10 recorder may ask you to spell your name. We will
11 pass the mic around so that everybody can hear.
12 We're going to ask that you keep your questions and
13 comments to three to five minutes each in order to
14 give everybody an opportunity to ask questions. Once
15 we're finished with everyone's questions, then we
16 can take another round, time permitting. Another
17 point that we want to stress with you is that if one
18 person makes a statement tonight it is not necessary
19 for another person to make another, longer statement.
20 You can simply state that you agree with the previous
21 person's comments and that will be recorded in the
22 notes. So to wrap it up, our intent is to have a

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1 respectful, civil dialogue between your village
2 government and the interested parties regarding the
3 TIF project.

4 We thought it was important to bring you
5 up to speed as to the village's efforts to date.
6 And this was -- I think there is a foundation of
7 knowledge that needs to be provided. And first that
8 is the pursuit of economic development initiatives
9 are fueled by a number of things. First the tax
10 base is too reliant on property taxes. At this
11 point in time our property tax receipts comprise 50%
12 of our revenues; intergovernmental funds which is
13 sales tax revenue, income tax from the state comprises
14 24% of our revenue; and fees and interest costs
15 comprise another 26%. At this point in time our
16 sales tax specifically is 14% of our revenues. So
17 you can see in proportion to property tax it's fairly
18 small. In the future we would like to see that
19 rebalanced to where property taxes are approximately
20 40%, intergovernmental funds or sales tax for the
21 state or the state's share back to us would be
22 approximately 30%, and fees and interest earnings

1 would be about 30%. The idea here is to diversify
2 the tax base so we don't have all our eggs in one
3 basket. Property taxes, as everyone knows, are
4 fairly reliant. They're also fairly onerous. And
5 there has been a number of referendums in this
6 community. And our hope is to strategically look at
7 our revenues so that we don't have to come to you
8 with a referendum at some point in the future. We
9 believe enhancing our sales tax where we may have
10 residents from other communities enhancing our
11 revenues will be better for everyone in the long run.

12 I was going to continue to note that we're
13 a tax cap municipality. What that means is our
14 property taxes cannot increase more than the rate of
15 inflation or 5%, whatever is less. And everyone knows
16 that the rate of inflation has been until recently
17 pretty low, 2%, 3%. So at this point in time our
18 costs have exceeded what the tax cap will allow for
19 property tax receipts.

20 I wanted to talk briefly about mandated
21 costs to the village. Over the last three years the
22 state legislature has granted significant pension

1 increases to the fire and police personnel. Those
2 pension increases are passed directly to the local
3 level. The pensions are regulated by state statute
4 but they're funded at the local level. Approximately
5 45% of our expenditures are for public safety. So
6 you can see with that pension or with that pension
7 allocation there is a fairly hefty price tag that
8 goes along with it.

9 We have also experienced, like the private
10 sector, significant health insurance costs. And
11 those costs have averaged over the last five years
12 about 15% even though we're a member of a joint
13 purchasing pool that helps keep those costs as
14 competitive as possible.

15 We have also had labor contracts with the
16 police department, and there are some statutory
17 controls. We try to be fair, but bottom line is
18 they can't strike. On the other hand if we reach an
19 impasse we have to go to mandatory arbitration and
20 we could have a settlement imposed upon us.

21 Another significant point in terms of
22 mandated costs or costs that haven't been able to be

1 controlled completely is ambulance, fire calls have
2 increased approximately 60% over the last five years.
3 Based upon the way our fire department is structured
4 that has an hourly rate impact upon our budget.

5 So with mandated costs we also have the
6 double whammy of diminished revenues, and that's
7 primarily from the state. There's reduced revenue,
8 income taxes has been reduced, the photofinishing
9 process tax has been eliminated and the use tax is
10 reduced. Our sales tax -- If you look in our
11 statistical section of the audit you will see that
12 the sales tax revenue has been flat or declining,
13 primarily flat if you look at the trend numbers.

14 And finally at this point the state
15 legislature is considering more redirection of local
16 revenue away from local governments and into the
17 state coffers in order to balance their budget.
18 This is not unique to Clarendon Hills. Every local
19 government is facing the same issue. We were just
20 in the city last week at an Illinois Municipal
21 League conference where Mayor Daley is talking about
22 the same thing.

1 Forecasted expenditures: The fire department
2 is currently staffed with volunteers, part-time
3 employees, and we have one full-time employee who is
4 the chief. That labor pool is drying up. People
5 who are volunteers who respond to paid on call are
6 no longer in the village. They're either retiring
7 or will be moving on. New people who have moved in
8 make their living in the city or are too busy to
9 become part of the fire department. I will make a
10 pitch if anybody is interested, we will be glad to
11 have you.

12 Infrastructure is also a concern. Roads,
13 sewers, all those things continue to escalate in a
14 mature community.

15 I mentioned health insurance. Other things
16 such as CBD parking is going to be in issue for us
17 in the future.

18 Finally in the general fund for the last
19 five years expenditures have averaged approximately a
20 7 1/2% increase and the last five years' revenues
21 have averaged about 3 1/2%. And most of those
22 controls that we have in place work except when we're

1 mandated for costs that we can't recapture the revenue
2 for.

3 In late 2002 the village was contacted by
4 a car dealer. I don't think that that is news to
5 anybody. I know it's been talked about in some
6 respects. At that point in time the village was not
7 in a position to evaluate and compete. We were new
8 to the game. We didn't necessarily understand how
9 to evaluate incentive agreements, and we thought
10 that we needed to start doing some research to put
11 ourselves in a better position. Ultimately that
12 dealer was lost to Downers Grove. That was a Saab
13 dealership I am sure you have seen under construction
14 in the last year or so.

15 In early 2003 the village initiated
16 research for economic development assistance, and
17 then from late Spring, 2002 to Spring of '04 three
18 more car dealerships and one liquor store did approach
19 the village. They approached us; we did not do any
20 outreach. And we felt like we needed to be in a
21 position to respond to them.

22 Timeline of formal steps. In Spring of '03

1 we sought proposals and interviews with consultants
2 to prepare the Ogden Corridor Economic Development
3 Strategy. In June of '03 the village board hired
4 S.B. Friedman to prepare the Ogden Avenue Strategy
5 Report. In November of '03 Friedman presented the
6 report to a joint meeting of the board and the EDC.
7 In December of '03 the board discussed the findings.
8 And then in January of '04 there was another joint
9 meeting of the board, the EDC, the zoning board and
10 additional discussion of the Ogden Avenue redevelopment
11 strategy with Friedman. The board did reach a
12 consensus at that meeting to move forward with phase
13 one of the TIF eligibility study and plan. In
14 February of '04 the board did pass the ordinance
15 authorizing the TIF feasibility study. In April of
16 '04 was the board discussion of the TIF. On May 3rd,
17 '04 the board engaged Friedman for phases two and
18 three of the TIF study. On June 21st the board
19 established the interested parties registry. On
20 September 7th the board announced the availability
21 of the eligibility study. On September 10th the
22 notice of public meeting was sent out for the meeting

1 tonight.

2 Where are we now? Cautious steps. We have
3 taken this project in phases. The contract with
4 Friedman was broken down in phases, one, two and
5 three, and we have taken well over a year to study.
6 The process is not over. We believe it's really
7 beginning because we're at a point now where we need
8 to answer your questions and we need to present the
9 data to help you understand it and help us understand
10 it better ourselves.

11 I just want to note some communication
12 efforts. I know Diane touched on meeting with the
13 owners up there and also being willing to engage in
14 smaller dialogues if people are interested in that.
15 We have tried to keep the community informed through
16 Trustee Topics. Economic development was referenced
17 four times in '03 and twelve times in '04. We have
18 copies of those newsletters if you are interested.
19 They're also on the web site archived. All we're
20 trying to do is let you know the information is out
21 there. And if we can help you get up to speed on
22 the project, it's out there.

1 Overview of future steps. This was an
2 item for later on in the agenda, but we thought it
3 was important to deal with it now. The informational
4 meeting is for tonight. There is a tentative
5 schedule from this point forward. But we would be
6 tentatively calling for an ordinance to be approved
7 at the board meeting October 18th calling for a
8 joint review board. That joint review board could
9 meet November 5th, 2004. Thereafter we would
10 publish a notice of public hearing twice, the 11th
11 and 18th of November. We would mail the notice of
12 the public hearing to the residential addresses,
13 taxpayers, interested parties registry on November
14 24th. This would be everyone within 750 feet of the
15 project area. Tentative public meeting December 6th
16 and then tentative adoption of ordinances designating
17 the TIF December 20th of '04. Again the schedule is
18 tentative, but we wanted to put some structure to it
19 so at least we'd have something to work around.

20 At this point I am going to hand it over
21 to Steve who is going to present the rest of the TIF
22 reports.

1 MR. FRIEDMAN: Okay. If you don't mind I am
2 going to take a second to move this forward a little
3 bit. Some of the slides are pretty big. Let's hope
4 I don't spill the whole thing. All right.

5 Good evening. I'm Steve Friedman. And as
6 Rob indicated, we have been working with the village
7 for a little over a year helping the village, I hope,
8 to explore the options and the possibilities and
9 potentials for the redevelopment or reworking of
10 Ogden Avenue.

11 I think, as Rob has indicated, there is a
12 concern and this is rooted in a concern about the
13 public fiscal condition in the long-term which is a
14 very stressful situation for many localities. And
15 so there is an effort to try to balance the land uses
16 in a locality in order to optimize and balance the
17 revenue sources. And the sales tax is a very important
18 municipal revenue, so that has been part of the
19 discussion from the beginning.

20 Our agenda for my presentation is going to
21 cover a number of areas. For one it gives a little
22 background, confirms with you what we used, what

1 our study area was, talks a little bit about the
2 findings of the redevelopment strategy and
3 potentialities that we found and felt to exist in
4 the study area. We then did do a preliminary economic
5 feasibility analysis because of the same concerns
6 that were raised in some of the documents that came
7 from the public. And I want to talk a little bit
8 about TIF, how it works, go through the eligibility
9 findings, the plan and the budget and talk about
10 housing impact.

11 The study area is along Ogden Avenue
12 centered on Woodstock and includes the Mayflower
13 Motel, Clarendon Eye Associates on across -- all the
14 way across the frontage and includes several
15 residential properties totaling about fifty-six
16 residential units. And it is basically this
17 commercial and multi-family frontage. It stops with
18 the single-family development to its south.

19 The village board had identified this area
20 as one that was of high priority, top priority for
21 economic development because it was one of the few
22 areas that was commercial within the village along a

1 major commercial thoroughfare. And the goal was to
2 enhance the commercial tax base and maximize sales
3 tax generation. And there had been, as Rob
4 indicated, previous interest by an automobile
5 dealership.

6 We studied the parcel. We observed that
7 there are a number of small parcels, there's 36,000
8 vehicles per day, there's really no traffic signals,
9 very awkward access to the area, it's not very deep
10 and obviously it has this mix that I have mentioned
11 of residential, retail, restaurant and service uses.

12 We looked at the retail environment and
13 the competitive position of this site relative to
14 other activity that was going on. We identified a
15 trade area -- primary and secondary trade areas.
16 Its trade area is relatively large potentially
17 because Ogden Avenue is a major thoroughfare. And
18 the document that this comes out of was made public
19 and is available, so you can get it and look at it.
20 And the opportunities that were identified included
21 automobile dealerships, one or more, some specialty
22 retail including restaurants, home furnishings,

1 specialty food, enhancing existing retailers and
2 possibilities of some neighborhood-serving retail.

3 The primary -- I mean the use that has
4 the greatest potential from a sales tax standpoint,
5 from a standpoint of helping to stabilize the public
6 contributing to the fiscal balance was, in fact,
7 auto dealers. We were asked to do a preliminary
8 economic feasibility analysis that focused on looking
9 at the economic potential of auto dealers and how
10 that would work. We looked at options in terms of
11 using both blocks, using the blocks with or without
12 Woodstock Avenue, and using less than all of the
13 property. We looked at both property tax and sales
14 tax looking at it from an incremental property tax
15 standpoint, and we also did research on the
16 acquisition costs and likely disposition proceeds.
17 Because if you think about what would happen, there
18 is an acquisition cost to acquire these properties
19 and there is a disposition value which may be less
20 than the acquisition cost. Because while these uses
21 may not be the highest and best use from a public
22 economic standpoint, the buildings have value beyond

1 just raw value for the land. So in redevelopment
2 situations you often encounter an acquisition cost
3 that's higher than disposition value. So we
4 estimated both acquisition cost and disposition
5 value and estimated incremental property taxes and
6 sales taxes.

7 We ran a series of options, one large
8 dealer, two average size dealers and without using
9 the Glass of America piece, an average dealer and a
10 small dealer, maybe a specialty import dealer. We
11 used a range of costs on the land acquisition and
12 disposition values. Unfortunately in this slide the
13 lettering slid over here for some reason. Prior to
14 consideration of tax benefits there is a cost to the
15 village, a negative of a couple million dollars in
16 each scenario, we believe, in terms of the cost of
17 acquisition versus the sale price for disposition.
18 We estimated property taxes for auto dealers, and
19 they are negligible. Auto dealers do not generate a
20 large amount of property tax. You would not be
21 doing a redevelopment with auto dealers to generate
22 property tax; you would be generating sales tax.

1 One large dealer is estimated to produce \$55 million
2 in sales, average dealers thirty or \$35 million in
3 sales. And these are data that we got from the
4 industry. We were able to interview people who are
5 in the industry as well as looking at some of the
6 things that made it into the press. So we then did
7 all this in terms of present value discounting future
8 dollars back to today using a 6% discount rate,
9 which is probably a tad low now after last week's
10 federal action, but it's not still totally out of
11 the box on the public sector side. And there is a
12 net benefit to the village in the \$6 million range
13 for the large dealer and the two average dealers in
14 the \$5 million range for the smaller redevelopment
15 which leaves Glass of America in place. So we think
16 there is a positive potential benefit, and it's
17 certainly not without complexity.

18 Based on those findings the village board
19 authorized us to do the next step of determining
20 whether in our opinion the area qualified as a TIF
21 district. As you may know and as we provided in the
22 handout, the law establishes a number of eligibility

1 factors that must be present, either five to establish
2 blight or age plus three to establish a conservation
3 area. They need to be present to a meaningful
4 extent and they need to be reasonably distributed
5 throughout the area. A TIF provides the ability to,
6 if necessary, assist with site assembly. And it is
7 in one of your handouts. So if the village adopted
8 a TIF, it would theoretically have the ability to
9 exercise eminent domain for redevelopment purposes.
10 That in every village I know of is something that is
11 done only after extensive attempts at negotiation. In
12 fact, it is a prerequisite and only done after a lot
13 of discussion and, frankly, gnashing of teeth. It
14 is one of the powers that comes with a TIF. Other
15 revenues besides property tax increment can be used
16 in the redevelopment project. So in this case we
17 could use sales tax, we can use land sale proceeds
18 to meet the costs of redevelopment. So those are some
19 of the pieces that are part of the consideration.

20 For those of you who may not know, just a
21 quick graphic on how a TIF works. When you create a
22 tax increment financing district the base EAV at the

1 time is established, and the existing taxing body --
2 all the taxing bodies continue to receive revenue
3 from the base EAV that's in place on each parcel so
4 long as it is there. And then the increment EAV,
5 the revenue from the incremental equalized assessed
6 value is allocated to a tax allocation fund which
7 are under the control of the municipality to use for
8 redevelopment costs. And then at the end of the
9 twenty-three-year period all of the value is taxed
10 by all the bodies.

11 Now, as you can see from our feasibility
12 study, we didn't see a lot of present value gain on
13 the property tax increment. There is a little bit
14 of gain over twenty-three years, but it is very, very
15 minor. So that's not what we're really doing here.
16 And that is kind of -- People kind of come out even
17 over the twenty-three years from that standpoint.

