

**MINUTES
CITY OF ST. CHARLES, IL
CITY COUNCIL MID-YEAR RETREAT
SATURDAY, JUNE 25, 2016**

Opening of Meeting

The meeting was convened by Mayor Rogina at 8:15 a.m.

Roll Call

Members Present: Stellato, Silkaitis, Payleitner, Lemke, Bancroft, Krieger, Gaugel, Bessner, and Lewis

Members Absent: Turner

Others Present: Mayor Rogina, Mark Koenen, Rita Tungare, Fire Chief Schelstreet, Police Chief Keegan, Chris Minick, Peter Suhr, Larry Gunderson, Jennifer McMahon, Atty. John McGuirk, and Tina Nilles

Mayor Rogina: The format for today's retreat is an unstructured agenda. It will be shaped all morning until the end with Council directing the agenda. In conversations with you, it's been asked that you all have a time with the directors present to dissect and discussed the major issuer associated with the City. Regarding major issues, Mark and I had a conversation on how this should be shaped and agree that we just got done with the Strategic Plan which to some extent outlines all the major issues associated with the City, so that should be our frame or guide post along the way.

Staff is here to provide their opinions, learned analysis and express their point of view. Today is a safe zone. There's nothing here that we should worry about we say, whether we disagree with someone or agree. Nothing is personal here today. Mark and I may pose some big questions, but I think both staff and elected officials should also pose big questions. Today we should be learners and teachers at various times and be willing and aggressively participate.

In your packet is the breakdown of the strategic plan that was put together in the course of this past year and worked very hard on it; staff did a wonderful job of coordinating that. The priorities that the city faces as you identified them – sit there. They were ranked by your priority.

I looked at this list and said to myself, what does the Mayor want to see in full bloom come the end of this budget year (4/30/17) which coincides with the end of the Mayor's term; which coincides with 5 of the 10 aldermen's terms? The analogy I made to myself is there is a lot on this plate here. I call this my Thanksgiving plate because on that day we put all kinds of things on your plates. On our plate we have a ton of things. If I could put three major food items on my Thanksgiving plate, things I want to see moving along by April 2017 – what are they? Also, by the way, a couple of side dishes. So here are my top three and two sides. There are two big

ticket themes that come out: financial stability and economic development over and over again – those two themes ring loud. Here are my three things which aren't necessarily in order:

1. 1st Street – continued momentum.
2. Shodeen property on Rt. 38 and Randall Road (both of these items correlate to financial stability and economic development).
3. Cooper Hawk – by next April this project being close to completion.

Then two side dishes are:

- a. Police Station which definitely has a price tag on it, but it opens the doors to economic development along the river, and
- b. consolidation of the Chamber, Downtown St. Charles Partnership, and Convention Visitors Bureau.

Now someone may say what about the Active River Project. My response is that's already on the table. You moved at one the committee meetings to have staff negotiate with the Park District and others on who's going to pay the tab on the feasibility study. Staff may outline where we are on that because decisions have to be made, but that's on the table as I see it; so it's not on my top five lists. It's either going to continue to move or stop one way or the other.

I have a checklist and I think the following topics will roll into our conversation here today: 1st Street, Quad, Shodeen, Police Station, CVB, Active River, Lexington, Arcada/George's, Rental Licensing, Pheasant Run, and Alcohol/Tobacco/Massage (ATM).

Mayor Rogina: I forgot to add one item on my list and that is whether the City should engage in an economic trouble shooter for purposes of economic development. Staff and elected officials have come back from conferences recognizing opportunity there for that situation to develop – a.k.a. head hunter.

Strategic Plan / 1st Street Phase III Lots 2 and 3

Mark and I discussed that this first hour should be devoted to Strategic Plan and developing this using all these topics as vehicles to get there. You can hone in on any particular topic you want and the floor is yours to get it started.

Maureen: I like to add one thing that always seems missing which is the residents – the city services; the infrastructure of the things we have to repair. That's never in our conversations.

Mayor Rogina: You're right but in the role description that does come out in our Strategic Plan.

Maureen: We do have to think about citizens in our community that have to pay for everything and their services and some Public Works – I would add that to the side dishes.

Art: 7th Avenue Creek and what we can do to mitigate and keep that moving.

