

**VILLAGE OF VERNON HILLS
ORDINANCE 2025-139**

**AN ORDINANCE GRANTING A CERTIFICATE OF BUILDING AND USE
CONVERSION FOR A NON-RETAIL USE, MEDICAL OFFICES, TO BE
LOCATED AT 850 N. MILWAUKEE AVE. SUITE 100**

WHEREAS, the Village of Vernon Hills received an application from Elliot Bay Capital Management requesting a Certificate of Building and Use Conversion, to facilitate improvements associated with a proposed medical office suite to be located at the property commonly known as 850 N. Milwaukee Avenue, Suite 100; and

WHEREAS, the petition, if granted, would result in additional non-retail use in the first floor of a multi-level mixed- use building (reducing retail square footage on the first floor from 46% to 9%); and

WHEREAS, in accordance with Section 4.14 of the Zoning Code, the Village Board may approve a Certificate of Building and Use Conversion, based on a finding that the request meets the following standards:

- a. The proposed building conversion will not have a detrimental impact on the fiscal health of the Village.
- b. The proposed building conversion will strengthen the economic viability of the adjacent properties and village.
- c. Without the proposed building conversion, the property cannot yield a reasonable rate of return.
- d. The proposed building conversion of RSE floor area is the minimum needed to accomplish the goals of the property owner and/or developer.
- e. The proposed building conversion, if granted, will result in a mix of uses consistent with the intended character of the area.

WHEREAS, the Village Board discussed the application at its meeting on December 9, 2025, and determined that the applicant provided sufficient documentation to find that the request meets the standards listed in Section 4.14 of the Zoning Code, and therefor approval of the conversion certificate is justified.

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF VERNON HILLS, COUNTY OF LAKE AND STATE OF ILLINOIS:

SECTION 1. The above listed recitals are incorporated into and made part of this Ordinance.

SECTION 2. A Certificate of Building and Use Conversion, in accordance with the provisions of Section 4.14 of the Zoning Code, is hereby granted, as supported by the materials reviewed by the Village Board, attached hereto as **Exhibit A.**

SECTION 3. SEVERABILITY. In the event that any section, clause, provision, or part of this ordinance shall be found and determined to be invalid by a court of competent jurisdiction, all valid parts that are severable from the invalid parts shall remain in full force and effect. If any part of this ordinance is found to be invalid in any one or more of its several applications, all valid applications that are severable from the invalid applications shall remain in effect.

SECTION 4. REPEAL AND SAVINGS CLAUSE. All ordinances or parts of ordinances in conflict herewith are hereby repealed; provided, however, that nothing herein contained shall affect any rights, actions or causes of action which shall have accrued to the Village of Vernon Hills prior to the effective date of this ordinance.

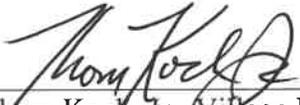
SECTION 5. SUCCESSORS AND ASSIGNS. All of the provisions of this Ordinance and the attachments hereto are binding on all successors and assigns of the petitioner and property owner.

SECTION 6. EFFECTIVE DATE. This ordinance shall be in full force and effect from and after its passage, approval and publication as provided by law.

SECTION 7. ORDINANCE NUMBER. This ordinance shall be known as Ordinance Number 2025-139.

Adopted by roll call vote as follows:

AYES: 4 –Forster, Schenk, Takaoka, Koch
NAYS: 3 - Marquardt, Oppenheim, Lundeen
ABSENT AND NOT VOTING: 0 – None


Thom Koch, Jr., Village President

PASSED: 12/09/2025
APPROVED: 12/09/2025
ATTEST: 12/09/2025

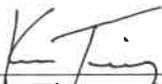

Kevin Timony, Village Clerk



EXHIBIT A

Certificate of Building and Use Conversion

Application Materials – Elliot Bay Capital Management

850 N. Milwaukee Avenue – Suite 100

October 1, 2025

Village of Vernon Hills

Andrew C. Jennings, AICP
Community Development Director
290 Evergreen Drive, Vernon Hills, IL 60061

RE: Application For Certificate of Building and Use Conversion – 850 N. Milwaukee Avenue, Vernon Hills, IL 60061

Community Development Director and Members of the Board of Trustee’s Committee,

We respectfully submit this application in support of a building and use conversion request to allow for expanded healthcare services and operations for the property located at 850 N. Milwaukee Avenue, Vernon Hills, IL 60061. We believe the conversion of existing vacant space in the property will enhance healthcare accessibility and fundamental services for the community, support the Village’s economic growth, and compliment the property’s existing roster of medical-focused tenants.

1. Detailed Description of the Project

The proposed project is a strategic repositioning of the Hawthorn Commons property, located at 850 N. Milwaukee Road. The project involves the conversion of 9,244 gross square feet of presently vacant space located in the building’s Suite 100. The suite was formerly occupied by the restaurant, Uncle Julio’s. This space no longer generates rental income for the Landlord or sales tax revenue for the Village and has become a persistent challenge and source of disruption for neighboring tenants.