18 We studied the existing land use and the
19 existing conditions. Again through here it's
20 residential, commercial, service uses. We do this
21 analysis parcel by parcel, tax parcel by tax parcel.
22 It needs to be done at that level. We have concluded

1 that the area qualifies as a conservation area and
2 it qualifies because 50% or more -- more than 50% of
3 the buildings are over thirty-five years of age,
4 which is a prerequisite. We did find deterioration
5 of surface improvements and to some extent of
6 buildings affecting a majority of the parcels. We
7 also have the area-wide factor of deleterious land
8 use and layout. And I think you can see that this
9 is a very awkward area to get in and out of.
10 certainly in its current configuration you can't get
11 through it. A number of techniques are used today
12 on a highway facing commercial to provide better
13 access including side loading from the side streets
14 with a through accessway through the whole thing --
15 that doesn't exist here -- and traffic signals which
16 are used only sparingly because IDOT doesn't like
17 them to be too frequent. But none of these things
18 are really present here.

19 The most quantifiable factor that the
20 state provides us in the law is what they call lack
21 of growth of EAV which is defined as the EAV growing
22 at a lesser rate than the equalized assessed value

1 of the balance of the municipality for three out of
2 the prior five years. In this case we met that test.
3 And in a shorthand the compound annual growth rate
4 of EAV in the study area was only 3% from '98 to 2003
5 or 2002 versus 10.8% in the rest of the village and
6 7% in the balance of the county as a whole. So we
7 are lagging. And that is the most quantitative
8 evidence that you have of the lack of economic
9 contribution and relative decline, lack of community
10 planning area-wide.

11 And then we also found inadequate utilities.
12 The size of water mains is not really sufficient to
13 meet the standards for future development in this
14 area as it stands today. They're too small to support
15 the fire suppression systems and some of the other
16 requirements.

17 So we believe that we do have the factors.
18 I know I drove by there myself tonight. On a nice
19 bright sunny day you're going to say where are the
20 factors? The factors are hidden factors in this
21 case. They are not so wildly obvious as, you know,
22 buildings that are falling down although certainly

1 at least the Mayflower Motel is pretty clearly a
2 building that has physical problems to start with.
3 But it is not just physical problems. There are
4 other factors that are allowed in the ordinance --
5 in the law.

6 TIF eligible costs include property
7 assembly and site preparation including remediation
8 or capping of contaminated soils, rehabilitation,
9 affordable housing construction, public works including
10 streets, sewers, other infrastructure, the various
11 studies that are necessary to carry out the TIF,
12 financing costs, capital costs of other taxing
13 districts, relocation costs of businesses and
14 residents and payments in lieu of taxes. So these are
15 the kind of things that funds can be used for.

16 They can also be used -- If you are building
17 housing in a TIF also school districts are reimbursed
18 for students that are generated from TIF-assisted
19 housing which is not probably an issue here in terms
20 of the goals of this particular district. But there
21 have been a lot of changes in the law that have
22 tried to mitigate some of the problems that people

1 are aware of, and I just wanted to make you aware of
2 that.

3 The goals here are again primarily to
4 strengthen the property and sales tax base and
5 provide the mechanisms to facilitate redevelopment,
6 provide for infrastructure and other needed
7 improvements. A number of objectives and tactics
8 facilitating site assembly and preparation: Providing
9 resources for rehabilitation, improving and
10 constructing new public infrastructure, improving
11 visibility, traffic flow and safety, improving and
12 providing off-street parking, supporting goals and
13 objectives of the overlapping plans. There is a
14 business area plan here established a years ago and
15 providing job and construction opportunities.

16 Now, the budget limits, the use of property
17 tax increment. It doesn't really limit legally the
18 use of other funds in the district. It is not the
19 total. So there are a number of concerns raised by
20 the public about how the budget works in a situation
21 where we're looking at not a huge property tax
22 increment but at other resources. We wrote the budget

1 and formulated it to allow flexibility. You can
2 move spending between categories if we were working
3 with the property tax increment. We set the level
4 of the budget and the level of the projected future
5 equalized assessed value based on the maximum physical
6 development allowed under the current zoning on the
7 site. But if the actual project involves auto
8 dealers, the use of TIF would be limited -- of
9 property tax would be limited because there wouldn't
10 be much if any property tax increment, and we would
11 be looking to sales tax as a supplement for land
12 acquisition proceeds to carry out the project.

13 Now, there are a couple things that are a
14 part of the philosophy that the village has
15 enunciated, that I enunciated that I think go to
16 protecting -- how you protect the public financial
17 interests in this situation. Someone was concerned
18 that it looked to them like given the basic numbers
19 that this was going to cost the village more than
20 was generated. Well, it cannot cost the village
21 more than is generated if the village adheres to a
22 policy that projects are self-supporting which is

1 what the village has indicated that it would do.

2 In addition, there is an article that I
3 have given out about the philosophy underlying
4 public/private partnerships in which you try to
5 limit the assistance. It's in the magazine Real
6 Estate Issues. You limit assistance to that which
7 is necessary in order to get the deal, not what
8 somebody asks. And so there is an underwriting and
9 negotiating process involved to minimize public
10 assistance to a project.

11 So the village's approach if we're
12 pursuing an auto dealer-driven sales tax project,
13 the village is going to limit its assistance and
14 structure the transaction so that we are dealing
15 with revenue that but for this project wouldn't have
16 been there. Where else would we put an auto dealer?
17 So that is the question. If there is no other place
18 in this village where an auto dealer would have gone
19 and we do a project that brings an auto dealer, we
20 have done something that but for the actions we have
21 taken it wouldn't have happened and the revenue
22 wouldn't have been here.

1 The budget put in the plan was nineteen
2 million including all the categories we talked about
3 before. We then looked at housing impact. By our
4 count there are fifty-six units. We estimated that
5 fifty-two of them are occupied. There are for rent
6 signs in front of each of the principal buildings in
7 the area. So we think our count is, hopefully,
8 accurate if not absolutely precise. They are
9 predominantly serving low- and moderate-income people.
10 So we had to look and see what level of other housing
11 was available in the reasonable market area. The
12 market area that we looked at was Clarendon Hills,
13 unincorporated Clarendon Hills, Hinsdale and
14 Westmont. We did several things to try to identify
15 the units that were available in the market at this
16 time. We tabulated all the newspaper listings that
17 we could find and followed up where we needed to
18 understand what the rent was if it wasn't in the ad.
19 We went in the field and identified signs -- it's
20 called calling the signs -- calling people who were
21 advertising via signs what their units were and getting
22 the rents. We also confirmed with management companies

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1 of the more organized complexes which are primarily
2 in unincorporated Clarendon Hills what their
3 occupancies and rent structures were. And we
4 identified one hundred forty-seven units in total,
5 but six or seven of them did not appear to be within
6 the low- or moderate-income ranges. And we identified
7 one hundred forty units that we believe are
8 currently vacant in this market area that are in
9 that range.

10 If the project proceeded, relocation
11 assistance would be provided as is required by the
12 law. And the requirement is that it be provided at
13 least to the standards of the National Uniform
14 Relocation Act. And that provides for moving costs
15 and other assistance in relocating for both
16 businesses and individuals.

17 In summary, we pursued this work with the
18 goal of facilitating redevelopment to strengthen the
19 fiscal position of the village. That was the focus
20 of the origin of the work. We think there is potential
21 for a number of productive commercial uses including
22 auto dealers that are productive ones that generate

1 high sales and, therefore, relatively high sales tax
2 production. Our preliminary analysis of cost benefit
3 was positive to a meaningful degree, we think. We
4 think the area qualifies as a conservation area.
5 And multiple revenue sources would be used to bring
6 about a project within what I call a but for
7 philosophy, that we're only going to do things that
8 but for our help wouldn't happen and underwrite them
9 accordingly. With that I will turn it back to Rob
10 to manage the questions.

11 MR. BAHAN: Thank you, Steve. Is that everything
12 for your presentation?

13 MR. FRIEDMAN: Yes, it is.

14 MR. BAHAN: I briefly went over the procedures.
15 So at this point we're ready to take comments. We
16 could start from the back and move forward. I will
17 have the gentleman back here. Does that seem
18 acceptable to everybody? We will pass the mic and
19 move forward. Please state your name and address,
20 please.

21 MR. JOHN PINNER: Thank you. John Pinner,
22 P-i-n-n-e-r. I am at 275 Woodstock. A couple things

1 that I would like to make a quick comment on.

2 Number one, I am sympathetic to the
3 situation. There is no question that all
4 municipalities are struggling with trying to get
5 increased revenue. I have a major concern if something
6 like this is going to be going in. I think everybody
7 would agree that one of the blighted areas on Ogden
8 Avenue is the Mayflower Motel which has been an
9 eyesore for many, many years. Having said that, the
10 other established businesses look pretty good to me.

11 One of my main concerns is the increased
12 traffic on Woodstock. And if the police department
13 would like to park their car in my driveway, feel
14 free. I think they would get their quota probably
15 within a day or two of traffic that goes down there
16 at high rates of speed, number one.

17 Number two, and that is that I did have a
18 professional real estate appraisal on my property by
19 a realtor who is an owner. And this person said if
20 this TIF does go through -- and I am approaching
21 retirement age -- that I probably would have my
22 property decreased by approximately seventy to

1 \$100,000. That's a lot of money.

2 So I am not in favor of this. Like I said,
3 I am sympathetic to the problem but not at the
4 expense of people and especially the people who live
5 on Woodstock -- all of us that live on Woodstock.
6 Thank you.

7 MR. BAHAN: Thank you. Steve, do you want to
8 address the property value question, what your
9 experience has shown?

10 MR. FRIEDMAN: Yes. I would have to review the
11 specifics of the appraiser's thinking. It has not
12 generally been my experience that adjacent areas
13 experience decreases in property value but, in fact,
14 it's been the opposite typically. There are many,
15 many factors that affect property value. There are
16 issues of screening when you have commercial use
17 between a residential use and a commercial use. And
18 Mr. Brown may be able to address some of that as a
19 planning measure. But I would have to look at the
20 specifics. And I don't know if he compared the
21 values currently with values of other properties
22 that are adjacent to or in similar proximity to this

1 kind of commercial use.

2 MR. PINNER: He did.

3 MR. FRIEDMAN: Then we would have to look at
4 what specifics he had. That has generally not been
5 my experience. There are many factors.

6 MR. BAHAN: I am going to ask Mike to comment
7 on the traffic impact in terms of the planning
8 equation for whatever may occur on Ogden Avenue.

9 MR. BROWN: Sure. One of the things that we
10 have talked a little bit about was auto dealers and
11 that kind of a primary use in terms of generating
12 sales tax. And one of the things to keep in mind
13 with an auto dealership if it goes in the B-3 zoning
14 district, which is what all of Ogden Avenue is
15 zoned, that requires a special use permit. And a
16 special use permit is a zoning procedure that
17 requires certain uses to undergo more scrutiny than
18 other uses that are permitted what we call by right.
19 They can just go in tomorrow as long as they comply
20 with the codes. And one of the things that gives
21 the village the ability to do that is to require
22 special conditions. And one of those could be

1 traffic studies; also, you know, limiting test drives
2 to Ogden Avenue. We have already done that with the
3 existing -- with the first auto use that we have up
4 there. And as alluded to earlier, we can also put
5 special conditions regarding screening, lights,
6 noise, other factors that we would try to minimize
7 with respect to the adjacent properties. That's one
8 of the things that you're able to do with
9 redevelopment and a special use permit that you may
10 not necessarily be able to do with some of the uses
11 that are already there.

12 MR. BAHAN: Okay. Next question?

13 MR. MARK JONCAS: My name is Joncas, J-o-n-c-a-s.
14 I live at 280 North Woodstock. I also own the
15 property at 276 Woodstock.

16 When Glass America was put in, one of the
17 special conditions the village imposed was that they
18 not park commercial vehicles outside which the
19 village has completely failed to enforce for years
20 now despite repeated complaints. I am not entirely
21 sure the village is going to stick to its promise
22 that traffic would be limited, test drives would be

1 restricted to Ogden. We have test drives right now
2 driving up and down the street with magnetic plates
3 on the cars.

4 In addition, as far as the negative impact
5 on property values, I have a relatively quiet
6 apartment building next to me. I don't see how a
7 liquor store next to me is going to enhance my
8 property value. And basically I would like to know
9 if the village has anticipated the cost involved in
10 litigation when our property value declines. Someone
11 is going to have to reimburse us for the loss of
12 property value based on the village's actions. Have
13 you factored in the huge amount of litigation that
14 there's going to be with businesses that don't want
15 to sell and you're going to have to seize their
16 property as well as residents who are going to sue
17 for the decimation of their property value?

18 MR. BAHAN: Why don't we start with the last
19 one first, anticipating litigation. It is the
20 village's intent not to engage in any litigation
21 just because we believe it's a waste of time and
22 resources. Our approach to redevelopment on Ogden

1 Avenue would be a cooperative effort between the
2 village and businesses that exist there in such a
3 way that there may be some that would like to leave
4 and some that would like to stay. Those that would
5 like to stay, we'd like to make that happen for them
6 in a productive way.

7 In terms of residential litigation we
8 haven't been given any notice until tonight that
9 would be a potential factor. And it's something we
10 will have to take under advisement since this is the
11 first time you brought this up.

12 As for test drives down Woodstock, we have
13 to my knowledge -- Mike, you might want to correct
14 me. I haven't received any complaints yet on True
15 Imports. They're not the only auto use there. We
16 have the other auto uses on the other side of Ogden
17 Avenue that are in Westmont that we cannot control,
18 of course. But in terms of True Imports we haven't
19 received any complaints yet. But if there are
20 problems let us know and our police department will
21 be out there enforcing that.

22 Next question? Certainly.

1 MR. MARK CULVER: My name is Mark Culver, 284
2 Woodstock. I am a resident there.

3 One thing about your information in your
4 letter. You never mention what the boundaries are
5 of this redevelopment area. You're keeping people
6 in the dark. Why didn't you say its from Richmond
7 to Oxford? Was that in the minutes? I looked back
8 on some of the village notes.

9 And then another thing is I agree with
10 these people about traffic. The light has tried to
11 be put in at Woodstock and Ogden for years. And
12 it's a thoroughfare. It's going to become a
13 thoroughfare. What it is is the traffic is going to
14 go to Westmont and Downers Grove. They're going to
15 use it as a shortcut off of Ogden Avenue. If you
16 look right now Ogden Avenue is backing up. And has
17 anybody thought about redeveloping this area the
18 proper way by commercial development, have somebody
19 in there buy the property?

20 MR. BAHAN: Thank you. In terms of commercial
21 development, that's exactly what we'd like to see
22 happen.

1 In terms of the traffic on Woodstock as it
2 relates to any development, that's something we'd
3 have to continue to evaluate and monitor. As Mike
4 mentioned in his previous answer, compel certain
5 traffic studies to make sure we can control it in a
6 productive way. I do know that the Village of
7 Westmont approximately a year and a half ago passed
8 a resolution asking for a light at that intersection.
9 That resolution was passed on to IDOT since they're
10 the controlling agency for that road. And given the
11 expense, that's something that's going to be fairly
12 hard to compel. And I think, as Steve mentioned,
13 IDOT is not real receptive at this point in time to
14 adding more lights on Ogden Avenue or anywhere in
15 the state due to its expense and the status of the
16 state budget. Yes?

17 MS. CHRIS RICKETTS: My name is Chris Ricketts.
18 I live at 274 Middaugh. And I just had a question.

19 Maybe you could clarify the slide that you
20 put up there regarding budget numbers that you looked
21 at. Are those analyses available in the public
22 records? Because the documents that I picked up

1 didn't have that particular set of information, data
2 in it. It had a whole bunch of other stuff.

3 MR. FRIEDMAN: The TIF eligibility study and plan
4 document which is called the Ogden Avenue
5 Redevelopment Project Area Tax Increment Financing
6 District Eligibility Study, Redevelopment Plan and
7 Project is dated September of 2004. The earlier
8 report which wouldn't have had that budget in it is
9 called Ogden Avenue Redevelopment Strategy dated
10 October, 2003. And the budget is in here on page 37.
11 So you need to get ahold of this document. And that
12 budget is in there.

13 MS. RICKETTS: Okay. I will look in my copy of
14 that. But I didn't see it when I just paged through
15 it. I probably missed it.