Ed: For the main dish, along with Shodeen, I would like to talk about both malls in general. In regards to 1st Street, we do have momentum as stated but I would like to see more priority on filling that hole, whether it's only temporary and utilized as additional space until it gets built (Manor site). I think that should be something that could be done in a very short time. Also, this is a short term, complex issue but access to Metra. This is a dream of mine and some others but if you can't focus on that, I would like to combine with Rt. 64 traffic circulation because whichever one might be easier to take on would have a direct benefit for downtown.

Mayor Rogina: I would point out that the Chief has been doing some background work on Rt. 64 and is probably in a position to comment on that later on.

Ed: Active River, I would agree it would be important in the near future for us to make a decision on where this is going. Also the police station and lastly, don't know if there'll be time today, I would like to revisit rental business licensing agreement.

Mark: I would ask the question of is the staff doing the right things to promote economic development? Are we being aggressive enough, too aggressive or are there different strategies that we should be looking at to create more economic development. I've been telling Rita and her team and all the department directors that to advance St. Charles, we need to push economic development. That's going to be a revenue stream for us and its opportunity to solve some problems and get away from the State dependency, if that becomes our reality. I want to make sure that we're collectively on the same page in moving forward and we're all comfortable in advancing economic development.

Dan: Let's define roles here. Roles here for Councilmen are to be good listeners. We listen to the staff, listen to residents, and have to judge base on our input. So your staff's ability to bring up economic development issues – is always a good thing. But I also want to let you know that we've been on opposite sides over the years on certain things – don't be disappointed if something doesn't go the way you had planned it. I use this term that we can't plan in a vacuum. We can't sit here today and make a decision on any issue and say okay we're ready to go – we're done; because if we do, then we're not very open minded and we're not listening to everyone involved to the constituents that voted us into office. There are things that may come up today on things you're working very hard on to bring to the table that may not come to fruition and that's okay. I'm comfortable with that. Just keep bringing it on and let us decide but do not be disappointed.

Todd: I agree with everything Dan said and I would layer on the best way to do as an example is 1st Street. This is the first thing on your list and when you look at the Strategic Plan as it is today it says complete our downtown 1st Street projects. Having spent a lot of time talking to people about 1st Street in the last week, there is such a feeling of pressure to finish that project. It's almost to the point where I feel finish that project at all costs.

Maureen: I agree with the pressure to cave simply because something is presented and we have to say yes to it. I come to think it meets criteria, than maybe its whether we feel it's the right fit or not.

Mayor Rogina: Ald. Stellato made a key point in saying you can't take this thing personally, but from staff's perspective to look at the other side; I know they're looking at a couple of things here that we have to look at. So when you ask the question about pressure and getting things done, one thing that jumps to my mind is an article in today's Daily Herald. Fuller makes the point and does bring up the financial implication. The article says should St. Charles protect the Hotel Baker. My question to Chris Minick is, for every fiscal year that an increment TIF is not developed, what's it costing us in the budget?

Chris: In terms of the lost increment and what we've discussed of what you would expect in a TIF district is that the property value would appreciate. It's been a little different of a market condition as of late, but we're starting to see the EAV come back in some of the TIF districts. The greatest impact happens towards the end of the TIF's life and based on the projections that I have right now, the increment amounts to approximately \$2M a year at the end of the life of the TIF. Keep in mind that in addition to the incremental revenue, the way the 1st Street TIF is structured, we have two overlapping districts: the old 1st Street TIF 4 and the new central downtown TIF 7. The way those two interact right now is that when they're both active and both developed based on the dates that were called out in the RDA that was approved last year; those TIF districts when they're combined, spin off a surplus. My thought process would be that we escrow those surpluses and use them to advance calls on some of the bonds towards the end of the life of the TIF which is 2038. That has a compounding effect on the interest – it's like paying ahead on your mortgage – same principle. You make extra principle payments; you don't have to pay as much in total interest.

Depending on what's built and the timing, the subsidies that the General Fund is going to have to kick over to the TIF debt, they increase substantially after 2027. They go up over a million dollars based on the increment that exists today. That does not include the ALE building. If the ALE building is included, those subsidies go down to \$800K a year. So there is a significant impact to the TIF and General Fund budget if we have to make those subsidies out of the General Fund.