We aim to transform the building into a cohesive, dedicated healthcare services facility and expand upon the strength of its anchor tenant, Northwestern Medicine. This initiative will create a premier medical destination that serves Vernon Hills and the surrounding communities.

2. List of Proposed Uses for the Building

The property is intended to primarily house a diverse mix of outpatient medical- and healthcare-focused tenants. While a specific tenant for Suite 100 has not yet been identified, our leasing efforts are targeted toward high-quality healthcare providers that will complement the existing services offered.

Current Tenants:

- Northwestern Medicine: 23,898 RSF (~49% of Total)
 - Family Medicine, Internal Medicine, Allergy and Immunology, Imaging, Endocrinology, and Immediate Care
- Illinois Dental Specialists: 2,275 RSF (~5% of Total)
 - General Dentistry and Specialized Services including Periodontal and Oral Surgery
- SimonMed Imaging: 1,883 RSF (~4% of Total)
- Options Medical Weight Loss: 2,720 RSF (~6% of Total)
 - Weight-Loss Management and Nutrition
- T-Mobile (Retail):

Anticipated Tenants for Suite 100 (8,303 RSF, ~17% of Total):

- Multi-specialty physician groups
- Specialist physicians (cardiology, orthopedics, dermatology, etc.)
- Physical therapy and rehabilitation centers
- Medspa
- Wellness
- Behavioral health
- Veterinary services

3. Proposed Site and Floor Plans

Please find the attached site plan, existing floor plan, and proposed floor plan.

- **Site Plan:** The site plan shows the building's location on the property, highlighting existing parking, access points from N. Milwaukee Road, and landscaping. The plan demonstrates that the existing infrastructure is sufficient to support the proposed medical use without significant exterior modifications. We anticipate demolishing the outdoor seating/dining area that was used by Uncle Julio's to accommodate additional parking for patients and visitors - a need that has consistently been underserved and has presented ongoing challenges.
- **Existing Floor Plan:** This plan shows the current layout of the vacant Suite 100.
- **Proposed Floor Plan:** The proposed plan details the conversion of the vacant Suite 100 into a shell space designed to accommodate medical office suites. It is designed for maximum flexibility to accommodate a range of medical and medical adjacent tenants as prospective tenants will have varying needs for further build-out.

4. Addressing Conversion Standards

Detailed explanation discussing to what extent the proposed use and development at the particular location requested is necessary or desirable:

The conversion of Suite 100 to medical use is both necessary and desirable, driven by hyper-local population growth and validated by regional healthcare assessments. The project directly addresses an immediate and growing need for accessible healthcare services within the community.

- **Necessity:** The primary catalyst for this project is the Village's own transformative investment in the Hawthorn 2.0 redevelopment, located directly adjacent to the subject property. This \$252 million project has already developed and leased approximately 300 new upscale residential units, with an additional 300 units expected by 2026/2027, into the immediate vicinity. This rapid, concentrated population growth creates a real need for proximate healthcare services. Providing these services within walking distance of this new residential core is essential to support the Village's investment and create the complete, sustainable community envisioned by the redevelopment plan.
- **Desirability:** The desirability of this conversion is confirmed by independent, third-party analysis of the regional healthcare landscape. The 2022 Lake County Community Health Needs Assessment (CHNA), a comprehensive study conducted on behalf of major regional providers including Advocate Condell Medical Center and the property's anchor tenant, Northwestern Medicine Lake Forest Hospital, identified "Access to Health Care Services" as one of the top priority health needs in the community.

How this conversion is in the best interest of the village and will contribute to the financial vitality of the village or general welfare of the community:

This conversion is in the best interest of the Village as it enhances public welfare, strategically diversifies the local economy, and stabilizes a key commercial property by addressing a growing community need providing fundamental services.

- The Milwaukee Avenue corridor has seen many new restaurants open their doors. Recent additions in immediate proximity, including Perry's Steakhouse (350 seats) and Yard House (approx. 370 seats)—both part of the Hawthorn 2.0 development—have greatly expanded the range of local dining options. However, the increased dining competition has contributed to Uncle Julio's decline and abrupt departure from the Vernon Hills area despite various attempts and new ownership to improve performance. Furthermore, the existing medical tenant mix is not conducive to additional restaurant or food service uses, citing concerns regarding operational conflicts, hygiene, and impacts on patient-oriented environments. This conversion will further diversify the local economy with long-term and stable tenants who bring well-paying jobs and provide primary amenities for the surrounding population.
- The availability of essential amenities like healthcare is critical to the success of the Hawthorn 2.0 redevelopment and the associated TIF district. This conversion acts as an "amenity anchor" that supports the Village's substantial investment by

enhancing the quality of life for new residents.