16 MR. FRIEDMAN: It's possible there is an assembly
17 defect.

18 AUDIENCE MEMBER: Where is that available?

19 MR. BAHAN: It's available right here in the
20 village hall.

21 MS. RICKETTS: I see it on page 37. That
22 displays how you anticipate to pay for the costs or

1 one way of paying for the costs of that project.

2 MR. FRIEDMAN: Right.

3 MS. RICKETTS: My second question is this
4 twenty-three-year period that keeps coming up, is
5 that like a maximum? I think that's a maximum of
6 twenty-three. But in your analysis -- maybe you
7 covered this also -- do you anticipate that to be
8 paid off sooner than twenty-three years?

9 MR. FRIEDMAN: It would depend on the specific
10 project that evolves whether the village would
11 terminate the district shorter than twenty-three
12 years and, frankly, how quickly property values
13 rise. Someone else commented on our use of 2.5%
14 which is lower -- a very low rate of inflationary
15 gain in some peoples' view particularly against the
16 historical experience. We do that for reasons of
17 being conservative. And, after all, we want to
18 support our chairman, Mr. Greenspan, in his efforts
19 to keep inflation down. But in any case that's what
20 has often happened is that the property values have
21 increased more rapidly, there have been more funds
22 available and the obligations are retired earlier.

1 And also if there's surplus, that can be distributed
2 to the other taxing bodies. Twenty-three years is
3 the number of years provided in the statute for the
4 life of a TIF. Now, there are a couple TIFs around
5 the state that have been extended to thirty-five
6 years through a permission granted TIF by the
7 legislature. That's not something that we're talking
8 about doing here. But if somebody tells you oh, they
9 can go to thirty-five years, that's how they get to
10 go to thirty-five years. That's not what the proposal
11 is. It's for a straight normal twenty-three-year TIF.

12 MS. RICKETTS: Do you foresee a situation where
13 possibly the village because it's looking at a car
14 dealership where there is little or no incremental
15 value increase and going to be relying on sales
16 taxes and other revenues, do you see a situation
17 that could possibly arise where the village gets on
18 the hook for costs because the sales taxes don't
19 materialize to the extent that they need to pay off
20 the project cost?

21 MR. FRIEDMAN: That's not impossible. But if
22 we structure the deal right it's unlikely. It is

1 something in terms of how we structure the deal, how
2 we structure the pledges and guarantees from the person
3 who buys the land -- who actually buys the land, how
4 that transaction was structured. It would be
5 structured in a way to mitigate that possibility.
6 And usually any kind of reimbursement for an expense
7 is only made -- An expense incurred by someone in a
8 redevelopment project area, a private party, that
9 expense is only reimbursed to the extent that the
10 revenues that were anticipated are provided. There
11 are usually go dark provisions in the redevelopment
12 agreement so if someone goes dark there is a penalty.
13 You also would prohibit people from covenanting
14 against a similar use which is often a problem with
15 grocery stores. They abandon the site. If they
16 owned it they will covenant to prevent another
17 grocery store even though they don't want it any
18 more. So these are things that we work on in a
19 redevelopment agreement to protect the village.

20 MS. RICKETTS: Thank you.

21 MR. BAHAN: Okay. Next question?

22 MR. DARRELL GROVE: Darrell Grove, G-r-o-v-e,

1 434 Traube. When you showed that present value
2 benefit up there, about \$5 million, did that include
3 the cost of legal costs and settlement? Was that
4 factored in?

5 MR. FRIEDMAN: We had a certain latitude in the
6 land acquisition estimate of 10%, 20%, in the range
7 which you could argue was in part covering some of
8 that. But there are costs if you get into protracted
9 litigation. But I think we attempted to cover that
10 in the range that we provided on the land acquisition
11 cost.

12 MR. GROVE: Did you cover -- One of your slides
13 mentioned you might use some of the funds from that
14 to cover public infrastructure, so water mains, other
15 types of roads, etc. Did you include that in there?

16 MR. FRIEDMAN: I don't think we -- We did not
17 have the specific allocation for the infrastructure
18 at this point which we may need to do anyway. So
19 that you're facing the question of if you need to do
20 it out of what funds would you do it.

21 MR. GROVE: Then you also mentioned that you
22 could use some of the sales cost increase -- the

1 sales tax increases to pay off some of the -- I don't
2 know if it's bonds or whatever created other costs
3 related to this. Instead of actually having it flow
4 outside of that and provide a valuable benefit for
5 the city, it would actually stay inside and cover
6 some of the costs. Is that what one of your slides
7 showed?

8 MR. FRIEDMAN: I am not sure I understand the
9 question. I am sorry.

10 MR. GROVE: Usually the tax increase -- The
11 property tax increase, does that cover anything?
12 Because that's about flat. So you in some cases
13 would need to use some of the sales tax payments to
14 actually pay for the cost of the TIF. So instead of
15 coming out and providing a valuable benefit to the
16 city, those were going into just covering costs.
17 That's again reducing some of the funds or the
18 present value that's available for the city. Is
19 that correct?

20 MR. FRIEDMAN: Well, the present value was just
21 that. It's the present value after the other costs
22 related to redeveloping the project. It would be

1 available. That would be available to the village.
2 So that was an attempt to -- That was an estimate
3 of the discounted present value of those funds over
4 that projected life.

5 MR. GROVE: Of the sales tax.

6 MR. FRIEDMAN: It was of the sales tax.

7 MR. GROVE: So it didn't cover any of the other
8 cost factors that would be involved in that?

9 MR. FRIEDMAN: It was the sales tax net of the
10 other costs. There were a couple million dollars in
11 each scenario. There was a deficit on the land
12 disposition. It costs X to buy the land and we only
13 expected to get Y for it and there was a \$2 million
14 shortfall. And the sales tax -- There was virtually
15 nothing coming from the incremental property tax,
16 and a portion of the present value of the sales tax
17 was used to make that up. The five million and six
18 million as shown was the balance.

19 MR. GROVE: Over twenty-three years.

20 MR. FRIEDMAN: In a present value, not in
21 current year dollars accumulated. The total is much
22 higher.

1 MR. GROVE: So here's my comment. My comment
2 is that this is not a good project for the people
3 who live anywhere close to that area of town. I
4 live over there. I live on the south end of one of
5 those blocks that you are talking about. And I have
6 to tell you I am totally against this project,
7 absolutely and totally against it for all the
8 reasons these people have said in the back.

9 You know, I know you have said that there's
10 a way to control the light and traffic and all those
11 things. You know what? That's just not going to
12 happen. From my backyard right now I can see the
13 glow of Oak Brook Toyota. Those lights are on all
14 night. They don't shut off. You can see that. And
15 that's three and a half blocks away. Put one a half
16 a block away in my backyard and it would be like
17 daytime all the time in my backyard. You think I
18 want that? I don't think so.

19 I don't think you have included all the
20 costs of this. You have shown probably all the
21 benefits and been more than aggressive in showing
22 benefits. You have not captured all the costs.

1 This is a typical thing that people do. I actually
2 do this kind of stuff for work. This is exactly
3 what everybody does. You're overly aggressive in
4 benefits, and you capture about half the costs. I
5 see it every day. I worked on these things today.

6 The other thing is I guess I just have a
7 question. The folks that are going to be voting on
8 this, I am curious where they live. Do they live
9 anywhere close to within four or five blocks of this?
10 Do you live over there? Anybody else live over there
11 that's on the board?

12 MR. PAUL PEDERSEN: I do, though I am not here
13 to participate.

14 MR. GROVE: How close?

15 MR. PEDERSEN: I live on Chicago Avenue the
16 third house east of Woodstock on the north side of
17 the street.

18 MR. GROVE: That's more than three blocks away.

19 MR. BROWN: Two blocks.

20 MR. PEDERSEN: Not exactly three blocks away.

21 DR. CHARLES PHILIPPOU: Charles Philippou, 403
22 Ogden, P-h-i-l-i-p-p-o-u. I guess I just wanted to

1 clarify something if either Rob or Steve can help me
2 here. It's my understanding that the purpose for a
3 TIF is that without a TIF there would be no reasonable
4 expectation of private investment to develop an area.
5 Is that correct?

6 MR. FRIEDMAN: Significant private investment,
7 yes.

8 DR. PHILIPPOU: I mean because if that's the
9 premise that you're going by, I think you're going
10 to be shocked at how many developers have approached
11 me since I have owned my property. I think those
12 two blocks of Ogden is hot property. And I think
13 with a TIF what we're going to get is government
14 financed development that depresses the value of
15 that property. And is that something anyone has
16 thought about?

17 MR. BAHAN: Steve, do you want to talk about
18 that?

19 MR. FRIEDMAN: We usually have the opposite
20 problem, that the expectation of assistance for a
21 TIF tends to actually result in speculative increases
22 in value that make it harder to accomplish the original

1 purposes. We have run across that repeatedly.

2 I can't really comment on the rest of it.

3 I don't know to what extent the developers that have
4 approached you have been trying to put together
5 assemblages, to what extent they have been blocked
6 in making an assemblage that allows them to achieve
7 the goals they have for their development all of
8 which are other issues that are related to the
9 potential creation of a TIF.

10 DR. PHILIPPOU: So the true purpose is to ease
11 the creation of assemblage.

12 MR. FRIEDMAN: That's one of the abilities that
13 having a TIF will give you if you need to have a --
14 if we need an assemblage in order to accommodate the
15 kind of commercial use that we would like to see.
16 And so it's back to what we'd like to see. Then the
17 TIF provides the ability to assist in that assemblage.

18 DR. PHILIPPOU: I guess what I gather is the
19 true purpose is not necessarily to incentivize
20 investors who would have no interest in investing in
21 Clarendon Hills. It's to enable assemblage for them
22 to develop something that's probably -- that the

1 village board would prefer to have here. Is that --
2 Am I correct?

3 MR. FRIEDMAN: To some extent, yes, you're
4 correct. There has not been major developments
5 unassisted. There have been problems in creating
6 parcels of sufficient size to accommodate the kind
7 of developments that would be considered major and
8 major reinvestments in the area.

9 DR. PHILIPPOU: Is Glass America not part of
10 the TIF because it's a newer building?

11 MR. FRIEDMAN: It is part of the TIF. It is
12 part of the proposed TIF.

13 DR. PHILIPPOU: But earlier you mentioned that
14 the buildings must be thirty-five years or older.

15 MR. FRIEDMAN: The majority of the buildings.
16 50%, 50%. And not every building and every property
17 has to have factors on it. It is a question of
18 predominance and significance throughout the area.

19 DR. PHILIPPOU: Thank you.

20 MS. DEBBY FRANKLIN: Hi. Debby Franklin, 232
21 Woodstock.

22 And if this does go through, there will be

1 a delay between the time the village acquires the
2 property and the redevelopment beginning and another
3 delay between the time the redevelopment begins and
4 the new businesses are operating in the TIF. And
5 what provisions has the village made to compensate
6 for the sales and property taxes and tax revenues
7 that would be foregone from that time period?

8 MR. FRIEDMAN: The way we did the projections
9 we phased in development, we phased out other
10 development. As Rob mentioned, I think there's
11 interest in trying to do something that is
12 collaborative. And I think that there will be --
13 There are issues of when you decide whether to pull
14 the trigger or not. But you can also attempt to
15 negotiate a great deal up front before you pull the
16 trigger. It is definitely a management issue in
17 executing a TIF but one that has been managed with a
18 positive overall result.

19 MR. BAHAN: Questions?

20 MR. MARTY KOPPEL: Marty Koppel, 433 Ogden,
21 K-o-p-p-e-l.

22 You mentioned areas where property values

1 or sale prices of property actually went up or could
2 have gone up because of a TIF district. Can you
3 name those areas?

4 MR. FRIEDMAN: We have had a lot of speculation
5 pushing up land values in anticipation of TIF benefits
6 in Lake Zurich. We have encountered similar problems.

7 MR. KOPPEL: Was the Lake Zurich property in
8 use or vacant?

9 MR. FRIEDMAN: Some of it in use, some of it
10 vacant.

11 MR. KOPPEL: The property that went up, was it
12 vacant?

13 MR. FRIEDMAN: No, it was in use. And there
14 are a number of different properties in Lake Zurich
15 where we have encountered that situation. And we
16 have encountered that problem in numerous areas in
17 the city. We have seen it in Palatine, we have seen
18 it in almost every one of the areas that we have
19 really been involved in with it.

20 MR. KOPPEL: Where market prices of properties
21 have gone up with the presence or the initiation of
22 a TIF district?

1 MR. FRIEDMAN: Right. Trying to manage the
2 expectation as to stay within what the property can
3 really support in terms of development potential.
4 It's been more of a problem than having adverse
5 impact on property.

6 MR. KOPPEL: Again this is Palatine.

7 MR. FRIEDMAN: Palatine, Lake Zurich. I am
8 trying to think of some of the others. It happens
9 all over the city.

10 MR. KOPPEL: And these projects you were
11 involved in?

12 MR. FRIEDMAN: The ones in the city, Palatine
13 and Lake Zurich are projects I am involved in.

14 MR. KOPPEL: Both Palatine and Lake Zurich have
15 had some very old, dilapidated areas. You say
16 Chicago. I mean I haven't been up there in a long
17 time. All right. Thank you.

18 MR. LYLE HILL: Lyle Hill, 419 Ogden Avenue.
19 That would be Glass America. And I almost feel like
20 I have to defend myself.

21 Just real quickly, we have been in our
22 fine village for a little over eight years and have

1 enjoyed our time here. You have been very receptive
2 to us, and we have tried to be good neighbors and
3 have worked closely with your police and fire
4 department and hold them in the highest esteem. I
5 think there's even some of our customers in this
6 room looking at some of the faces.

7 Just real quickly, I think we pay the
8 equivalent of about four to five times in real
9 estate taxes what the typical homeowner would pay in
10 this village. And we generate just under \$3 million
11 in sales which would have the incremental tax revenue
12 attached to that. Some of that's for nonprofits or
13 nontaxables, but I know our annual sales approach
14 that area.

15 I talked to a couple of the business guys
16 in the community when this started happening. And
17 at one time or another we have owned or managed
18 approximately sixty-seven business locations if you
19 will. And we as a business player have participated
20 on both sides of these TIF things. And it has
21 worked as an incentive in some cases to get us to
22 come in and develop a piece of property. We did not

1 have that incentive in Clarendon Hills, but we still
2 wanted to be a part of this area. We did an expensive
3 demographic study before we settled at 419 Ogden.
4 And we love this area. It's been very good for us.
5 Wonderful people. And I know I talked to Dr. Philippou
6 on the phone a couple times. We're kind of ambivalent
7 overall towards this. But I will say as a business
8 owner/developer we have been on the receiving side
9 of what you are suggesting and have taken advantage
10 of that through negotiations and have developed
11 better properties because of it.

12 Also as far as the complaints about the
13 cars or vans in the parking lot, I would say 90% of
14 those cars and vans don't belong to us. People just
15 park in our lot and we don't know who they are. The
16 ones that have our name on them are ours. Sometimes
17 they're left out so drivers can pick them up overnight
18 so they don't have to come in the building. You
19 have my assurance they will be inside or in the
20 depressed dock every night of the week from this
21 night forward.

22 MR. BAHAN: This row, any comments?

1 MS. ERIN MAGNUSON: Erin Magnuson, 437 Traube.
2 Could you get back to us about the information looking
3 into the decreased house values? I understand this
4 man just had that appraisal and we talked about it.
5 Could somebody get back to us?

6 MR. BAHAN: If he's willing to share his
7 information with us that would give us a point of
8 evaluation. That's up to you.

9 MR. PINNER: Actually it is a written appraisal
10 by a local realtor who is an owner. I really don't
11 have permission by this person to release that. I
12 would have to clear that with that person beforehand.
13 But yeah, it is a seventy to \$100,000 decrease in
14 value. But it is a written appraisal.

15 MS. MAGNUSON: I believe you, and I don't dispute
16 that. I wanted more information from other areas
17 where the TIF has gone in and what has happened to
18 appraised values. I believe your appraisal. I don't
19 have a problem with that. My concern is do we have
20 other areas that that's happened to, or are we just
21 a unique area?