Ald. Krieger arrived at 8:42 a.m.

Mayor Rogina: Next question, we all know there are maneuvers by First Street LLC. Joe Salas has opined here now and has talked to lot of you. The question is if the First Street LLC were to shut down; they decide they are not going to carry forward and perhaps walk away? First thing first, they've got a redevelopment agreement that ends at some point.

Atty. McGuirk: We've approached this once before. They would be in default, call them on the default, and fight about whether or not they substantially breached the agreement. That would play out in some court process for whatever period of time it takes. Can they walk away? If you read the document – no; if you live in the real world – most likely they can make it difficult.

Mayor Rogina: To Maureen's point, there are several people on the Council who believe the project should be carried forward just the way it was proposed. Building 2 is residential. I'm not even sure what building 3 is supposed to be.

Dan: When we did the redevelopment agreement did this site have three buildings or one building?

Atty. McGuirk: It had three parcels.

Rita Tungare: The third building footprint will show that we did not approve the architecture elevations. The buildings we approved were ALE, the parking deck, and we approved building 2 which is now being proposed as a hotel. We approved that for residential and approve the plan for building 2. Building 3 along the river, just the footprint of the building had been approved of the site plan, but we didn't have the architecture elevations and the details of that plan.

Dan: I know zoning classifications have grey areas. Is the hotel considered residential?

Rita T: It's a separate use.

Steve: John could you clarify default – what they specifically be in default of?

Atty. McGuirk: If you recall where we were before we did the new redevelopment agreement, they were in default for years and we extended it repeatedly with the reality that we were in a catastrophic economic event. They came back and we had an RDA that sets certain timelines for these various phases. If they don't meet those, they are technically in default. There are always other issues.

Steve: So my follow-up question to that is can they turn around and say I'm in default because you guys didn't give me the opportunity to start putting the shovel in the ground?

Mark: They did submit a letter for an extension in a timely fashion.

Dan: To Steve's point, today we have an existing approved use; they're coming in with a change of those uses with the hotel vs. residential. The second part is the first retail floor versus first floor office? How do we handle the RDA?

Rita T: That was not address in the RDA, so that would be an amendment to the PUD. So it's a change.

Dan: So there are two significant changes.

Rita P: I think there are three, isn't the timing a change? They want to do building 3 ahead of building 2.

Mayor Rogina: I don't think the communication between First Street LLC and elected officials until now, when all of sudden they realized there may be some discontent. Now there's been some conversation and a lot of you've been invited to engage in conversation with Frist Street LLC or in this case, Joe Salas. You are going to continue to get that kind of dialogue and my \$64K question that has to come before the Plan Commission and City Council some point down the line is why is this a better plan than the original plan? Why is this better for St. Charles?

Dan: I would encourage as being good listeners that all of us have to meet with both sides. It's no different than any other development that's ever happened in our community. One thing we've heard is marketing study that a hotel would generate X amount of dollars and Chris your basing your Performa on certain occupancy levels, room rates, hotel tax and alcohol tax; and that marketing study has never been generated or done by the City. I think the City needs to generate a marketing study, paid for by the developer just like we would a traffic study or tree study that's really independent of anyone else, so Chris has real numbers to build on.

Chris: For the record I have not included any hotel tax, alcohol tax or sales tax in any of my projections.

Dan: But you have included appraised values of buildings?

Chris: Yes I have included that and that's what everything is predicated on is the appraised value of the buildings and then the increment that would likely be generated off that.

Dan: Let's go back to the original TIF that was developed for 1st Street when before the parking garage was built and Wok n Fire was there. The Performa put forth by the developer said they would get around \$40 sq. ft. So based on that we took TIF projections on that \$40 sq. ft. and it looked like it was going to pay the TIF off in three years. We went back said \$40 sq. ft.; you're not going to get that. So the projections you're making today is based on the developer. Once again if we're good listeners and I think we have to have an independent study done for hotel or a bank and get the appraised value. We do not have that information yet and I'm not prepared to make a decision or pick a side as it's too early in the game. There's a lot more work to do yet.

Rita P: Steve in yesterday's meeting did we not get two market studies; one by the potential vendor and one by the developer. Would that count?

