

**MINUTES
COMMITTEE OF THE WHOLE MEETING
VILLAGE OF VERNON HILLS
October 17, 2018**

President Byrne called the meeting to order at 7:46p.m.

IN ATTENDANCE: President Byrne, and Trustees Brown, Koch, Marquardt, and Oppenheim. Trustees Schultz and Takaoka were absent. A quorum was established.

Also present were: Village Manager Fleischhauer, Assistant Village Manager Carey, Deputy Chief Zimmerman, Building Commissioner Atkinson, Nathan Gaskill, Lauterbach & Amen, Attorney Hunt, and Recording Secretary Fischbach.

1. APPROVAL OF COMMITTEE OF THE WHOLE MEETING MINUTES OF OCTOBER 2, 2018

Motion by Trustee Marquardt, second by Trustee Oppenheim, to approve Committee of the Whole Minutes for the October 2, 2018 meeting.

Roll call vote:

AYES: 4 –Oppenheim, Marquardt, Brown, Byrne

NAYS: 0 – None

ABSTAIN: 1 - Koch

ABSENT AND NOT VOTING: 2 – Schultz, Takaoka

Motion carried.

Trustee Schultz arrived at 8:05 pm

2. AHR SALES TAX SHARING REQUEST – REPRESENTATIVES OF AMERICAN HOTEL REGISTER TO ADDRESS COW

American Hotel Register appeared before the Committee of the Whole to request a sales tax agreement for certain internal improvements to their existing building. American Hotel Register (AHR) previously requested an agreement in the Spring and were advised the Village was not interested in negotiating such an agreement. AHR subsequently requested an appearance before the Committee of the Whole and is requesting a 10 year agreement for a total of \$1,375,857 payable through a 50% sales tax sharing agreement.

Several items to consider:

- It is important to note the Village has not entered into any agreement with an existing business solely for internal building improvements. Traditionally agreements are approved based on additional revenue, increase in workforce, or new building construction.
- The Village's financial condition necessitated the implementation of a Food & Beverage tax to offset declining revenue and increases in operational costs.
- Approving such an agreement would be precedential and could lead to other businesses to make similar requests.
- The Village does not levy a property tax. Were the Village to implement a property tax of consistent with Libertyville, AHR would pay \$58,504 (0.648 tax rate) to the Village. Mundelein's rate is 1.558 which would require AHR to pay \$140,732 to the Village.

A list of current sales tax agreements is below. These agreements were either put in place at the time of the recession to maintain or attract retail tenants, or done to assist in significant redevelopment costs (\$50 million for mall).

No action is required to be taken and this item is for discussion purposes only.

Current (Ongoing Agreements)

Hawthorn Hills Square

- Request – Estimated at \$1.17 million
 - Years 1-5 70% of sales tax
 - Years 6-10; 60% of sales tax

- Years 11-15; 40% of sales tax
- Years 16-20; 20% of sales tax
- Improvements Proposed – Site related – building façade remodeling, site and landscaping (Dick’s, 5 Below, etc.)
- Approved in 2009
- Term – 20 years
- Outcome
 - Agreement successful and shopping center is nearly 100% fully leased.

CDW

- Request – Amount Based on Sales Generated by CDW
 - \$200 Million or more in sales – CDW Receives 56.3%
 - \$65-\$200 Million – CDW Receives 39.5%
 - \$50-\$65 Million - CDW Receives 23%
 - Less than \$50 Million – CDW Receives 0%
- Improvements Proposed –N/A
- Approved in 1996 and amended in 2014
- Term – 15 years
- Outcome
 - Ongoing

Westfield/AMC (Now Centennial)

- Request - \$10 million of Sales Tax (non-home rule)
 - A total of 100% of sales tax collected to the developer excluding anchor tenants
- Improvements Proposed – Site and Building/tenant expansion
- Approved in 2013
- Term – 10 years
- Outcome
 - Ongoing

Melody Farm – Non-Sales Tax Agreement

- Request - \$20 million via TIF District
 - Funds dispersed via Village issued Bonds.
- Improvements Proposed – \$200 million Site Development and Road Improvements
- Approved in 2016

Previous Agreements

Comp USA/Tiger Direct

- Request - \$518,000 of Sales Tax
 - First \$100,000 of sales tax collected to the Village; remainder to owner
- Improvements Proposed - \$518,000 for HVAC and Tenant Buildout
- Approved in 2010
- Term – 9 years
- Outcome
 - Sales tax never exceeded \$100,000 threshold.

Mariano’s

- Request - \$955,000 of Sales Tax
 - A total of 37% of sales tax collected to the developer
- Improvements Proposed – Site related – new parking lot and utilities
- Approved in 2010
- Term – 15 years
- Outcome
 - Agreement no longer in affect- amount requested reached prior to end of Term

HH Gregg’s – Townline

- Request – Not to exceed \$603,483 via 50% of sales tax to the property owner
- Improvements Proposed – Building renovation
- Approved in 2010

- Term – 10 years
- Outcome
 - HH Gregg closed due to a lack of sales. Agreement was not transferred to Bob's Discount Furniture

Steinhafels

- Request - \$600,000 of Sales Tax (non-home rule)
 - Years 1-4 40% of sales tax
 - Years 5-7; 41% of sales tax
- Improvements Proposed – Exterior modifications
- Approved in 2010
- Term – 7 years
- Outcome
 - Agreement no longer in affect

Gordman/Inland

- Request - \$385,000 of Sales Tax
 - A total of 75% of sales tax collected to the property owner
- Improvements Proposed – Site improvements and redevelopment of former movie theater
- Approved in 2011
- Term – 10 years
- Outcome

Agreement no longer in affect- no funds were ever provided due to a lack of prevailing wage documentation.

Robert Baker, General Counsel, American Hotel Register presented a slideshow to the Village Board. There was a back and forth exchange with Mr. Baker and his associates regarding the proposal and granting of a sales tax agreement with American Hotel Register. The Village Board expressed concern over their request and felt that it would create a precedence in that other organizations would come forward and request financial aid.

4. ADJOURNMENT

Motion by Trustee Oppenheim, second by Trustee Marquardt, to adjourn the Committee of the Whole.

Roll call vote:

AYES: 5 – Oppenheim, Brown, Marquardt, Koch, Schultz

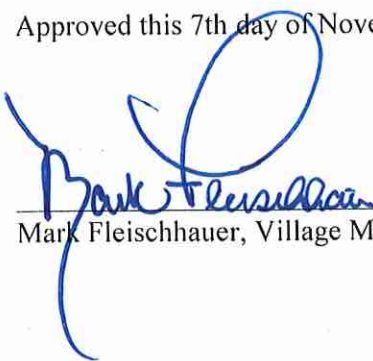
NAYS: 0 - None

ABSENT AND NOT VOTING: 1 - Takaoka

Motion carried.

Meeting adjourned 8:41p.m.

Approved this 7th day of November 2018



 Mark Fleischhauer, Village Manager



 Roger L. Byrne, President