22 MR. BAHAN: This would really be a follow-up

1 question for Steve where there has been examples of
2 values either going up or down as a result of a TIF.

3 MR. FRIEDMAN: I would have to organize
4 information. But I would be interested in seeing if
5 you can get a release from the realtor what his
6 logic for that is.

7 MR. BAHAN: We would be willing to work with
8 you to take a look at it and see if they're looking
9 at it right. They may be right. It's possible.
10 Other questions down this row? This row? Sir?

11 MR. GEORGE MATOCHA: George Matocha, 444 Lynn
12 Court. How did you ascertain property values for
13 this area?

14 MR. FRIEDMAN: The question was how did we
15 ascertain property values. The values that we
16 looked at are the assessor's market values and the
17 assessed values and equalized assessed values based
18 on the assessment data.

19 MR. MATOCHA: You're obviously aware those are
20 very well understated in terms of the actual market
21 value for those properties.

22 MR. FRIEDMAN: Well -- Oh, let me correct that.

1 For the estimate of acquisition costs we used the --
2 we used Marous & Associates which is an appraisal
3 firm based in Park Ridge, and they prepared a report
4 for the village on the likely acquisition costs and
5 likely disposition values. For the other data we
6 used the assessor.

7 MR. MATOCHA: So that information is not
8 available?

9 MR. FRIEDMAN: It's market information. I
10 don't know exactly how it fits into what's available
11 or not available.

12 MR. BAHAN: We have treated that information as
13 confidential at this point because we didn't want to
14 negatively impact property owners. Typically if there
15 is somebody doing an initial evaluation, we didn't
16 want the property owner to say you appraised me too
17 low. So we used it as information to put together
18 other projections in working with Steve.

19 MR. FRIEDMAN: Also if we were to pursue any
20 acquisitions the problem with that is that TIFs are
21 negotiated. And the first thing you try to do is
22 negotiate as good a price as you can with any property

1 acquisition. So it's typically kept -- It may be
2 available in aggregate. It was in our analysis in
3 aggregate, but the individual properties are
4 typically kept confidential.

5 MR. BAHAN: Correct. Are there more questions?
6 Do you mind if we go back?

7 MS. GILBERT: I will wait. I have more than
8 one question, so maybe we'll bounce back and forth.

9 MS. JILL SORENSON: I actually have about three.
10 Jill Sorenson, 225 Woodstock. One is a valuation
11 and acquisition-type question, the other is a traffic
12 flow question and the third is a process question.

13 So related to valuations and acquisition,
14 is TIF only about acquisition or is it about highest
15 and best use? In other words, if there is an existing
16 owner, business, are they really looking at loss of
17 property, or are they open then to negotiation with
18 the village where they really have redevelopment
19 opportunities? Maybe one of you can answer that.

20 MR. BAHAN: I think part of this is for Steve
21 and probably part of it is for the village. In terms
22 of TIF, there is an opportunity for the village and

1 the private businesses to partner and work
2 collaboratively, and those can be struck by letters
3 of understanding for a specified period of time, those
4 sorts of things, in order to bring about meaningful
5 development. And whatever would be agreed upon
6 between the village and a private business owner would
7 still be subject to the approval of the public
8 approval process either through the zoning process
9 and ultimately village board approval. I will turn
10 the rest of it over to Steve.

11 MR. FRIEDMAN: Ask Tom Melody.

12 MR. THOMAS MELODY: I would just comment briefly
13 that the term highest and best use is typically
14 something that's used in an eminent domain action,
15 and it goes to the valuation of property when you're
16 in court condemning it. It's sort of theoretical in
17 that one expert will testify that the highest and
18 best use of this property is this use which means it
19 should be this value and you may or may not have
20 disputes about that.

21 In terms of a TIF it doesn't really go to
22 that question at least -- initially at least not until

1 you get into the actual acquisition of property; not
2 just the acquisition of property but a dispute over
3 the acquisition of property. So I hope that clears
4 that up for you.

5 MS. SORENSON: Can I follow up on that? For
6 example, for any of these owners if there is another
7 party that's made an offer, say, just theoretically
8 to the village, the owners may or may not know about
9 this other part. Are they then in some sort of
10 dialogue or competition with their own space that
11 they're enjoying use of right now and having to
12 substantiate back to the village that there is a
13 pecuniary reason, financial interest in their staying?
14 Do they have to put on a case for why they get to
15 stay in competition with the other use? Do you see
16 what I am getting at? If the village is looking at
17 increasing revenue and say I have another prospect
18 that can provide it, is the business owner then
19 having to respond to the business case of what's the
20 best way to use that property?

21 MR. FRIEDMAN: That's a very complicated question.
22 It's a good question. There is usually a negotiation

1 process that's going on. And if the village determines
2 that their preferred development of the area is
3 something other than what is there today, then you
4 can proactively enter into trying to facilitate
5 acquisition or acquire directly or get involved in
6 the process of facilitating redevelopment. So if
7 the property is not consistent with the long-term
8 plan, then the village may enter into negotiations
9 to acquire the property. And if you get into a
10 dispute over the value you will end up in the kind
11 of discussion of highest and best use and the maximum
12 value of the property.

13 The standard for compensation in
14 redevelopment acquisitions if they go to court is
15 just compensation. Now I am treading on Mr. Melody's
16 ground as our counsel. But that's a perspective
17 given by the courts after considering the evidence
18 presented by both sides if you get to that point.
19 Most acquisitions for redevelopment are negotiated.

20 There are certain benefits that are
21 available, tax benefits for reinvestment of proceeds
22 in the event of an acquisition that's under even

1 threat of eminent domain. And those are referred to
2 as friendly condemnations, and they're often used in
3 redevelopment. They give the seller a longer period
4 of time to reinvest proceeds and the ability to keep
5 the proceeds and finance in different ways and so
6 on. So there are a number of things that go on in
7 that negotiation process. And it is a fairly
8 complicated one as your question suggests with the
9 end goal being that those people whose property is
10 acquired for redevelopment are to be justly
11 compensated.

12 MR. MELODY: If you want me to I would just add
13 that just compensation is what the jury eventually
14 determines if any in any condemnation case. And I
15 think we're getting fairly far ahead of ourselves to
16 even be talking about condemnation. But it's
17 essentially the price that a willing buyer would pay
18 to a willing seller in an arm's length transaction;
19 in other words, a transaction where nobody knows
20 each other and they have decided to sell and buy the
21 property.

22 MR. BAHAN: I was going to add as well that it's

1 conceivable that an existing business owner and a
2 developer could approach the village. The village
3 may not be the first point of contact. So there may
4 be development opportunities that are brought to us
5 that include the existing business owners with or
6 without a TIF. It really depends upon how interested
7 and eager they are to potentially better themselves
8 through a development proposal. Obviously they
9 wouldn't bring one forward if they didn't think it
10 helped them. Did you have another question?

11 MS. NADINE GILBERT: Nadine Gilbert, 279
12 Woodstock. Who has the authority to adopt a TIF?

13 MR. BAHAN: The ultimate responsibility and
14 authority to adopt a TIF rests entirely with the
15 village board. And the rationale, I believe, of the
16 legislature in doing that is that it's only a
17 municipality that has the ability and the
18 responsibility to undertake redevelopment which is
19 in the long-term interests of all the taxing bodies.
20 And, therefore, they are granted that power by the
21 statute with the somewhat counterbalance that there
22 is now an annual joint review board meeting as a

1 requirement, and that if the joint review board
2 objects there is a state requirement for a 60%
3 majority. So the other taxing bodies at this point
4 have not weighed in.

5 The property tax revenue for this area
6 for all the jurisdictions is somewhere, I believe,
7 on the order of one hundred seventy to \$200,000 a
8 year. It is not a huge sum but certainly not a
9 totally insignificant sum. As long as there is
10 sufficient value -- and our estimates suggest over
11 time as the value comes back from redevelopment
12 there will be an equivalent amount of value there --
13 those districts will receive the ability to tax that
14 base. And there would be then a small increment --
15 They continue to tax the base that is there. The
16 base that was there at the beginning, if it goes down
17 below the original valuation they do not get that
18 money until it comes back to the original valuation.
19 But they do continue to tax the base value that was
20 there and receive that. It is only the incremental
21 EAV that is excluded from taxing. So in the case of
22 the auto dealer scenario, the incremental EAV that

1 they are not able to tax is very minor. In the case
2 of another kind of scenario such as, say, we developed
3 two- or three-story professional office buildings in
4 portions of the area or something like that, there
5 would be a greater amount of increment that they
6 might not be -- incremental value they might not be
7 taxing.

8 The districts then, you know, their levies
9 are capped as well which is one of the problems the
10 districts are having because they're subject to the
11 same problems the village is. Their levies are also
12 capped at inflation or 5% whichever is less, and
13 they will levy their levy against the property tax
14 base that they're able to levy against.

15 I did mention surplus -- Tom mentioned again
16 surplus. In the event there is during the life of
17 the TIF surplus, let's say there are some financial
18 obligations out there and they require two-thirds of
19 the increment but no further expenditures are necessary
20 to accomplish the redevelopment project, then the
21 surplus is distributed to the taxing bodies. And there
22 are cases of districts who retired earlier. The Skokie

1 downtown district is being closed out this year or
2 next year -- I think in 2005 -- several years ahead
3 of its potential life.

4 MS. GILBERT: Well, you have named one. There's
5 an article in the Elmhurst Doings in August, I believe
6 August 19th, 2004, that says there is a study that
7 indicates the property owners paid 4% more in 2003
8 than they would have if the city's three TIFs didn't
9 exist. And the county clerk, Gary King, concurred
10 with the center -- the center that came up with this
11 study in Elmhurst. He concurred with the center's
12 findings that taxpayers from the entire municipality
13 poured money into the TIF fund which are used for
14 infrastructure improvement, developers incentive
15 TIFs, anesthetic upgrades. You can definitely say
16 people paid for the TIF. There is no question about
17 that, King said. So you're talking about surpluses
18 when most of the time and in most municipalities the
19 taxpayers end up making up the differences to the
20 school board, the library board, the mosquito
21 abatement district, the park district and everyone
22 else.

1 MR. BAHAN: Miss Gilbert, I would love to get a
2 copy of that.

3 MS. GILBERT: August 19th.

4 MR. BAHAN: I would also like to note I recently
5 copied an article to the village board regarding the
6 Elmhurst TIF fund where they actually did distribute
7 a surplus to the schools in the City of Elmhurst. I
8 think you noted -- You're right, you noted Elmhurst
9 has three. Elmhurst just within the last thirty to
10 sixty days of negotiations distributed surplus back
11 to the schools in that community. As to how much I
12 am not sure. I would have to go back and pull the
13 article. They did give back money.

14 MS. GILBERT: That is so unusual. Look at
15 Pleasantdale vs. Village of Burr Ridge where the
16 judge even came right out and said that if Burr
17 Ridge can be considered a blighted area, the whole
18 country can be considered a blighted area. Meanwhile
19 you're talking about a school board suing its own
20 town, its own village board. I find us to be a lot
21 more similar to Burr Ridge -- Clarendon Hills a lot
22 more similar to Burr Ridge than to Elmhurst for

1 instance as they had burned out buildings, abandoned
2 buildings in their town, etc., when they created the
3 TIF.

4 MR. BAHAN: There's a lot of communities to
5 compare to. Elmhurst in some respects is like us
6 because we're a mature community. They're going
7 through the teardowns as well and looking at review
8 of building permit fees and how to control it just
9 like we are. If I can get a copy of your article
10 I will share with you the copy of the article I have
11 on Elmhurst and we can go from there. Did you have
12 any other comments?

13 MS. GILBERT: I will have more. I will give my
14 husband a chance.

15 MR. PAUL GILBERT: Paul Gilbert, 279 Woodstock.

16 A two-part question, probably one for each
17 of you. In your slide, Steve, you showed different
18 areas where the TIF could be funded. Can residential
19 property taxes be used to fund a TIF?

20 Part two is probably more for the board
21 so, Bob, perhaps you. What do you see as potential
22 risks to the TIF, risks of a TIF to the village?

1 MR. BAHAN: I will let you go first.

2 MR. FRIEDMAN: The question was whether
3 residential property taxes can be used in a TIF.
4 The answer is yes, there are residential TIFs.
5 There's also a great -- There are a great many
6 residential projects in TIFs including downtown
7 Elmhurst, and those are generating a significant
8 increment to the TIF and those funds can be used.
9 There are issues related to school children. And
10 any school under the 1999 amendments if there are
11 school children deriving from -- that were not
12 previously in the district and they're deriving from
13 housing that was assisted by the TIF, then a net
14 tuition payment is due to the school district.
15 Whatever their tuition is net of their average state
16 aid per student goes to the school district. There
17 is a cap on that to protect bonds and bond holders.
18 So it depends on the kind of district you are. For
19 some it is 25% of the residential -- the increment
20 deriving from the residential development. For
21 others is 40%. But there is a protection for school
22 districts in a case where the TIF is used for

1 residential purposes. And the other thing is for
2 all moderate income housing you can actually use tax
3 increment funds to fund vertical construction which
4 you cannot do for any other kind of development, any
5 other new construction.

6 MR. GILBERT: Almost the flip side of that, can
7 the residents of Clarendon Hills, the property taxes
8 that they pay -- I may have misunderstood your
9 answer -- can that property tax be allocated towards
10 funding a TIF?

11 MR. FRIEDMAN: No, only taxes from within the
12 TIF. So I answered the wrong question. But only
13 taxes from that property within the boundaries of
14 the TIF go to the TIF and only the incremental value
15 on each tax parcel over and above that value which
16 was there when the TIF was created.

17 MR. BAHAN: The question about risks. Lots of
18 them. There's the risk of making sure that each
19 project stands on its own merits. And that's one of
20 the reasons why the village would seek out
21 professional assistance so the village doesn't put
22 itself in a bad position. Essentially we have to be

1 very carefully as development deals come to us for
2 evaluation to make sure, one, they're sustainable
3 and affordable and that the village would receive a
4 net benefit.

5 There's also the risk of not doing anything.
6 And that risk also has some problems. If you take a
7 very hands off approach to economic development,
8 there is a very good chance that things will happen
9 at a slower pace or reduced pace. And history has
10 pointed out that there hasn't been much going on
11 there or even in the downtown in recent efforts.
12 That's one of the reasons why Ogden and the downtown
13 are both strategically one and two almost
14 simultaneous. So we need to do something on the
15 revenue side. And it does involve taking some risk,
16 but we have to be very careful. With professional
17 assistance I think we'll do a good job.

18 MR. JIM KATRCHKA: Jim Katrchka, K-a-t-r-c-h-k-a,
19 274 Oxford.

20 For my taste I am not particularly
21 passionate one way or another about the TIF. Where
22 I am passionate is about the Mayflower Motel. I

1 just happen to live a few doors down from it, and
2 with the history there in drug dealing and prostitution
3 and the number of issues that spill out into my
4 property, I have to comment that I understand the
5 concerns about perhaps some additional light from
6 another business. In my case that would be welcome.
7 That would be an improvement to get away from people
8 fighting in my front yard at 3:00 in the morning, to
9 having to drive down Woodstock because my street has
10 been closed more times than I can count on one hand
11 because of police activity around the motel to just
12 a few weeks ago taking out my garbage and having one
13 of the people that the police were after climb out
14 of a pile of sticks and leaves fifteen feet away and
15 I am trying to decide whether or not he's armed
16 because he's making a break for it. So to my point
17 anything that improves that situation I think is
18 excellent. Whether this is the tool to do it or
19 some other great minds in this community can put
20 together something, that's good.

21 So I would like to thank the village and
22 the board and the rest of the people in this room

1 for bringing their passion and their knowledge to
2 working to a better solution. Thank you.

3 MR. BAHAN: Anybody else in this row?

4 MS. MARY BROWN: I am Mary Brown, 234 Oxford.

5 I agree with what you said. So we'll keep
6 it real simple there. I am worried about the village
7 too, though. I have lived here forty-nine years, and
8 I am worried about income because I know that we
9 need a source of money to keep things going right.
10 But I am also worried about the businesses up there
11 too right behind me here. So I mean I wish we could
12 take all of this in, but I definitely agree with
13 what you said.