Dan: Who controls that and who gave them the information. We don't know that and don't have an independent study. That was my argument with them. I want the City to do an independent study that they would hire someone who doesn't have any ties to this development and tell them what the occupancy rates are for all the hotels around here, what type of room rates that we can expect, what type of appraised value we would have on that building, etc.

Todd: All great points, when someone asks me what this is, I have three views. First view is this particular development team focuses on whatever drops to them. Two, the fact that Sterling Bank has sort of drop in their lap. Third is the hotel. My guess that in some point in time, one of the development team members met up with a guy who is part of a hotel chain and started

talking. There's no one who sat down and said this is what we want our downtown to look like. How can you deal with what is the right mix for downtown St. Charles without thinking about an impact on something that is that big a piece of what we are – you can't. No one has said why this plan is better. No one has been active about it until we recently started complaining about the fact that we weren't hearing very much.

Rita P: Our job here is more than just reading the paper, more than just looking at numbers. Sometimes we have to have a conversation and we have to talk to the two players here; and in the last week I've had that conversation with both players. I wonder how many of us have because a lot of Todd's questions got answered for me yesterday. That's critical that we have to hear the whole story.

Ron: Back in 2006 or whenever this was developed, we had a vision for 1st Street. Some of it has come to past and a lot of it hasn't. The ALE building was not in the plan, the bank was not in the plan, the hotel was not in the plan. To Todd's point, they throw something at us and we say okay. We'll make money from the TIF but it's not what we had vision. Where is our vision? We're drifting from it and I struggle with that. I got calls from Salas and Rasmussen and am waiting to call them back until after today.

Mayor Rogina: In straying from that vision I would ask that you keep an open mind on this. I'm back and forth on this and will be the first to admit that a hotel and midwest corporate headquarters downtown, in my own opinion, makes some sense, but having said that, at the end of the day I think the proof has to be put on the table so that it goes to a market study and a variety of other things to answer the question, is this better than the original plan? I don't have any problem moving off of the original plan if it's better for St. Charles and I don't know that I have the answer to that question yet, but I'm certainly willing to listen to all the sides. I'll make one more comment, in my humble opinion I suspect in several of your minds that you've thought this through, there is a grand bargain here for 1st Street. It involves Salas and involves 1st Street. All these people are getting together and saying that maybe if we band together we could put something great for St. Charles and move along.

Ed: Dan was talking about a marketing study and I agree that can only confirm things, but it seems that over the last 3 or 4 years talking about Charlestowne Mall and 1st Street and trying to attract that next tier of businesses, restaurants, and hotels; a marketing study is great but at I think at the same time if a recognized hotel wants to come here, that should add some kind of credence to what they're trying to do.

Dan: That's my point. Let's look 30,000 feet down on us today over the last 10 years. Let's stop running and wait and see – be patient. When you have that hotel franchisee in place, and then you consider development.

Art: I'm still uncertain, and I think they are, building 3 is it rental or is condo? I don't think they really know and again someone says I'm hotel "a" and gives us some numbers; all that says to me is I sure like to see more information and certainty, particularly building 2 – I'm not against building 2 being a hotel, but what's in it for me.

Rita P: Give him a call, Rasmussen would love to talk to you.

Dan: What did you hear about the residential?

Rita P: I heard it's going to be market driven.

Dan: What does that mean?

Rita P: In the building that Art's questioning, if he can sell it – he'll sell it; if he can rent it – he'll rent it. My question is can we put it in writing whether or not its official yet? For the hotel can we put in a name or do we have to wait for them?

Mark: There is a process that has been outlined for me in terms of where they are with the franchise agreement and that process is as follows. There's an application made by First Street developer to the Hotel Selection Committee and a deposit of \$60K down. There is a committee meeting with the Hotel Selection Group coming up in the middle of July. This Selection group has three choices: 1) deny it, 2) to accept, recommend and approve on the site of St. Charles, and 3) ask for additional information and the conversation is rolled over for 30 days. Suppose for the moment that the Selection Committee says yes. We like the St. Charles' site and we want to advance forward, that then furthers negotiation for the preparation of the franchise agreement. The franchise agreement can take up to 6 months to draft and prepare. On average it takes about half of that duration. Let's assume for the moment they get approval mid-July and it takes 2-3 months, we're in the middle of October with a franchise agreement. It's only at that point in time when the hotel would come out and say yes, we're going to be in St. Charles; until that franchise agreement is executed, they don't go public.