Discussion of how the proposed use is complementary to other uses in the immediate area, and consistent with the general character of the CRA:

The building is already primarily medical (approximately 64%), anchored by Northwestern Medicine and other specialized tenants like SimonMed Imaging, Illinois Dental Specialists, and Options Medical. This conversion completes the transition of the property into a cohesive healthcare hub which is highly complementary to the immediate area and consistent with the evolving character of the district. The Hawthorn 2.0 project is explicitly designed as a mixed-use "live-shop-and-play" environment. A modern mixed-use center requires essential services, such as healthcare, integrated alongside retail and dining which is more appropriately integrated in those areas.

Additionally, the conversion resolves significant operational conflicts experienced when the space was occupied by the Uncle Julio's restaurant:

- Grease odors permeating medical suites, disturbing patients and staff
- Exhaust systems incompatible with medical air quality requirements
- Pest and sanitation issues from food waste and frequent large delivery trucks
- Parking conflicts during lunch and dinner hours causing significant congestion for the building's medical providers and patients
- HIPAA concerns from shared corridors and noise issues

Comparison of estimated sales tax revenue of the unit occupied by a retail use vs. projected revenues (direct or indirect) should the conversion be granted and economic impact to the Village:

The current sales tax revenue from the vacant Suite 100 is \$0 and future estimated sales tax revenue would depend on the type of healthcare services provided; however, the conversion offers substantial indirect economic benefits including property stabilization, high-quality professional jobs, and support for the residential growth that underpins the Hawthorn commercial ecosystem.

To provide context, the Uncle Julio's restaurant opened in 2016 prior to much of the redevelopment effort at Hawthorn. The restaurant generated sufficient sales initially but experienced consistent annual decline and by the time of their abrupt departure on April 30, 2025 – the restaurant reportedly operated at an annualized loss of ~\$400K. The local restaurant market has grown significantly within the commercial redevelopment area and is materially more diverse and competitive than at time of redevelopment and even a few years ago. The likelihood of securing a viable, long-term restaurant tenant capable of generating stable, recurring sales tax revenue is low. Continued restaurant use would undermine the property's future viability and valuation, rendering it unsustainable and a persistent source of disruption for neighboring tenants, many of whom have strongly opposed any additional restaurant operations.

Addressing Additional Standards:

- **Reasonable Rate of Return:** Without the proposed building conversion, the property cannot yield a reasonable rate of return. The saturation of the restaurant market makes re-leasing the space for RSE use financially challenging and risky. Furthermore, the operational conflicts between high-volume restaurants and medical facilities undermine the viability of the building for its present and future medical tenants. We believe the "highest and best use" for this property is medical office space, ensuring stable tenancy and a reasonable return.
- **Minimum Conversion:** The proposed conversion of 8,303 sq ft is the minimum necessary to repurpose the existing vacant space (Suite 100) and accomplish the goal of stabilizing the building as a dedicated medical facility.

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This conversion provides the opportunity to strengthen an underperforming asset while supporting public safety, improving accessibility, and expanding essential medical services to the community of Vernon Hills. We believe the proposed conversion of Suite 100 to medical office satisfies all required standards.