14 MR. BAHAN: Starting here. Anybody else?

15 MR. ROBERT KAPLAN: One of the advantages to
16 not going in the front you get to hear everybody
17 else's comments first. Do they have a right to
18 comment on people who have already spoken after
19 them?

20 MR. BAHAN: We'll come back through. Give your
21 name and address.

22 MR. KAPLAN: Robert Kaplan, 444 Naperville

1 Road.

2 I was trying to think of these now as they
3 came down and were talked about. We just heard
4 about vice in his front yard whether it be violence
5 or the other things you mentioned. Is there another
6 alternative besides the TIF to deal with that problem
7 that could be effective to remedy his problem? I
8 assume you have complained about this?

9 MR. KATRCHKA: It's all in the police records.

10 MR. KAPLAN: If you complained about prostitution,
11 vice and fights, you promise there will be adequate
12 police protection for traffic?

13 MR. BAHAN: I don't have firm numbers for you,
14 but based upon my discussions with the chief of
15 police and the other policing staff, approximately
16 30% of the police department's time is allocated to
17 Ogden Avenue issues. And that has not abated over
18 time. So they're there a significant amount of time
19 and which, of course, takes them away from other
20 things, traffic enforcement and other enforcement of
21 the downtown.

22 MR. KAPLAN: They're up at Ogden Avenue where

1 the traffic complaints are. Anyway, but the question
2 I guess I have is is there an alternative to TIF to
3 solve that problem of the Mayflower? Could it be
4 condemned on other bases, violations? Anything?
5 Are there any indications of any willful knowledge
6 that these activities are going on or circumstances
7 that can be shown to give reasonable inference that
8 they had knowledge of it, didn't do it and thereby
9 perhaps are violating a village code?

10 MR. BAHAN: Over the last few years the village
11 has code enforced that particular property and
12 improvements have been made. We have gone to court
13 over that issue and improvements have been made
14 there. The police department continues to monitor
15 illegal activity at that location and has partnered
16 with county resources in order to ensure that that
17 ends.

18 But in terms of condemning property -- I
19 think that's your question -- without a TIF the
20 village can only condemn property for a public use
21 meaning it would have to be for something that the
22 village would do there. Something short of public

1 use the village does not have that power.

2 MR. KAPLAN: So has all the activity attacking
3 the Mayflower solved your problem?

4 MR. KATRCHKA: No.

5 MR. KAPLAN: So the TIF is the only way to get
6 rid of the Mayflower so we can say?

7 MR. BAHAN: What I am saying is that the -- If
8 you are asking me can the village condemn the
9 Mayflower without a TIF, the answer is no. Are you
10 asking me is that the only reason the village is
11 pursuing a TIF? The answer is no. The village is
12 pursuing a TIF to enhance our sales tax base and to
13 improve the overall mix of goods and services at
14 that location.

15 MR. KAPLAN: Okay. So if there's a possibility
16 that merchants might be excluded from the TIF, the
17 Glass America, is there any way to maybe limit the
18 TIF to the Mayflower property? As I understand from
19 going over there you say it is not visible. We have
20 gone to the restaurants, Sound Designs up there.
21 You have some very nice restaurants up there. And
22 other than that particular area -- And I am not

1 sure, there used to be an eyeglass place over
2 there. That's still over there right now?

3 DR. PHILIPPOU: I just came from there. So
4 yes, it is.

5 MR. KAPLAN: All right. The idea is could the
6 TIF just be limited to the Mayflower.

7 MR. FRIEDMAN: The minimum area for a TIF is 1.5
8 acres. So those are -- From a legal standpoint those
9 are our options. That's an option. The question is
10 what you would achieve in terms of economic development
11 potential if it were just limited to the Mayflower.
12 And we would have to look at the physical layouts
13 that would result from a smaller area and what the
14 potentials would be. But the legal minimum is 1.5
15 acres.

16 MS. GILBERT: How much are they?

17 MR. FRIEDMAN: I don't know. It would have to
18 be somewhat more than that.

19 MR. KAPLAN: All right.

20 MR. BAHAN: Give others a chance to speak. If
21 you have got one more we will give you another shot,
22 but we want to make sure everyone has a chance to

1 speak.

2 MR. KAPLAN: I am sorry. I did not -- I heard
3 about this indirectly. I checked the web site. I
4 didn't find notice of this meeting there. I had an
5 old Trustee Topics. There is no notice of this
6 meeting there. Maybe something else could have been
7 done to get the ground rules of this had there been
8 notice of this. As I understand public meetings are
9 open. If there is a concern, I don't know which of
10 these concerns are more than others. I want to
11 know -- For example, I have seen in other areas and
12 heard through the grapevine in other villages,
13 municipalities -- I am not saying this happens here --
14 but that you find that incentives are offered to
15 people to take governmental action to help the
16 government with another problem that's not really
17 related to what they want to do such as annexation.
18 I am very familiar with annexation going on now at
19 Roosevelt at Route 53 and Nordic Road. It turns out
20 that the village authorities for some reason turned
21 down a development of the property over there,
22 a large piece of property, three and a half acres,

1 and they turned it down because it caused too many
2 exceptions and special uses so they couldn't put up
3 single-family homes in this particular area or even
4 two-story homes. They came back with a plan to
5 provide two buildings that would give like one
6 hundred fifty condo residences, five-story buildings
7 among ranch houses. And they did this and then later
8 on it was found out that the drainage of the buildings
9 had to go outside the village, unincorporated, to
10 come back in and get rehooked. The village had no
11 authority to provide for drainage going outside. After
12 the fact they came and said they want to now annex
13 the lot across the street. Tell you what, there's
14 \$30,000 worth of hook-up fees. We'll waive that if
15 you give a petition to annex. So there was an
16 incentive of the government authorities to do this.

17 I have noticed here it is not inconsistent --
18 I am not saying it is -- not inconsistent because I
19 see automobile dealers, automobile dealers, automobile
20 dealer. And I don't get the sense that most of
21 the neighbors here want an automobile dealer in that
22 area for the various reasons.

1 One thing I was wondering is how could it
2 be if this -- And maybe you would help me. Would
3 it be constitutional to say somebody couldn't drive
4 a car down any street in America anywhere they
5 wanted to go? Could you make that limitation you
6 can't have test drives?

7 MR. BAHAN: Through the special use you would
8 restrict it.

9 MR. KAPLAN: How would you enforce that? The
10 same way he got the Mayflower under control?

11 MR. BAHAN: Somewhat of an apples and oranges
12 comparison. It is something we'd have to work with
13 in partnership with the residents in the area. We
14 would do our best to control that if it were to come
15 about. I am going to leave you at this point
16 because you have taken some good time. You will
17 have another chance. Okay?

18 MR. GEORGE VESELY: I am George Vesely,
19 V-e-s-e-l-y, 271 Woodstock. On just that first
20 block on Woodstock from Ogden down to Traube there
21 probably are at least ten children the majority of
22 which are under the age of ten. I don't know how

1 many children there are in the apartment building
2 that's up at the corner. So clearly anything that's
3 going to increase the traffic flow and provide more
4 than we already have in that area today is certainly
5 a concern.

6 Beyond that I have been in the village
7 since 1986, so I have lived through Clarendon Hills
8 Garden Center. I believe we had the footings for a
9 car dealer when the garden center went away. I think
10 we then heard a Burger King was coming in and
11 ultimately Glass America came in. So I have seen a
12 number of things happen in the area. But if a
13 project is going to go on that's going to decrease
14 my property values, then it clearly isn't a positive
15 thing for me. I made the decision a number of years
16 ago to actually knock down the home that I had and
17 rebuild to have my family in this community because
18 I thought it was the right place to be. So a
19 combination of things that is going to potentially
20 endanger my property and reduce my property values
21 does not sound like a good thing for me, a person,
22 as part of this village.

1 MR. BAHAN: Thank you.

2 MR. JOHN CZERWIEC: John Czerwiec, C-z-e-r-w-i-e-c,
3 221 Woodstock. I have many questions.

4 Like George I had the misfortune of living
5 across from the village's highest sales tax generating
6 property, the Jewel. I am sorry, yeah. At that
7 time I decided to relocate about five years ago to
8 221 Woodstock where I currently live. I have many
9 questions about this project. They begin with where
10 I believe the project took shape, the alleged planning.
11 It seems to me in researching planning as I have --
12 By the way I have lived in this western suburban
13 area for my entire life. That's thirty-nine years.
14 And I have seen a tremendous number of changes
15 obviously.

16 I think one of the strengths in planning --
17 And I may be mistaken. I am not a planner. I work
18 in the computer field. So I really am not real
19 clear on a lot of these things. But I think one of
20 the strengths in planning is what I believe is called
21 mixed use where there is a combination of uses. And
22 what I see in this area is mixed uses. If I am

1 mistaken, if those aren't mixed uses, if those are
2 not desirable things you can address those, the
3 planners, the consultants. That's one thing.

4 Another thing directly related to planning
5 is a concept that I believe is in place throughout
6 planning -- but again I may be mistaken; I am not
7 very good on this -- the concept of a buffer zone
8 and the concept of a confined retail district. Again
9 I am not real sure about this. I grew up in Oak
10 Brook so I have a little bit of a sense for confining
11 retail areas to a certain specific area and confining
12 residential areas to another one, confining
13 multiple-family residential to another. Maybe
14 that's all wrong. Maybe that's a foregone kind of
15 thing that doesn't happen any more. Maybe you want
16 to get retail right next to residential. Maybe it
17 cuts down on, I don't know, commute distances.
18 There's all kind of things that I read about.
19 That's my first question. So I guess there was some
20 sort of lack of planning here when the buffer zone
21 just sort of sprung up and the retail zone sort of
22 sprung up and the residential kind of sprung up

1 behind it. I don't know. I really don't. Like I
2 said, I am just in computers. I really --

3 MR. BAHAN: So that was your first question.
4 Do you want to address the planning issue?

5 MR. BROWN: I will try. I think what we're
6 talking about are two different things. Typically
7 you either have mixed use or you have a buffer zone
8 separating commercial uses from residential. There
9 really isn't a buffer zone here. We do have commercial
10 right backing up to residential. That use is not
11 going to -- That character of the use really would
12 not change substantially. Even with redevelopment
13 you're still going to have the same sort of
14 relationships that you have today because the
15 properties are only so big and there's only so many
16 uses that are permitted in the B-3 district. Those
17 are the same uses that are permitted today.

18 There are, you know, pluses and minuses.
19 And we can talk theoretically about the benefits of
20 mixed use. Mixed use is probably real good in our
21 downtown. We have commercial, we have residential,
22 it's very walkable, that sort of thing. Ogden

1 Avenue is not a downtown commercial district. Ogden
2 Avenue is a highway corridor district. It has
3 highway business district zoning. That's what the
4 B-3 stands for. The uses that are desirable there
5 are those that can accommodate or need for their
6 survival the kind of traffic that you find only on
7 a major corridor like this one. I think Steve
8 mentioned before there's 36,000 cars a day that pass
9 these properties on Ogden Avenue. That's going to
10 be a completely different type of use mix than you
11 find in our downtown and other mixed use developments.

12 MR. CZERWIEC: The second set of questions. I
13 perused the resume of Friedman and the rest of the
14 associates. It's an impressive list of projects. I
15 have got a couple of questions about them. I guess
16 I sort of showed my hand a little bit. How many of
17 these projects have you done where you're really
18 talking about vacant land versus land that's
19 developed? And then I have got a couple of minor
20 follow-ups to sort of clarify what I am really
21 talking about. When I look around I see, you know,
22 a tremendous number of what they call big box

1 retailers I guess you call them, you know, where you
2 take something where there's like kind of a gas
3 station or a little bitty import car shop or something
4 and he happens to have a great big junkyard in back
5 of him or something like that and then you sort of
6 wreck it and you put a Costco there or something.
7 It seems like that's a good idea because the car
8 import shop is very inexpensive. Like you said,
9 the amount of real estate taxes generated from
10 something like that is very small. When a Costco
11 comes in they're probably going to lay down a new
12 store and all the improvements so the assessor kind
13 of has to say this is worth a lot more. So that's
14 kind of different from this though because really
15 what you're talking about I think if I followed your
16 argument is you're really not going to improve the
17 land value very much in this case.

18 So my question to kind of wrap that part
19 up with your background is how many of these things
20 really result in a situation where there really
21 isn't much increase in the assessed valuation of the
22 land? Because I know you talked about -- somebody

1 talked about the Elmhurst one. There's a lot of
2 residential. If you are going to put residential
3 there it probably wouldn't sell real fast at first,
4 but you could put a five-story condo thing there and
5 people might pay a half a million bucks a floor,
6 maybe more than that. I don't think it's going to
7 happen with like a car dealer. Tell me a little bit
8 about that.

9 MR. FRIEDMAN: Most of the things we've worked
10 on have had other kinds of development other than
11 auto dealers. We have worked on projects involving
12 auto dealers and we have worked on projects
13 involving auto dealers in Morton Grove on Waukegan
14 Road. So it's fairly unusual. I think that you
15 would find that you're primarily looking for the
16 strong municipal only revenue source. But it is
17 certainly not unheard of. You have sometimes other
18 opportunities. The Costco is an opportunity where
19 you get both. You're going to get the sales tax.
20 The best one in the world would probably be ABT
21 which is supposedly something like \$150 million a
22 year in one location. You get real estate tax as

1 well as sales tax. So in this case there appears to
2 be a trade-off based on the uses for which Ogden
3 Avenue seems to be best suited although there were
4 some other possibilities of fairly moderate size box
5 types of retailers that would have had a different
6 balance between sales tax and property tax. But if
7 we did end up with an auto dealer-oriented
8 redevelopment, it would be going towards the sales
9 tax as opposed to the property taxes. It is not
10 that common but it is not unheard of.

11 MR. BAHAN: A quick follow-up question?

12 MR. CZERWIEC: I have got two that I think are
13 really important. They're both kind of follow-ups.
14 One, I am pretty sure now -- I talked to State
15 Senator Christine Radagno, and she sort of helped me
16 figure out how this thing works. So I think it's
17 called Illinois 91-0478. Are you familiar with the
18 provisions of that? I suspect you are.

19 MR. FRIEDMAN: Not by number. If you tell me
20 which provisions you're talking about --

21 MR. CZERWIEC: There is a provision that sort
22 of sticks out and it's what they call the retail

1 poaching or retail relocation aspect. And from what
2 I have been able to figure out, it would mean that
3 anything that's like ten miles or so away wouldn't
4 be able to relocate here. So if you look around --
5 That means that like again so far as I can figure
6 out if you are talking about another business that
7 might have like a crummier car lot, if they wanted
8 to move to our new car lot they couldn't do it if
9 they're within ten miles.

10 I have got another thing too.

11 MR. BAHAN: Let's deal with this first.

12 MR. FRIEDMAN: Okay. Yes, there is a section
13 that was added to the act in '99 along with other
14 things that is basically anti-poaching, anti-piracy.
15 However, it has some ambiguity in it and some room
16 for interpretation. Or it's more than interpretation
17 because it says, quote, Termination: For purposes
18 of this paragraph termination means a closing of a
19 retail operation that is directly related to the
20 opening of the same operation or like retail entity
21 owned or operated by more than 50% of the original
22 ownership in a redevelopment project area. That

1 seems pretty clear. Then it goes on to say comma,
2 but does not mean closing an operation for reasons
3 beyond the control of the retail entity as documented
4 by the retail entity subject to a reasonable finding
5 by the municipality that the current location
6 contained inadequate space, had become economically
7 obsolete or was no longer a viable location for the
8 retailer or service. So we have got an in and out
9 on that one.