Todd: Just so you know you're being told the truth. Independently I'm going through the same process, same everything downtown Chicago. I would submit I'm not a hotel guy so I actually have someone else who's involved who is going to manage the hotel for me which is another question about these guys – what makes them think they're an operator. The timing and process you're describing is spot on.

Mark: The amendment with the PUD is to allow for uses on the first floor like the hotel is in the plan. It doesn't specify what the hotel is – it could be anything.

Dan: Back to the condos being market driven for building 3. I've heard the same thing and actually had a disagreement on this because we originally heard how many apartments were going to be downtown vs. how many condos would be built and what they would sell for. We heard anywhere from 9 – 12 condos in that building and sell close to a million dollars. Is there a market for million dollars condos?

Steve: I asked this very poignant question to Bob, what is the residential piece of this? He softened quite a bit on this in terms of the number. I said the number is too few; and he said it would be anywhere from a half million to a million dollars for those units. The number is also a concern of the variance of price point to which he soften that position as well and said if the

market is telling me I need to put in 20 units smaller in there that I can rent for \$2300 I'll do that. His idea was we get the bank in there, get the building built and leave it as a shell and let whatever the residential piece dictates and build accordingly. He didn't have a firm I'm going to put nine units in that are all going to be \$750K per unit – that's it. He seemed very amenable to work with the remainder of that building in terms of quantity and price point, owning and renting.

Rita P: He also mentioned the other two parcels that he wants to make rental available – parcels 6a and 9.

Dan: That's been our point all along, we're worry about this being a land grant. There's a market for apartments and want to build them, but we also don't want to give away these other parcels.

Rita P: It's not that there isn't a market for apartments; it's prime real estate. We can rent apartments downtown but not on Main Street on the river, but there are other places to get those roofs in the other two places.

Todd: What do I do with a 2,100 high-end 5-story bank business if the bank leaves? I'm saying bring all the plumbing, bring all the electric, bring everything there so a real developer can come in and just do interior finishes and build out residential units with a quick change.

Rita P: We heard that too yesterday – the top two floors.

Mayor Rogina: This is a good summary to bring this to a close. Are there any other comments?

Mark: I would like to give Chris an opportunity to talk about the accounting side of this. What does the project look like with the hotel and Sterling Bank building? Two years ago we spent some time talking about trying to recover the TIF dollars to make ourselves whole. This is a piece of information that everyone needs to be conscience of.

Chris: The rest of the way through the TIF, we have approximately \$43M in debt service payment all total, principle and interest between now and the end of the TIF in 2038. I went through and looked at it and put together several scenarios based on what was approved back in 2015 as well as what's proposed in various variations of what could happen out there based on discussion, comments, feedback that I've heard from individual Council members and from Mark.

These are predicated on EAV somewhat supplied by the developer, somewhat also tempered through the filter of what other comparable properties are, but the current RDA that's out there, if we ignore the changes that the developer proposes and we had past an RDA in 2015; if that's built as that footprint was approved, we would end up with a deficit position in the TIF of \$8.2M in 2038. That would be the total amount of subsidies that we need to make between now and 2038.

Under the current proposal, assuming the timing changes for building 3 going before building 2; at the end of the TIF based on the numbers I have, there will be a \$5.4M surplus within the TIF. That's about a \$13M swing from what the current RDA is. If the ALE building is the only building that's built there, its under construction right now and assuming its absorbed in the next 12 – 15 months, the deficit increases to about \$22.7M at the end of the TIF. That's no building 2 or 3 in any shape or form.

Under the current proposal I went through and looked at what happens if buildings 2 and 3 – 3 being the bank and residential portion, as well as building 2 being the hotel as the developer is currently proposing; if there is a 2-year delay as we work through the process, we still generate a surplus in the TIF and works out to be a \$1.5M surplus.