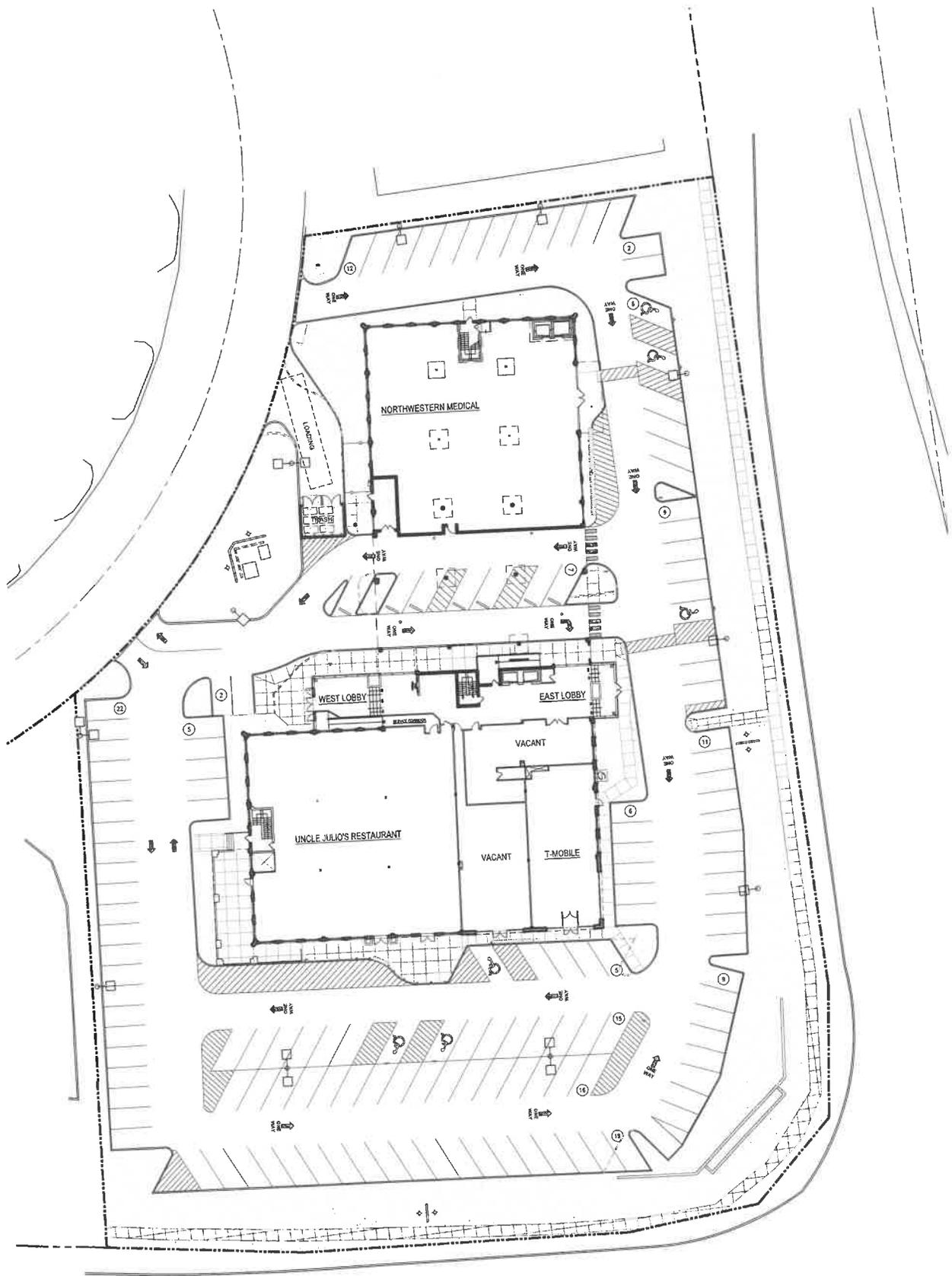
We appreciate your time and attention and look forward to working in partnership with the Village throughout the review and approval process. Should you have any questions or require further information, please contact myself at (206) 519-5083 or Christina Conyers at (206) 519-5086 or Christinac@elliottbaycap.com.

Sincerely,

A handwritten signature in blue ink that reads "Christian Whipple".

Christian Whipple
CEO

EBMPH Hawthorn LLC
c/o Elliott Bay Capital Management LLC
christianw@elliottbaycap.com

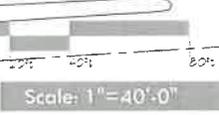


--- LINE OF EXISTING CURB
 TOTAL NEW PARKING COUNT: 146 STALLS
 TOTAL EXISTING PARKING COUNT: 149 STALLS

Site Plan
 ELLIOT BAY
 CAPITAL TRUST, LLC

Proposed Site Plan
MILWAUKEE & TOWNLINE
 Vernon Hills, Illinois

15 OCTOBER 2024
 24021
 MM, BP



Hirsch|MPG
 ARCHITECTURE + PLANNING

VILLAGE OF VERNON HILLS

ORDINANCE NO. 2025-139

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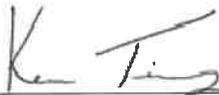
THE 9th DAY OF DECEMBER 2025

Published in pamphlet form by the Authority of the
President and Board of Trustees of the Village of
Vernon Hills, Lake County, Illinois, this
9th day of December, 2025

AFFIDAVIT OF SERVICE

STATE OF ILLINOIS)
)
COUNTY OF LAKE)

I, KEVIN TIMONY, BEING FIRST DULY APPOINTED, DEPOSES AND SAYS ON OATH THAT AS VILLAGE CLERK OF THE VILLAGE OF VERNON HILLS, HE DID CAUSE THE FOREGOING CERTIFICATE FOR ORDINANCE NO. 2025-139 AN ORDINANCE GRANTING A CERTIFICATE OF BUILDING AND USE CONVERSION FOR A NON-RETAIL USE, MEDICAL OFFICES, TO BE LOCATED AT 850 N. MILWAUKEE AVE. SUITE 100 TO BE POSTED IN THE VILLAGE HALL AS REQUIRED BY LAW FROM DECEMBER 9, 2025 TO DECEMBER 23, 2025.



Kevin Timony, Village Clerk

SUBSCRIBED AND SWORN TO BEFORE ME
THIS 9th DAY OF DECEMBER, 2025



Notary Public