10 If we were to -- If our site were found
11 attractive to a dealer who was being told by, say,
12 General Motors that their current location was
13 inadequate, which is the case of a number of dealers --
14 GM is very aggressive about upgrading their dealers.
15 And I don't know factually -- I know that factually
16 for GM but not factually for Ford or Chrysler. I do
17 know that for GM. They say your car location is
18 inadequate; you need more space or you need to do
19 whatever. What's in the second part of the paragraph
20 would be reasonably able to be applied to it. We
21 obviously would have to be careful in dealing with
22 that kind of a business transaction. I don't know

1 if legal counsel wants to comment further on that kind
2 of situation how you deal with it.

3 MR. MELODY: If you want me to I can, but I
4 think you summed it up fairly nicely. It's a
5 statutory requirement that is in there. Whether it
6 would apply to a particular factual situation, of
7 course, depends on the factual situation. I think
8 you used the words he had a crummy lot. If he wants
9 to move here because he had a crummy lot, I would
10 argue that that statute -- it wouldn't violate the
11 statute because he's moving there for some reason
12 other than the TIF. The purpose of that, the addition
13 of the statute is to keep one town from stealing the
14 business of another town and creating that sort of
15 havoc. It's the application of that statute to the
16 particular facts. And I don't think we're anywhere
17 near the level of progress in this project to even
18 make a determination because we don't have a --
19 Right, Rob?

20 MR. BAHAN: Right. You had another follow-up
21 question?

22 MR. CZERWIEC: I don't mean to take up too much

1 time. I am sorry. The last part of it -- And this
2 is the one that really is kind of confusing to me
3 because the finances just boggle my mind. The way I
4 read it -- and maybe again, like I said, I am really
5 not good on this -- you have to figure out a way to
6 sort of get some up-front money. And I think that
7 that talks about bond indebtedness. Maybe I am wrong.
8 But the way you actually sort of do this is by driving
9 the village deeper into debt by issuing bonds, right,
10 and then the incremental tax valuation is supposed
11 to help pay for those bonds. But if there isn't
12 much incremental tax assessed valuation it creates,
13 then you have to look at the secondary source which
14 would be the sales tax. But I think you already
15 said you need the sales tax to pay for the pension
16 and the police and all the other good stuff. So I
17 don't really see where this -- the money -- I just
18 don't understand the money part of it.

19 MR. FRIEDMAN: Okay. All right. The analysis
20 suggests that in present value terms there is five
21 million or six million beyond surplus over and above
22 anything else that we need to spend the money on.

1 So let's assume that that number is reasonably correct
2 notwithstanding the concerns that the gentleman in
3 the back has about what hidden costs there might be.
4 That money is available annually whatever it is,
5 five hundred, six hundred, \$700,000 a year to go for
6 these other costs.

7 How do you finance up front? There are a
8 lot of ways. You're correct that sometimes people
9 do use bonds with general obligation backing. That
10 is only one of the ways that people finance things
11 in TIF districts. These kinds of things are
12 ultimately a bootstrap proposition. You're trying
13 to get something started and have it pay for itself.
14 You have a number of ways to do that. One is to
15 reimburse a redeveloper for interest costs that they
16 incur up to 30% of their interest costs. That is
17 the totally pay as you go as the project produces
18 revenue. You can pledge municipal sales tax in that
19 kind of a financing. You definitely can do that in
20 a TIF financing. You can provide reimbursement of
21 costs to a redeveloper, somebody who does a
22 redevelopment project, and you can have them

1 actually issue or buy or accept from you notes --
2 they're often called TIF notes or developer notes --
3 without the full faith and credit of the municipality
4 behind them. And they in effect finance it themselves
5 and are reimbursed. I have seen that done sometimes,
6 held by a company or by a developer if they have
7 sufficient capital. I have also seen those placed
8 by some of the bond houses. A.G. Edwards does it,
9 Lake Mason does it. There are a number of houses
10 that do it who place them with bond funds usually.
11 And they are a higher yield securities. They're
12 junk bonds in fact, but you don't usually have them
13 placed -- In fact we won't do projections in support
14 of any that are going to be placed with individuals,
15 only those that would be placed with institutional
16 funds. So those are a couple of the ways that TIF
17 funds are used to bootstrap without involving the
18 full faith and credit of a municipality behind a
19 project.

20 But there are other times -- Sometimes you
21 will split it. And the infrastructure portion you
22 might do with GO bonds. If you are putting in new

1 sewers, new streets, water mains and so on, you might
2 do that with normal public funding. The interest
3 rate is going to be lower, and then any assistance
4 beyond that may be done with one of the kinds of pay
5 as you go types of processes, or you might do it all
6 pay as you go.

7 MR. BAHAN: Questions here?

8 MS. MARTHA MOREY: Martha Morey, M-o-r-e-y,
9 215 Woodstock. I am wondering if the village has
10 been approached by or knows of a business like a car
11 dealer or so forth that is interested in this market
12 of land and perhaps waiting in the wings.

13 MR. BAHAN: I don't know if you heard my earlier
14 presentation talking about the history, the number
15 of times the village has been approached by car
16 dealers since late 2002. There has been a total of
17 four car dealerships that have approached the village.
18 All those discussions have ended. There is no one
19 waiting in the wings. We had one particular car
20 dealership ask us to commit before this village was
21 ready to do so and we turned them away. I have to
22 protect the confidentiality of this particular dealer

1 because they're still trying to find a place to secure
2 themselves. But we have had four over the last two
3 -- approximately two years. But there is no one
4 waiting in the wings right now.

5 MS. MOREY: Does the village have an overall
6 strategic economic development plan?

7 MR. BAHAN: Yes. Our strategic plan for economic
8 development includes Ogden Avenue and the central
9 business district. 55th Street has been identified
10 as a distant third priority just given the fact it's
11 primarily residential, but the downtown is a
12 simultaneous effort to the Ogden Avenue effort. And
13 the CBD process will be starting shortly. That will
14 include a significant amount of resident input.
15 It'll have a village-wide survey. There will be a
16 merchant survey, a shopper survey, a resident steering
17 committee that will help oversee this project that
18 includes staff, residents, elected officials. And
19 this process takes about six months. But we'll look
20 at zoning, we'll look at density, parking, land use.
21 And Mr. Friedman will be also helping us with that
22 effort.

1 MS. MOREY: Does this residential input cover
2 the TIF on Ogden Avenue as well? Is there a way to
3 get more residential input from people who live in
4 that area on the TIF evaluation?

5 MR. BAHAN: I just described to you what the
6 central business district process is going to be.
7 The resident input for the TIF depends on what we
8 need to do as a result of this meeting. As I noted
9 in my presentation, there will be more opportunities
10 for public input whether that be dialogues in
11 residents' homes, meeting one on one with folks.
12 Whatever we think we need to do to help you answer
13 your questions we're willing to do.

14 Other questions? In the back row,
15 Mr. Joncas?

16 MR. JONCAS: This mixed use scenario, we have
17 currently, what, ten businesses on Ogden? Seems to
18 me in the long run this is a much safer proposition.
19 These businesses, the development of them has
20 occurred naturally over a period of time. We have
21 no vacancies up there. We never do. Spots fill up
22 as soon as they become available. They're nice

1 businesses. They're good businesses. We have two
2 new restaurants, the glass company, a beautiful
3 building, we have the eye doctor. It seems to me
4 when you have 36,000 cars or whatever driving down
5 the street each day, a greater percentage of the
6 occupants of those vehicles are going to need eye
7 care or stereo parts or a meal than need a new car
8 or a drink from a liquor store. It also seems to me
9 that if one of these moves out you can easily fill
10 in the void by having another business move in. If
11 the car dealer moves out you have a two-block-long
12 parking lot. And unless someone that needs a
13 two-block-long parking lot moves in, you have to
14 sink yet again more money into this. I don't see
15 why the village can't work out some sort of
16 reasonable compromise with the businesses that are
17 there rather than go through the procedure we're
18 going through.

19 MR. BAHAN: We would like to see a reasonable
20 compromise struck with the businesses there but
21 still move through the process in order to put the
22 village in the strategic position of being able to

1 compete. The village does compete with surrounding
2 communities and we have lost routinely for years.
3 We believe that pursuing the TIF at this point --
4 And again the decision hasn't been made, but looking
5 at the data this puts us in a better position to
6 compete. We understand there are viable businesses
7 on Ogden Avenue. And we would welcome the opportunity
8 to bring them to the table and make them part of the
9 development equation so that we can end up with
10 something that is balanced, something that sustains
11 the village's revenues but at the same time is the
12 right fit, the right mix for Ogden Avenue. That
13 would be our goal.

14 Other questions along the back row?
15 Marty?

16 MR. KOPPEL: You sort of deemphasized the
17 increase in valuation of the property once it's
18 redeveloped saying that sales tax was the main goal.
19 And you said that sales tax could be used to continue
20 to fund the TIF district. Can sales tax go back to
21 the schools?

22 MR. FRIEDMAN: That's going to be totally a

1 matter of village policy, I would think.

2 MS. GILBERT: It has to be divided among the
3 taxing bodies proportionately. There are laws.

4 MR. FRIEDMAN: That would be the case with the
5 property tax.

6 MR. KOPPEL: The reason the school district
7 might go along with this is the supposed pot of gold
8 at the end of the TIF where they're dealing with
9 increased property values. But you're pretty much
10 guaranteeing there won't be?

11 MR. FRIEDMAN: Counsel?

12 MR. MELODY: I don't know how exactly you divide
13 sales tax increment if at all. I mean that's a
14 question on the statute, a follow-up question. We
15 will come back to you with it.

16 MR. KOPPEL: Okay. Also on one hand I keep
17 hearing particularly from you, Rob, the idea of
18 participation with merchants that are already there,
19 property owners that are already there. Yet on the
20 other hand I keep hearing car dealer, car dealer,
21 car dealer. I sell TVs, I don't sell cars. Whose
22 decision is this and when is that going to be made?

1 MR. BAHAN: Ultimately it's the village board's
2 decision as to what happens there. They will vote.
3 Development deals could come with or without the
4 TIF. But I understand you don't sell cars.

5 MR. KOPPEL: Nor do I want to.

6 MR. BAHAN: I understand. I understand. In
7 looking at the various strategy scenarios, in the
8 first report it looked at potentially two large
9 dealers, one small dealer, a mix of scenarios.
10 That's where we are right now. So I can't say and I
11 don't think the village board can say definitively
12 what could happen. All we do know is that we have
13 been approached consistently over the last couple of
14 years and the potential is there for something to
15 happen in the future.

16 MR. KOPPEL: You can't really say the present
17 property owners would be involved.

18 MR. BAHAN: I think this board would and from a
19 village staff perspective we would like you to be
20 involved so that those who wish to stay on Ogden
21 Avenue can stay. And you look at the space and how
22 inefficiently it's allocated. We think that there's

1 a reasonable case to be made that it could work out.
2 But it would require an extensive amount of
3 collaboration, and that's something that this
4 village is willing to do.

5 DR. PHILIPPOU: I just want to clarify something
6 I brought up earlier. Rob, you said that the village
7 really has no intentions of pursuing legal action to
8 condemn any property. And that's great and you got
9 that on the record, right? And as we know or as I
10 know many, many investors are very, very interested
11 in Clarendon Hills. They're very interested in
12 spending a lot of money here which leaves the other
13 purpose for a TIF is assemblage of property. And
14 the only way to guarantee -- The only way to ensure
15 assemblage is to condemn. And if we don't condemn
16 we won't have an assemblage. Which brings you back
17 to the question what's the reason for the TIF.

18 MR. BAHAN: The only reason for the TIF is not
19 assemblage. It's potentially income generation
20 depending upon what happens there. So the TIF is
21 really a multipurpose tool that Steve has talked
22 about tonight. Your other question?

1 DR. PHILIPPOU: You have got a conflicting view
2 here.

3 MR. BAHAN: You said the only way for an
4 assemblage to occur is with a TIF. I don't think
5 that's true.

6 DR. PHILIPPOU: The only way to create an
7 assemblage if people don't want to sell is condemnation.

8 MR. BAHAN: That is true.

9 DR. PHILIPPOU: If the village has no intentions
10 of pursuing legal action to condemn, what are we
11 talking about? Because I am confused. I have no
12 idea where we're going.

13 MR. BAHAN: I think it's your capacity to deal
14 with the gray and take some risk. What we're looking
15 at is a possibility of assembling property in a
16 cooperative way so that those residents -- those
17 businesses who want to stay on Ogden Avenue can but
18 at the same time would be an active participant in
19 helping us achieve our economic development goals.
20 That's the policy position of this board right now.

21 DR. PHILIPPOU: So it's more like the village
22 would prefer not to take legal action.

1 MR. BAHAN: Yes. That's what we said, we prefer
2 not to do it.

3 DR. PHILIPPOU: But not ruling it out.

4 MR. BAHAN: The tool is available to us. It is
5 not as if we can pass the TIF and say except for the
6 condemnation. That's not part of it.

7 Other questions in the back row? Sure.

8 MR. GROVE: Have you run numbers for anything
9 besides car dealers? Everything you showed is car
10 dealers.

11 MR. FRIEDMAN: The preliminary feasibility study
12 focused on car dealers in several different
13 configurations one of which retained at least one of
14 the existing uses which could be considered, I suppose,
15 prototypical of other potential configurations. We
16 also ran our primary TIF projections based on basically
17 the buildout under the current zoning which is
18 essentially three-story buildings with 50% site
19 coverage which is what the zoning allows. And that's
20 the other alternative that produces a significant level
21 of increment in fact, incremental tax revenue,
22 property tax revenue. And again that can be a good

1 thing as well the question being the questions Rob
2 posed in the beginning about the balance that the
3 village is trying to strike with its fiscal situation.

4 MR. GROVE: So is that scenario in the slides
5 that you showed earlier?

6 MR. FRIEDMAN: No, it was not in the slides.

7 MR. GROVE: What's the financial numbers on
8 that? Sounds like you guys are hell bent on auto
9 dealers and that's all you're looking at.

10 MR. FRIEDMAN: Well, let me -- Under that
11 scenario the new development would have an equalized
12 assessed value estimated around 13.8 million. It
13 would grow to a total EAV in the district of around
14 25 million, I don't know, over the life versus about --
15 I get about six million over the life without any
16 redevelopment at 2 1/2%.

17 MR. GROVE: How does that compare to the numbers
18 you showed for auto dealers?

19 MR. FRIEDMAN: It's much higher in terms of
20 the -- I would have to go pull some other papers to
21 get the exact number. It's much higher than the
22 property tax increment for auto dealers. And the

1 annual increment stabilizes at around \$700,000 and
2 then grows over time.

3 MR. GROVE: So the property value is actually --
4 the property value under that scenario is more
5 beneficial to schools and all the other people who
6 access property value.

7 MR. FRIEDMAN: Right.

8 MR. GROVE: So auto dealers basically do nothing
9 for them, and all the money is going to the city
10 coffers? That's what we're talking about?

11 MR. BAHAN: That's how sales tax is allocated.

12 MR. GROVE: That's how you guys are determining
13 what should go there, or is it based on truly the
14 input of people who live in the affected area?

15 MR. BAHAN: It's the range of opportunity that
16 could occur there. And we have used an additional
17 financial model based upon the contacts that we were
18 receiving. So we tried to correlate if we were put
19 in this position how could we -- what would be best
20 for the village. As we moved further into the
21 project we looked at if it were buildout what would
22 it look like then. So it's kind of yes to both.

1 MR. GROVE: There's different impacts on people
2 who live there based on all those scenarios.

3 MR. BAHAN: And any of those scenarios would be
4 subject to the public approval process. In my
5 conversations over the years with other units of
6 government whether it be the schools or park district,
7 they're always envious of the municipality's sales
8 tax position. That's the one thing we can control
9 or at least have input, you're right. That would
10 come right to the village.

11 MR. GROVE: My final point is I am concerned
12 that the people who are making these decisions have
13 no personal impact on them because they don't live
14 in that area. It does not affect them personally.
15 It is actually detrimental to those people. If you
16 live in the middle of town or something you may in
17 twenty-three years actually see some financial
18 benefit.

19 MR. BAHAN: And the charge to this board is to
20 do what's best for the community but at the same
21 time balance what may occur to the residents who
22 live in this particular area. It's a tough position

1 to be in. And that's one of the reasons why they
2 try to take their time with it.