I've heard some feedback that the EAVs may be inflated, so I ran this last scenario of what happens if they miss the EAV mark on buildings 2 and 3 by 50% in each building. Assuming they're inflating the amount of the EAV and they miss it, we do end up with a deficit position in the TIF of about \$8.8M which is comparable to the deficit that we have under what's currently approved to be built out there of \$8.2M. So this is a brief summary of the accounting side. Any hotel tax, sales tax, secondary tax or spinoff is not included in those numbers yet, but I have updated through April 30, 2015 and then taken into account the unaudited results for April 30, 2016. I'll have a better idea once the audit is completed in a couple of months. If there is other scenarios and information that I can provide to you that will help you make your decision, please let me know what those look like and I'll see if I can plug them in and get it to you.

Todd: I appreciate the work that goes into running models and I appreciate the sensitivity analysis that we described to get the balance, I would submit that the presentation that was just given was to lead us down the path of looking at the next shiny object because to me, unless we have it based on an independent market study that tells me what the success or failure potentials could be, all I have is a model that we could put in place. I really caution everyone here to not believe the downside or the upside. We need to have the business analysis done to tell us what the potential range of success rates would be for this project, and what does that mean to us as a city as well. We got to answer all those questions and then the model will have meaning to me. Right now, I understand it, but those are just numbers, they don't have any point for me.

Steve: One piece of that model that would be critical is to look at the model against the original plan of what is proposed for 1st Street; so if that original model says it's a more viable option, then we should go in that direction. If we do the analysis and go back to what the original thought was and it says this is a better option, but there's still obstacles of our original plan then we should shift.

Chris: The original model going back to 2006, even what's approve out there now is a very significant departure from what was approve back in 2006. They're not comparable projects in my opinion any more. The mass that was supposed to occur in some of the buildings that are in Phase 3 as they were initially proposed (I wasn't here when that was done), but based on what I looked at the buildings were six stories or significantly more massed and a lot less green and

open space and it's important to note that prior to 2008 we were meeting projections out there based on the EAV. The numbers we were generating in terms of incremental revenue were greater and were generating surplus. We had a positive fund balance in TIF 4 fund until 2009/2010 and were making interest payments on the debt based on the buildings that were out there and were meeting the projections and 2008 came along and changed everything. So to go back and try to compare to 2006, I'm not sure that's valid but I think we need to take a look at it better than the best we think we could do out there today.

Steve: That's where I'm coming from because we heard a couple of times already this morning that the original vision for what was anticipated to be there – we've strayed so far away from, there's a reason for that. The market is telling us that. That's why I made that statement because we got to look at what was proposed back then and what's feasible now.

Mayor Rogina: You think about the days of 2006, the figures that were given here in the analysis are some food for thought and you should gather as much data as you can on your own, listen and answer big questions to both Salas and to the First Street LLC as they invite you to sit down and talk. There is time.

Rita T: This is where we need some clarification from the Council. I appreciate the comments on the hotel. I'm still unclear about the direction on building 3.

Mayor Rogina: I think it's time for the straw poll for building 3. They're going to come with building 3 and all the drawings I've seen suggest they want a 5-story building; and lets says that's non-negotiable, so I would like to know that we're not messing around here. Who here is going to say that's alright vs. unacceptable to me.

Dan: After listening to Rita and Steve from their conversation on him softening on the type and size and marketing of units, I'm not as much worried about the bank as I am about the residential. I'm okay with the bank if I can hear some more definitive discussion on exactly how many units and I don't want to hear million dollar condos because that's not going to sell.

Steve: I don't have a problem with the bank. I think the fact that he soften and backed off when I challenge him on the residential is both good and place for caution but he should have some kind of defined plan of what he is going to do after that. While the 5-story bank doesn't appeal to me and after I realize what this bank is going to do, I think it could be a very nice focal point down there. It would be very appealing and draw attention down there. I'm not opposed to anything but would like that residential piece to be more defined before going forward.

Ron: No on the bank, it still doesn't thrill me being on the river. If we have any prime lots in St. Charles, it's the river lots. Bottom line I don't like the bank but if it's going to get more residential – okay I'm flexible but we don't need a 5-story bank.

Todd: The bank doesn't bother me as much if there's an exit strategy that could be retrofitted to residential easily. They would really have to increase their unit count and be aggressive about a rental program.

