

**MINUTES OF THE SPECIAL JOINT MEETING
OF THE PRESIDENT AND BOARD OF TRUSTEES,
PLANNING AND ZONING,
AND AD HOC RETAIL COMMITTEE
OF THE VILLAGE OF VERNON HILLS, LAKE COUNTY, ILLINOIS
HELD JULY 6, 2010**

I. Village Clerk Allison called the meeting to order at 6:35p.m.

II. Roll call indicated the following Trustees present: Koch, Marquardt, Schultz, Schwartz and Williams

Also present were Assistant Village Manager Kalmar, Chief Fleischhauer, Finance Director Nakrin, and Recording Secretary DeAnda

Motion by Trustee Schultz to appoint Trustee Koch as President Pro Tem. Trustee Schultz withdrew the motion when President Byrne arrived at 6:40p.m.

Trustee Hebda arrived at 6:43p.m.

III. The Pledge of Allegiance was given.

IV. Recognition of Members of the Planning and Zoning Commission and Ad Hoc Retail Committee in Attendance

President Byrne recognized Hal Morris, Scott Hezner, and Wendy Tzau from the Planning and Zoning Commission and Brian Klemstein and Mike Rochow from the Ad Hoc Retail Committee.

Al Maiden from Rolf Campbell & Associates explained the intent of the Initial Findings Report of the Commercial Space Occupancy Analysis and summarized the findings. He also explained the findings of the Hinsdale court ruling. He indicated that the outcome was only applicable to a limited number of uses in a tradition downtown.

Scott Carr from Inland Real Estate Corporation, owners of Rivertree Center and Hawthorn Village Commons, stated any type of zoning restrictions are a concern to them. He stated the retail shopping center owner's primary objective is to have retail tenants that drive traffic into the center. The report statistics show smaller spaces (5,000 sq ft and below) have a high incidence of vacancy. The concern today in the retail environment is that tenants of this size range are becoming fewer. It is necessary for property owners to fill the space, not only for economic reasons but also for traffic reasons. It is true that a non-retail use can bring visitors to a shopping center. When retailers are in decline and the population of retailers to fill these spaces is non-existent and dwindling, it is more important that they have the ability to fill the space with a viable user. A property owner is not going to put in an objectionable use that would hurt the overall health of their center. They are going to put a complimentary, perhaps not retail, tenant. It is critical to realize that vacancy breeds vacancy. A more vacant center builds on itself and traffic declines and more retailers suffer. Having lights on and activity in the center drives customer business and there is a real need to have that happen. Vacancy issues lead to decline of property values, maintenance of the properties, and, ultimately, ownership. It is of great concern to them that this be given great deliberation and realization that there is a place for non-retail uses within these centers because they are viable to create and generate traffic that is needed for the balance of the tenants that generate the sales tax.

Trustee Koch asked if the 5,000 square foot or less spaces were the most significant concern as opposed to the larger spaces. Scott Carr stated when talking about limiting uses that can go in and where the greatest fall off of users has been is in the smaller spaces. If you look at what is happening in the leasing environment throughout town, the larger spaces will fill up but there is still a need for consideration of non-retail uses. They may have a situation where there won't be a retailer to fill the space and what is wrong with converting a former big box to a medical center use. Trustee Koch stated he agreed on a percentage of the smaller spaces being non-retail, but disagreed on the larger footprints. Scott Carr stated the bigger box alternative has to be a consideration because of the decline of larger retailers. There are no longer two or three players in the electronics business, there's Best Buy. When there is a vacant big box the size of 20,000-30,000 sq ft, owners used to have four or five retailers to call to fill, now there is one, maybe two if they are lucky. He felt the vacancies will be long term vacancies because of the lack of new concepts coming online into town. He would urge the Village to be diligent in their consideration. In other municipalities, they have developed a fee in lieu of structure, which he is not a proponent except in a worse case scenario, if a non-retail use could compensate in some way other than sales tax, he would ask the Board to consider as well.

Trustee Koch thanked Mr. Carr for the clarification.

President Byrne asked if there was anyone else wishing to comment.