3 MR. GROVE: And we're not there yet.

4 MR. CULVER: Mark Culver. I have got another
5 question. I understand that the State of Illinois
6 has enacted a law about affordable housing that each
7 village or municipality has to have affordable
8 housing. Now what you are doing is you're eliminating
9 some affordable housing. Have you thought about that
10 in future developments?

11 MR. BAHAN: Yes. The Illinois Housing Authority
12 has indicated in their data that approximately 13.3%
13 of our housing is affordable. Recent numbers show --
14 If you look at it this way you have 2,915 housing
15 units. We have 388 that are affordable, and that
16 equates to about 13.3%. So we have 96 more units at
17 a 10% standard in the statute. If for some reason
18 all of those units went away we would still be in a
19 position of affordable in this community.

20 There's another scenario in play in that
21 some of those units that are apartments now may
22 convert to condos and may not count as affordable.

1 So that may happen with or without redevelopment.
2 So those numbers may stay or they may dwindle somewhat.
3 Steve has done a fairly extensive housing analysis
4 to see that -- to determine what's available. But
5 we also have multi-family right on our borders that
6 we're currently providing water service to. They're
7 not annexed yet but we're providing water service
8 to, we're providing police and fire because the
9 county can't get there in time. There's a reasonable
10 case to be made they're part of Clarendon Hills or
11 could be part in the future. That would increase
12 our numbers of affordable housing.

13 MR. CULVER: I understand your plight. One
14 more thing. I have been reading about health
15 insurance and all this stuff. I work for a company
16 and you know what they do? They decided if you want
17 health insurance you're going to have to contribute
18 toward it.

19 MR. BAHAN: We have that same provision.

20 MR. CULVER: I am just curious. Have you
21 implemented any cost reductions and cost controls?
22 I work for a company and that's the major thing, you

1 know. And our customers say gee whiz, we don't want
2 an increase; we want a decrease.

3 MR. BAHAN: Right. We have worked very hard at
4 trying to control costs. Early on in my presentation
5 I said there are some issues that are beyond our
6 control, state mandates. Even though we're in a joint
7 purchasing cooperative for health insurance, those
8 are still costs we're incurring. Employees are
9 paying more. But every year we've had to cut out of
10 the budget in order to balance it. By law we're
11 required to have a balanced budget. We have been
12 able to do that every year.

13 MR. CULVER: I am going to let it pass on.

14 MR. BAHAN: Anybody else in this row? Here?
15 This row again?

16 MS. GILBERT: Nadine Gilbert. Several points.
17 One comment and this isn't probably going to be a
18 popular one. We live kitty-corner from the Mayflower
19 Motel and have lived there four years. Honestly we
20 have never had one problem or one issue or one person
21 in our backyard or one person running across our
22 front lawn. So sorry, you may have had your problems,

1 but we're adjacent and we don't.

2 Something else. I noticed in your housing
3 there's a big difference between low cost housing
4 and affordable housing. The Village of Addison in
5 1997 the Justice Department, federal, as you may
6 know, was in there and refused to allow a TIF
7 district because a thousand low income residents,
8 Hispanic residents were being zoned out of Addison.
9 Now, Addison is a bit different in case you haven't
10 noticed or you don't know from Clarendon Hills.
11 Well, it's what, five, six years later. The Justice
12 Department is still monitoring Addison. I noticed
13 when you talk about housing up on your little display
14 you talked about the number of residences that are
15 low cost to moderate that are available. But meanwhile
16 when I read through your study you say 43% of the
17 residents are very low, very, very low and low income.
18 But your numbers don't balance then. How many of
19 these apartments that you were checking into were
20 moderate?

21 Also according to the federal government
22 there's quite a bit of difference from what I

1 understand from moving residents within your community
2 and moving them to a neighboring community. The
3 government usually doesn't take kindly to zoning out
4 low income and minority residents. So what have you
5 done? You say there's extensive information, but I
6 don't really see that much in your report.

7 MR. BAHAN: Steve?

8 MR. FRIEDMAN: We did look at the Addison
9 situation. And we think that we have complied with
10 the current TIF law in terms of disclosures and the
11 analysis of what's available in the marketplace.
12 And the law requires that we research and make
13 available the information on what kind of housing is
14 available in the marketplace, and that's what we
15 have done.

16 MS. GILBERT: You don't have to distinguish
17 between very low, low and moderate?

18 MR. FRIEDMAN: Not to the degree under the law
19 I don't believe that you're suggesting in terms of a
20 match by match one by one match-up in terms of the
21 units. There's also Section 8 vouchers which are
22 available to people in these income ranges. And so

1 that it's virtually impossible to make a direct
2 match-up as to what unit will be affordable to them.
3 A housing voucher is available for units that are at
4 the top of that range under income limits that are
5 set by HUD currently under review. And the householder
6 would pay 30% of their income in rent. So what you
7 are suggesting is not even -- is not technically
8 really possible to do because of the availability of
9 vouchers for some portion of people of moderate means.

10 MS. GILBERT: But how would the federal government
11 feel about the fact you're looking at maybe
12 transferring these children to Hinsdale South or
13 Westmont High School versus Hinsdale Central which
14 is one of the best school districts in the state?

15 MR. FRIEDMAN: That I don't think enters into
16 it from the standpoint of --

17 MS. GILBERT: You don't think or you don't know
18 for sure?

19 MR. FRIEDMAN: The market area -- The standard
20 in the TIF law is reasonable market area at a
21 reasonable distance. It is not that it must be
22 within the same jurisdiction. Do you have anything?

1 MR. MELODY: No. That's correct. Hinsdale
2 South and Hinsdale Central are the same school
3 district.

4 MS. GILBERT: They're not comparable in terms
5 of test scores. I don't have children in the school
6 district, but I know they're not comparable as to
7 academic level.

8 MR. BROWN: None of the sites that we looked at
9 I believe were in the Hinsdale South district. They
10 were basically the unincorporated area which is also
11 going to Central.

12 MS. GILBERT: How many of these residents would
13 be moved within Clarendon Hills and their children
14 staying in the Hinsdale Central school district?
15 Because why I am asking this is at the September 7th
16 board meeting Don O'Toole came right out and said
17 we're a small community and we don't have room for
18 these people. Yeah, he did. He did. We're a small
19 community; we don't have room to move all these
20 people within Clarendon Hills. That did come from
21 Don O'Toole.

22 MR. BAHAN: I don't recall that being stated at

1 a board meeting. I will look back at the minutes.
2 I go to all the board meetings. I don't recall that
3 being said.

4 MS. GILBERT: It was a village coffee then.

5 MR. BAHAN: The housing plan addresses relocation.
6 Steve, I believe, has interpreted the law appropriately.
7 Mr. Gilbert?

8 MR. GILBERT: Paul Gilbert. Two questions.
9 Mr. Bahan and President Hiller, you both mentioned
10 early on in the presentation that you have had a
11 chance to meet with a few of the business owners. I
12 am curious as to what you have learned from those
13 discussions.

14 MR. BAHAN: Diane is listening tonight so I am
15 going to let her off the hook. Our discussions have
16 been mixed. We have had one business owner who is
17 open to working with the village because he believes
18 that there is a possibility that he could do better.
19 He set some criteria. He doesn't want to be harmed.
20 He would like to do financially better and would
21 like to stay on Ogden Avenue. We don't see those
22 are mutually exclusive goals to what the village

1 wants to do. Another property owner is waiting and
2 is not so inclined to participate, which I don't
3 think is unusual.

4 MR. GILBERT: Second question then.

5 Mr. Friedman, you mentioned in your presentation
6 about side loading and traffic signals as a way to
7 help alleviate some traffic congestion. Will there
8 be a traffic study then conducted prior to the
9 public hearing that will be available for the public?

10 MR. BAHAN: The public hearing is regarding the
11 TIF, not a development proposal. There isn't a
12 development proposal in front of us to evaluate for
13 traffic, side loading, those sorts of things. However,
14 if one does come it would be subject to the zoning
15 review.

16 MR. GILBERT: Would that then be a referendum
17 for the public to vote on?

18 MR. BAHAN: The development proposal? It would
19 be part of the normal village approval process.
20 Mike, you want to talk a little bit about zoning
21 review and I how it eventually comes to the board?

22 MR. BROWN: Any time there is a special use

1 permit, like I mentioned earlier -- and the list
2 that was distributed explains which of the uses
3 would require a special use permit, and there are
4 quite a number of them -- the applicant actually
5 applies and provides a full set of information. And
6 then notices are sent to all property owners within
7 250 feet of the site and notice is also placed in
8 the newspaper. We also put that in Trustee Topics,
9 the upcoming agenda for the zoning board of appeals,
10 and they hold the public hearing on that. And all
11 the public comment is gathered and the zoning board
12 of appeals then makes a recommendation on that
13 proposal to the village board, and the village board
14 has the final approval on that.

15 MR. BAHAN: Mary, you had another question.

16 MS. MARY BROWN: Mary Brown. They have been
17 talking a lot about the school district and the
18 money. And one thing that I just wanted to mention
19 is that we do have children from the apartments and
20 from the motel that attend the schools. And they
21 don't -- I don't think they pay property taxes.
22 But, you know, the per pupil fee is like what, \$7500

1 I think we're up to. So that costs the school
2 district. So if that's stopped it would even out.
3 I don't think that's like such a big issue here,
4 just something to think about.

5 MR. BAHAN: I am going to work my way back.

6 MR. KAPLAN: I think the -- Mary, I think what
7 happens on the school thing is that the individual
8 tenants don't pay real estate taxes; they pay rent.
9 The landlord pays real estate taxes, and he gets his
10 money to pay the real estate taxes from the renters.
11 So the money filters down from those people and they
12 do support the system.

13 MS. BROWN: Thank you.

14 MR. KAPLAN: By the way, I do have to compliment
15 the village on the sidewalk issue we had in front of
16 our house at one time. I may seem all negative
17 about the village. I am not. John Hays in particular
18 worked with us, came out there, moved sidewalks
19 around and tried very hard to do things.

20 But you have mentioned something like
21 there will be a public hearing or public process. I
22 forgot the phrase you used.

1 MR. BAHAN: For redevelopment projects?

2 MR. KAPLAN: As we get further into this there
3 will be more public involvement. There is not going
4 to be a referendum but there is going to be a decision
5 through the village board and its process. I just
6 say normally there is a fact-finding body that talks
7 about special uses. They make a recommendation to
8 the trustees and then the trustees come to their own
9 decision and they're not bound by what the fact-finding
10 commission does.

11 MR. BAHAN: Correct.

12 MR. KAPLAN: And is there any way to address
13 the ones who actually make the final decisions to
14 try to influence what they have to say or ask them
15 what they are thinking or to determine whether or
16 not they are going to be making reasonable decisions
17 or they have an agenda that we don't understand or
18 they might be arbitrary or capricious? Is there a
19 method of doing that?

20 MR. BAHAN: Yes. That method would be to stay
21 in contact with your elected officials and come to
22 meetings when redevelopment proposals or other

1 zoning-related projects are before the village board
2 and let them know how you feel. My experience in
3 being here for almost two years in December is that
4 the board tends to listen and will take all the
5 considerations -- take all the comments into
6 consideration and try to strike what is the best
7 decision for the village as a whole.

8 MR. KAPLAN: So the answer is jawbone with the
9 elected official. The only recourse you would have
10 is to vote them out the next election.

11 MR. PROCIUS: You didn't answer his question
12 about the zoning.

13 MR. BAHAN: You can come to the zoning board
14 meetings and enter testimony into the record if
15 there is a public hearing or if they're being -- if
16 there are cases being considered. So you can come
17 at two levels, the zoning board level as well as the
18 village board level. Okay?

19 MR. KAPLAN: I have two more and then I will
20 pass it on. This is going back to a couple
21 questions about the TIF and the Mayflower again.
22 Again it's based upon the assumption, maybe wrong,

1 that the biggest problem is the Mayflower. I
2 noticed the glass company may be opted out -- could
3 opt out from it or still participate. I mean if you
4 go in the TIF does the glass company have to leave,
5 or do they have to take the building down?

6 MR. BAHAN: No.

7 MR. KAPLAN: So it can stay?

8 MR. BAHAN: Potentially.

9 MR. KAPLAN: But it's still a TIF. Does that
10 go for every building in there?

11 MR. BAHAN: If the TIF is approved as drawn,
12 all of the buildings would be included within the
13 TIF district.

14 MR. KAPLAN: Okay. Then so how does the glass
15 company stay in if that's what is desirable for
16 everybody?

17 MR. FRIEDMAN: The TIF is a tool. The test we
18 did focused on sales tax generating or generation.
19 But the real plan or detailed planning for
20 redevelopment can work with a number of the issues
21 that have been raised here tonight, the glass company
22 being relatively new, some uses being more desirable

1 than others, some uses being able to be potentially
2 reorganized and relocated. So what often happens in
3 a community is the district is created as a tool,
4 and then a level of planning occurs -- detailed
5 planning occurs that looks at the physical issues in
6 greater detail and looks at the uses and the market
7 we have already looked at. So we had a longer list
8 of potential uses which we included in our
9 presentation and how those might fit and how the
10 existing businesses might fit. So you can create
11 the tool and then proceed with the more detailed
12 level of planning, which is what most of your
13 neighbors have tended to do is to create the TIF
14 either simultaneously with or in a lot of cases in
15 advance of that kind of urban design or design
16 planning.

17 MR. KAPLAN: Well, what I want to know is if
18 you have the glass company remain, does that decrease
19 from the acreage of the TIF?

20 MR. FRIEDMAN: No, the TIF can include buildings
21 that will remain. We did not designate every building
22 as to be necessarily removed by the creation of the

1 TIF.

2 MR. KAPLAN: And accepting the assumptions I
3 have heard tonight about the problems with the
4 Mayflower, are there any real problems with that
5 area other than the Mayflower? And if you want to
6 go after -- It would seem logical if the glass
7 company can remain, you don't lose your acreage,
8 that means you can put buildings in or out as you
9 pretty much please. If you are going to leave them
10 all in you wouldn't go to the TIF. But you take out
11 the Mayflower as part of the TIF and say yes, good,
12 good, good, good, oh, here's blight, good, good
13 good, down to the eye doctor. Why couldn't it be
14 worked to focus on the blight that maybe is the real
15 problem here? Under the statute it talks about
16 definitions for blight. There's many, many, many of
17 them, and you said you have to pick up five. But it
18 still talks about the purpose of the act being blight.
19 And if it ain't broke don't fix it. But if it's
20 broke and it sounds like it may be from the description
21 we have had about the Mayflower, cannot this tool be
22 used if you can have those standards applied to that

1 property within that full acreage that you are going
2 to have?

3 MR. FRIEDMAN: You can do a much -- a more fine
4 grained plan if that's what the village decides that
5 it wants and that's what the people involved decide
6 that is going to better meet their needs.

7 MR. KAPLAN: So the problem -- So if I get --
8 My understanding so far is that what you want to do
9 is to raise money, real estate taxes. Don't put as
10 much money in the village coffers; we may need
11 money. I understand that. But the real estate taxes
12 wouldn't be doing it where the sales taxes would.
13 And, therefore, you go for a TIF and then -- So the
14 object is not to get rid of blight per se. It is
15 convenient to have some blight in the area so we can
16 do something to get more money for the village. So
17 your motivation is not in line with the purpose of
18 the statute. That's what I am coming up with so far.

19 MR. FRIEDMAN: We have demonstrated that the
20 economic contribution from a property tax standpoint
21 of these properties is lagging, that the growth of
22 the value of these properties is lagging significantly

1 from the balance of the village which is one of the
2 key measures involved in the statute and is one of
3 the measures -- one of the factors for establishing
4 either blight or that the area is in danger of becoming
5 blighted. So there is a mix in that criterion of
6 economic and physical factors. There's an economic
7 measure as one of the measures of what is, in fact,
8 the -- what the act is intended to correct which is
9 the economic contribution of an area to its
10 municipality. That's one of the reason that you
11 would attempt to remove blight, and it's one of the
12 criteria for establishing that an area is blighted
13 or is in danger of becoming blighted in the first
14 place.