Ed: The bank being five stories isn't an issue for me especially with retrofitting it back. If it's going to be five stories I would like to see the linear footage as narrow as possible as to what they're going to take up in that building. Ten units whether it's condos or apartment is just too small of a number.

Art: That 10-unit seems awfully small but I wouldn't have a problem with a bank there.

Jo: Make 5-story bank four stories.

Rita P: I would like to reiterate and encourage conversations of my colleagues with the players here. I went in with no way a 5-story bank. Then you hear the plan of the bank and asking the question on advice of why is this better for St. Charles? That question got answered for me especially for the bank. Knowing the plan full out of what the bank is and offering and what it will mean to downtown St. Charles – I'm okay with it.

Rita T: Just so you know the bank is four stories – that's what they're proposing. That is comparable to the plans of 2015.

Rita P: True, two floors are offices, one is open for board and one is open for entertainment.

Steve: Correct me if I'm wrong. It's still a 5-story building it's just the top floor is two stories. So it's a 5-story height.

Maureen: I have a difficulty with the five stories and would prefer four. Who owns the land? We do, so do we turn the land over to Sterling Bank?

Rita T: We can turn the land over to the developer and they can build whatever they want on it.

Maureen: And Sterling Bank is also on 1st Street right now. What happens to that location? Will it move into the new location and then we have an open space?

Mayor Rogina: That's a smaller footprint, but yes you are correct.

Maureen: Sterling Bank, are they the money behind this project?

Rita P: Yes.

Mark: They are financing the hotel as well.

Maureen: As far as residential, we talk about people wanting to stay in town when they sell their homes; I don't know that we would get that million dollars people staying here. You might get a \$400K or \$500K when people sell their homes and probably even lower than that. People with fairly good incomes would want a turnkey because they live someone else and come back

here. I don't see it to be very expensive units unless it's within their organization that people would buy them. They might sit empty.

Mark: I had a conversation yesterday with Keith Kotche and he has reached out to Joe Salas for a meeting. Joe has not returned his call so Keith then called Joe's legal counsel who is Joe Klein. Joe Klein facilitated that Joe Salas and Keith will get together and I can determine if they both have talked to each other. They did not have a meeting set up as of yesterday afternoon and this meeting will only be between Salas and Kotche.

Mayor Rogina: In closing out here I get the sense that a lot people think that a grand bargain is the way to go.

Police Station / Active River

Mayor Rogina: Now I would like tie in both the police station and Active River Project. Since we are moving along on this project I bring these both up because we are getting near a decision for the police station, so it's not a bad idea to understand where people's minds are on the police station and on the active river because the police station does trigger development opportunities on the river after we start to put that into gear – and that begs the question where people are on the Active River Project with respect to the feasibility study. Mark can give us an update of where they are on that.

Chief Keegan: Peter Suhr and I have been working with FGM Architects over the last six months to a year and we have a study that is near completion. We talked about three sites specifically. You directed us at the last retreat to look at Public Works. We had FGM look at the feasibility of this structure. It was built to go up and put a third story on there. The bottom line is it would be tough, if not impossible, to accomplish and complete this as a functional police station. Ingress/egress in and out of the complex is difficult. There's just not enough square footage to build out what we need as far as holding facilities, training room, locker room. It just can't be done here. We did look at some ancillary land in and around the site here; there are some agreements in place that are long standing with the Park District that we can't touch; so really to add on here and do an attached garage and make it work – it's just not feasible.

Ed: Having the facility that we have now, does that interrupt and accreditations that the police department has or service rating levels that might have anything to do with funding incentives?

Chief Keegan: Probably not. The only thing I would worry about if we decided to stay at the current location and had to move out temporarily for a couple of years and then move back in – there would be some disruption. If we went to an ancillary site, albeit here, Red Gate or Valley Shopping Center, we would stay in our current location up until its turnkey and move; so I wouldn't anticipate any problems in that regard.

Mayor Rogina: Mark will verify to Ed's point that we have in any conversation we have with legislators, we always mention the police station for the purpose of investigating grants. We've always toss that out there to have some federal dollars because Roskam, Hultgren, even at the

state level as well, the police station is one of the projects that we flip out. We have a little summary sheet.