Andrew Annes, attorney for Townline Commons Shopping Center, concurred with Scott Carr's comments. On behalf of the retail owners, he stated there is a concern with trying to fill spaces, particularly in these times. It is difficult enough to find big or small tenants and limiting the perspective pool by this type of legislation, change, or ordinance, will only make it that much more difficult and likely to have vacant spaces which is not beneficial. He read and noted from the report that although the intent was to maximize sales tax dollars, he also saw a report that indicated approximately 80% of the spaces are ready retail orientated. He stated we are trying to deal with what might be a minority of the spaces still possibly being potentially non retail uses, but there is already a situation where even under these current circumstances in which 80% of the spaces are currently retail orientated. To impose a moratorium or a zoning ordinance that is going mandate it, will probably make it more difficult to fill the remaining spaces that are not yet filled. Filling those spaces, even if they were filled with non-retail tenants, would have a positive impact. A Bally's Total Fitness being in a big box formerly occupied by a Best Buy might be a better alternative in the long run than to have an empty space that they are waiting around for the next replacement of an empty Best Buy space. It will not help them in the short term and probably in the long term will render everything uncertain. Right now under the umbrella of the moratorium that is in effect, which he found out this evening there was consideration of an extension of that moratorium, is making it impossible for owners to effectively market their spaces.

President Byrne asked Mr. Annes who he specifically represented. Mr. Annes stated he represented the inline spaces and the space formerly occupied by Plunkett Furniture up to Wal-Mart. He stated the name of the company is Spectra.

Mr. Annes further stated extending the moratorium is going to make it almost impossible for them to lease potentially vacant space or currently vacant space. If there is a moratorium in effect, the Board has implemented a zoning change without giving anybody the possibility to participate in that process or challenge it, where at the same time are precluded from looking for

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tenants. They have had one potential tenant that would not have been able to be fulfilled under the existing moratorium, which they thought expired on the July 15. Now, they are looking at the possibility of a 90 extension that would make it impossible for them to consider a non retail user. That is making it more difficult and likely they could end up with an extended period of empty space. He understands the Board's concern with receiving the maximum amount of sales tax dollars. He does not know that this is the most appropriate way to accomplish that. From his owners' perspective, they oppose it.

President Byrne thanked Mr. Annes for his comments.

Trustee Schultz stated the reason for the moratorium was the Board did not have the ability to look at the conversation of the Circuit City building from retail to any other use as part of the Village's ordinances. The only reason the potential medical user came before the Board was to change the exterior of the building. If not for that, there would not have been any Village Board oversight. Trustee Schultz' concern was that the Village did not have an opportunity to review potential uses. He stated that even though the Village Board might not have statutory power to mitigate or deny, he at least wanted the possibility of review. The Village Board was looking at changes to the ordinance to increase the special use requirement so that basically any kind of change in business ownership would require some level of Village Board approval. Trustee Schultz stated he had no problem with PILOT (Payment In Lieu of Taxes). Trustee Schultz stated he would have voted to accept the medical use if there was a PILOT clause that would have allowed for some revenue generation direct to the Village over a substantial period of time, minimum 10, probably 20 years. He has been advised that cannot be legislated. His main concern was that the Village has the ability to review any changes in businesses. He would like the Village Board to pursue the revision in the special use and he believes that is the direction they are going.

President Byrne stated that was what the moratorium gives the Board the option to do. He stated because the Village relies heavily on sales tax and does not tax the buildings, property owners, including commercial and retail, have saved a great deal money in this community over municipalities where they have done business.

V. Recess/Adjournment

Motion by Trustee Williams, second by Trustee Marquardt, approval to adjourn the Special Committee of the Whole meeting. Roll call vote:

Ayes: 6-Williams, Hebda, Koch, Marquardt, Schultz, Schwartz

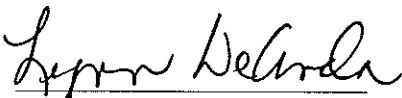
Nays: 0-None

Absent and not voting: 0

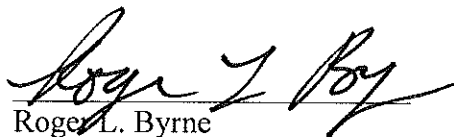
Motion carried.

Meeting adjourned at 7:00p.m.

Approved this day of 2010.



Lynn DeAnda
Recording Secretary



Roger L. Byrne
Village President