15 MR. KAPLAN: Blight is a convenient term you
16 can hook on to to get more revenue.

17 MR. FRIEDMAN: You know, I am not -- I think
18 we have answered the question as best as we're going
19 to.

20 MR. KAPLAN: But this is a follow-up.

21 MR. BAHAN: One more question and we're going
22 to pass it on.

1 MR. KAPLAN: Yes, one more question and pass it
2 on. I would like to know coupled in the same area
3 but limited to it, you have a plan A. And you have
4 heard a lot of people talk about automobiles and
5 liquor seem to be the object. And we heard there
6 are plan Bs and maybe a plan C and so on which is
7 good to know. Is there a way that you could make
8 your presentation of plan B and C so we can see
9 exactly -- be assured that this is the best way for
10 the village to go because especially considering the
11 hardship that is going to be put on the people in
12 that area? Can that be done? And also is that part
13 of your letter of engagement and is your letter of
14 engagement available for review?

15 MR. BAHAN: That's a public document. You can
16 certainly come in and ask for a copy of the contract
17 with Mr. Friedman's company.

18 In terms of spending more time talking
19 about the various scenarios of redevelopment, that's
20 certainly something that we can follow up with.

21 Just one other comment that's been
22 mentioned a couple of times. A liquor store is not

1 anywhere close to the number one or number two or
2 number three priority for this area. It was one of
3 the businesses that contacted us and that was
4 publicly disclosed. We want the appropriate mix at
5 that location. And as we discussed tonight there's
6 a wide range of what can occur. Let me pass it on.

7 MR. KAPLAN: Give me ten seconds. I promise,
8 ten seconds.

9 MR. BAHAN: Okay.

10 MR. KAPLAN: When I mentioned that I knew about
11 the other place putting in a drainage out and that
12 was in an effort to do that, I really don't know
13 that as a matter of fact. There's just indication
14 that seems to indicate that.

15 MR. BAHAN: We're looking at the TIF as a tool.
16 Other questions in this row?

17 MR. CZERWIEC: You said a couple of times there
18 is the potential for a car dealer or something. I
19 kind of see it as there was the potential for a car
20 dealer because the way I read sections to the Illinois
21 act and having grown up in Oak Brook, I will say
22 parenthetically in my own little subdivision there

1 was a guy who owned Suburban Buick and went on to
2 develop Villa Park Chevrolet and subsequently passed
3 away. There was a guy who owned Heritage Cadillac
4 and subsequently passed away and passed it on to his
5 son. There's a family that owned and continues to
6 own Packey Web Ford and Dodge, and they continue to
7 own it. There's a family that owns a Buick/Chevrolet
8 dealership out in West Chicago. There's a family
9 that owns Torco Cadillac. And none of those people
10 have their dealerships in Oak Brook just as a
11 parenthetical. They all live in Oak Brook but their
12 dealerships are not in Oak Brook.

13 The other part of it is the is/was
14 distinction -- not sounding too much like a former
15 president -- that once a car dealership is established
16 I believe going through the state statutes and also
17 having talked to a couple of people that I grew up
18 with that own dealerships, that there is not an
19 opportunity to again develop that car dealer or even
20 relocate that car dealer if it's within a specific
21 distance. For instance, Maury Ettleson's Cadillac
22 dealership in Hodgkins/Countryside is approximately

1 10.1 miles from Billy Hartigan's Cadillac dealership
2 in Lombard. 10.1 miles is a significant distance for
3 a couple of reasons. One because it's part of the
4 GM master dealership agreement and, two, because
5 we're about equidistant between them. So you can't
6 split the difference between there. I don't know if
7 Don O'Toole knows that. I tried to talk to him about
8 that and he didn't quite understand what I was
9 saying.

10 The other part of that is when I said is
11 versus was, there is now a Saab dealership on Ogden
12 Avenue that is now within a new ten-mile radius.
13 There is a Jaguar dealership in Elmhurst that is
14 within a ten-mile radius. There is a Land Rover
15 dealership that is within a ten-mile radius. Going
16 back to my earlier thing on relocation, I just don't
17 see where the car dealership potential is. There
18 was car dealer potential; but now that there are car
19 dealers developed, that potential no longer exists.
20 Am I mistaken?

21 MR. BAHAN: Do you want to talk a little bit
22 about car dealerships and what you know?

1 MR. FRIEDMAN: I would rather you do it.

2 MR. BAHAN: I think the window is going to open
3 and close over a period of time regarding car
4 dealerships. The one dealer that had come to the
5 village, a particular dealership had gone dark,
6 closed and it was a relocation. It was my
7 understanding that the ten-mile limit no longer
8 applied and that that limit if it's a relocation is
9 dropped to seven. So it depends upon business models
10 of those existing dealers and what may come here.
11 You may be right. The window may have closed. We
12 may not see others. But that's yet another reason
13 why we have looked at another range of development
14 scenarios that came out in the eligibility study.
15 So it's possible you may be right. But I do know in
16 terms of the closing and relocation, that standard
17 based upon what we had heard from the other dealer
18 was reduced from ten miles to seven miles. That was
19 their policy and I think also by state law.

20 MR. CZERWIEC: Seven miles sounds right. Seven
21 miles put -- That's why Auto Nation/Laurel can have
22 a BMW and Shields who owns Westlake can have a BMW.

1 They're about seven miles apart.

2 The other part of it you said other retail
3 opportunities. And I talked to a couple of townspeople
4 that are on the economic development commission or
5 whatever, and they said stuff like Walgreen's. And,
6 you know, I just don't see the tax revenue there.
7 Maybe you've got the numbers on them, but the tax
8 revenue isn't there. I know the is/was kind of
9 thing. Now, there's Sam's Liquors up at 355 and
10 Butterfield, and then there's Emmett Malloy Safeway
11 Liquors, the is/was distinction. These guys aren't
12 going to roll over. I don't see the economic
13 potential.

14 I am opposed to this mostly because I
15 think uncertainty and risk belong on the private
16 side of things so that if somebody who is a private
17 investor wants to take a junk bond out, they can get
18 their junk bond returns. And if somebody is a
19 cautious investor and wants to count on steady
20 income like from property taxes, they can sort of
21 get their municipal revenue bonds that sort of go --
22 And I will tell you if the village was hurting and

1 they said my property tax had to increase, I would
2 be like great because every year on April 15th the
3 federal government helps me pay my property taxes.
4 I don't know if anybody else looks at that. But
5 man, if I didn't do that I would owe thousands and
6 thousands of dollars more in income taxes. So I
7 don't understand why people are scared of property
8 taxes. Property taxes are a good thing, I think.
9 They help our village. They're consistent. Very
10 rarely do property taxes fall. You can count on
11 property taxes. If you're looking for a raise year
12 after year, you can get property tax. But if you're
13 looking for sales tax, doesn't that go up and down
14 and up and down and up and down?

15 MR. BAHAN: Yes. Sales tax will go up and down.
16 There are benefits to property taxes. There is also --
17 I think this board has heard a sentiment that property
18 taxes should be held in check as much as possible,
19 and there is a desire not to put any additional burden
20 on the taxpayers and look for additional sources of
21 revenue that may be supported by citizens that reside
22 elsewhere to help us in our overall position in the

1 community.

2 We're going to go on to other questions.

3 I would like to wrap this up by about 10:00 o'clock.

4 We have been going at it for about three hours. If

5 there's other questions we can get to them in the

6 next ten minutes.

7 MR. GROVE: I just have a comment about the tax
8 situation. And that's that I think developing auto
9 dealers for sure and probably a lot of the other
10 things you're talking about developing over there
11 will actually depress not only home prices for
12 current people but will also depress the desire of
13 people to buy a \$300,000 lot and develop a \$1.1
14 million house on it which quadruples the amount that
15 you get in property taxes. That entire area over
16 there is going to go dark from a development
17 standpoint at least in my opinion. You might be
18 already seeing that with something that's going up
19 next to me as a result of this kind of stuff. So I
20 doubt if that's factored into any of the financials
21 that you have pulled together. But it's yet again
22 one of the items that should be considered when you

1 are trying to ferret out what is the real value of
2 this.

3 MS. GILBERT: Well, I was wondering. Going
4 right along with what he just said, I have a
5 document that actually I believe is been cited in
6 the ICLS on TIFs as well as numerous court cases,
7 the University of Illinois Institute of Government
8 and Public Affairs Policy Forum, Volume 13, Number 4
9 in 2000. In their opening paragraph they say, "Our
10 analysis of two hundred thirty-five municipalities
11 in the Metropolitan Chicago region finds cities,
12 towns and villages that had TIF districts actually
13 grew more slowly than municipalities that did not
14 use TIF." In going along with that, how do you
15 account for -- I don't understand why the number of
16 lawsuits, the potential not only for regular damages
17 but punitive damages to business owners for a legal
18 taking, the decrease in property taxes you're going
19 to get from a six-block area on Richmond, Woodstock
20 and Ogden because property values have gone down,
21 why all that hasn't been taken into account if such
22 a detailed analysis supposedly has been done.

1 MR. BAHAN: Thank you. You had a question?

2 MS. YUNG WA SHI: Yung Wa Shi, S-h-i, 447 Lynn
3 Court. Well, I notice there are quite a lot of
4 children like from the apartment building like one
5 parcel away from my house. Well, they either go to
6 Clarendon Hills Middle School or Prospect School.
7 What if they don't want to move then? The village
8 is going to take legal action against them or
9 something? I believe they live there because of
10 school.

11 MR. FRIEDMAN: Anyone who needs to move as a
12 result of the sale of the property will be given
13 relocation assistance to find another residence
14 within the market area -- within a reasonable area
15 of this area. I can't comment specifically on the
16 school boundaries. I don't know what they are.

17 MR. BAHAN: To get back to Nadine's comment
18 about litigation and potential risks with that, this
19 board would be very cautious in engaging in that
20 sort of activity. The only answer I can give you is
21 there are no certainties as we move forward with or
22 without TIF. And I just think you need to understand

1 that this board is going to be very cautious about
2 engaging in litigation that may have a financial
3 liability that this village could not absorb. You
4 have to look at it as a cost benefit analysis to
5 determine whether that's even feasible. Based upon
6 what I can tell you today, it's a scenario of being
7 that aggressive is something that the board would be
8 very cautious about.

9 You had a question?

10 MS. LYNN BRANDEIS: Thank you. Lynn Brandeis,
11 445 West Ogden Avenue. You're talking about
12 relocating people that are renting. We're in the
13 situation where we're in business but we're renting.
14 So are you going to help us relocate if we don't own
15 the building but we're in business there?

16 MR. BAHAN: This is about the answer on
17 development assistance.

18 MR. FRIEDMAN: Yes, businesses can receive
19 relocation assistance to the extent that they need
20 to be relocated. And that includes removing and
21 rehooking up equipment and those kind of things as
22 well as other relocation assistance.

1 MS. BRANDEIS: Inventory?

2 MR. FRIEDMAN: Yes, moving and reinstalling,
3 reestablishing a business is the target of the
4 relocation.

5 MS. BRANDEIS: You're also going to help us
6 find a location?

7 MR. FRIEDMAN: Yes. This all can be part of
8 relocation assistance.

9 MR. BAHAN: Anyone who hasn't asked a question
10 tonight? We're getting close to wrapping up.

11 MR. GILBERT: One more question. Paul Gilbert,
12 279 West Woodstock. Mr. Friedman, one of your
13 slides, I believe, was a financial analysis which
14 showed a figure of something
15 like 19.2 million it would take to pursue this
16 project. What's the village's plan for paying that
17 amount?

18 MR. BAHAN: That's a good question. You want
19 to address that?

20 MR. FRIEDMAN: Well, the 19.2 million is
21 presented as the maximum amount that could be paid
22 out of property taxes under the TIF. And it's based

1 on primarily a pay as you go proposition with the
2 maximum development potential which I described
3 earlier as three stories on 50% site coverage. The
4 village at this point has not determined the specific
5 methods that it would use, and the methods available
6 were as I described earlier. They are usually --
7 You usually use pay as you go methods that limit the
8 village's exposure and the use of the village's
9 credit, and that would all be determined on a
10 case-by-case basis. And usually the policy is each
11 deal has to make sense on its own and generate
12 positive benefit which is the subject of the article
13 we handed out in terms of the philosophy and
14 methodology if you will of underwriting a particular
15 transaction within a district.

16 We have been going for a good almost three
17 hours. I think what we're going to do at this point --

18 MR. KAPLAN: You haven't answered her question.

19 MR. BAHAN: He did. I think what we need to do
20 at this point -- We have been up here for three
21 hours. Our brains might be getting a little soft at
22 this point. So I think what we need to do is

1 identify the follow-up information and questions
2 that we need to provide more answers to and schedule
3 another meeting here in the future. I can't give
4 you that date until I have a chance to coordinate
5 with everyone, but I think that's something we can
6 certainly follow up on. I know Diane would like to
7 have a couple of wrap-up comments.

8 AUDIENCE MEMBER: Why don't you put it on the
9 cable TV and the web site about the meetings.
10 They're not being posted there.

11 MR. BAHAN: The notice for this meeting was for
12 those who resided within the district. In terms of
13 having a larger meeting about this, that would be
14 fine.

15 MS. HILLER: Just to reiterate, we will have
16 another follow-up meeting to answer any of the
17 questions that came up that we couldn't answer and
18 also to answer any others. I want to thank you for
19 all your questions and comments. This will be
20 transcribed, and the questions and comments will be
21 given to the village board so that they can see what
22 everyone has said here tonight. So again thank you

1 very much for coming. Rob, any other comments?

2 MR. BAHAN: I just want to make sure everybody
3 signs in so we have a record for getting back in
4 touch with you. I will make mention we'll coordinate
5 our schedules and identify a date here in the very
6 near future and make sure that date gets publicized
7 to you.

8 MS. GILBERT: Two things. Is there any way
9 that you can make all of the documents available at
10 the Clarendon Hills Library as opposed to making us
11 fill out a FOIA request and pay twenty-five cents a
12 page?

13 MR. BAHAN: No problem. We will file the public
14 documents related to this project over at the library.
15 They can be checked out.

16 MS. GILBERT: Also just one last thing. When
17 we were at the September 7th meeting there were a
18 lot of -- there were several business owners.
19 Obviously we were here. We did all this talking for
20 an hour and a half about this TIF, and then all of a
21 sudden on September 11th people started receiving
22 notice and then the meeting was tonight which is

1 fifteen days. I know that's the statutory minimum.
2 I have read the statute.

3 MR. BAHAN: We're a couple days beyond it
4 actually.

5 MS. GILBERT: Yes, one.

6 MR. BAHAN: It all counts.

7 MS. GILBERT: But the point is perhaps you
8 could give people more -- Some people travel for
9 work. I know quite a few people who wanted to be
10 here.

11 MR. BAHAN: Certainly.

12 MS. GILBERT: Perhaps you could give people
13 more than the statutory minimum to give everybody a
14 chance to be heard.

15 MR. BAHAN: That's a good comment. We will do
16 that.

17 MR. KAPLAN: Can you post the transcript and
18 these other documents on the Internet?

19 MR. BAHAN: We can't put the transcript on the
20 Internet at this point.

21 MR. KAPLAN: Can we get an ASCII disk on it?

22 MR. BAHAN: I can't answer tonight. We will

1 put the documents at minimum at the library. And if
2 we can get some of the other documents in a PDF
3 format we can post them on our web site. Thank you
4 all for coming.

5 (Which were all the proceedings had
6 at the meeting of the above-entitled
7 cause.)

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1 STATE OF ILLINOIS)
) SS.
2 COUNTY OF C O O K)

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4 I, MARLANE K. MARSHALL, C.S.R., a
5 Notary Public duly qualified and commissioned for
6 the State of Illinois, County of Cook, do hereby
7 certify that I reported in shorthand the proceedings
8 had at the meeting of the above-entitled cause, and
9 that the foregoing transcript is a true, correct,
10 and complete report of the entire proceedings so
11 taken at the time and place hereinabove set forth.

12

13

14

MARLANE K. MARSHALL
Notary Public
CSR License #084-001134

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17 My commission expires:
February 23, 2008.

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