Chief Keegan: The Rt. 31 and Red Gate site, we initially showed this as a police facility. We looked at a couple of different options: a stand-alone police facility on the L-shape parcel with a stand-alone fire station and a combined facility. You'll see a building diagram in your packets that shows there's enough land there to accomplish both objectives. We would share the facility with fire department, there's enough for parking, garage, our space needs study analysis shows about 40K sq. ft. and there's enough there to accomplish this objective. We own the land and we know its shovel ready. All the infrastructure is in place and it looks like it's a fit. Some of the direction we were given at the last retreat is we sharpened our pencils and we went back and look at some additional areas such as Valley Shopping Center which I'll be addressing. The drawing depicted in the PowerPoint is the latest and greatest architect. Questions?

Rita P: Both say potentially lowest new building cost, which one is really potentially the lowest cost.

Peter: If you take a peek at the next slide, Valley Shopping Center, you can see the range is pretty equal to the same range as Rt. 31. In essence what you're doing is building a brand new structure on a clear lot depending on the architecture and elements within that building you might end up with a range of cost. They're both comparable in cost is a better way to say it. Valley and Red Gate as far as building infrastructure cost should be about the same.

Maureen: I have a comment. I know cost is important but when we're looking for a building that's 50 years out, a million, to me, isn't a huge factor in the cost of the building.

Rita P: Looking at the slide sheet: main route access and presence, I'm not sure that has the same presence.

Chief Keegan: What we mean by that and I'll use the comparison to Valley Shopping Center as oppose to Rt. 31. Valley Shopping Center is along Rt. 64 – the main thoroughfare that runs through St. Charles. It's not a negative, per se, but we would be behind the retail along Rt. 64 so visibility would be more prevalent at Rt. 31 and Red Gate. It's up close and personal and on two main thoroughfares. Maybe it's not essentially located along that main thoroughfare but one of the problems we have now, and I pointed to this before, I get approach by residents that were born and raised in St. Charles that don't know where the police station is. Albeit it won't be along Rt. 64 if it's at Rt. 31 and Red Gate, it's prevalent and stand-alone and that intersection is very identifiable.

Rita P: I see that as being coming and going out of town as opposed to the Valley Shopping Center is coming and going within town. With the right signage I think there won't be any question to that being the police station. Next to the slide is this a plus or minus next to the high school and NIMBY's?

Chief Keegan: We put a matrix together depending on which audience you talk to; from my perspective in law enforcement, I talk about where we respond from, being centrally located, being identifiable – you can probably make a negative or positive out of it.

Jo: If you have a shift change and something major happens downtown, you got a couple of rocky roads to travel to get the call. If the police station was located at Rt. 31 and Red Gate, would you consider having satellite offices at City Hall to take care of minor issues like dog problems, tickets?

Chief Keegan: Regardless of where we are located we do shift overlaps. We always have cars on the street. We never, ever have everybody in roll call and run the risk of not being out in the general area. We call it beat integrity. You're assigned a beat and we like you to stay in that beat. Secondly, if we did move out to 31 and Red Gate, I would work with Chief Schelstreet with either satellite offices in the three respective firehouses; a lot of communities do that, maybe City Hall. Where ever the location is, we can make it work. We respond from our cars, their offices are their squad cars.

Valley Shopping Center, Mark has had some dialogue with the people and could add some comments. We looked at this like a blank canvass. One of the sites we liked within that 10-acre parcel was having access with the 15th Street stoplight and of course a garage and exit out onto 14th Street. We diagramed a building off of 17th behind the car wash and diagramed a building off of 14th as you see in your packets and that's the one we would prefer to move forward with if the developer is willing to part with a parcel that would meet our needs. If I had to pick an area in St. Charles that would need a police presence in, this is definitely something that catches our eye and appealing to me. Can we make it work – that remains to be seen but we did work with the architects and plotted an area that we feel for our police station and what we need from our space analysis will work. There are some ingress/egress issues with some combined parking that we can talk about because it is a large parcel.

Mark: As a backup, everyone knows Valley Shopping Center went to Sheriff sale and is now being handled through Midwest Bank. I understand they have a selected purchaser for that sight and we've not met with that individual on this site. I know Matt O'Rourke knows of him and he has done other work here in St. Charles. I've been told they are going to be approaching the City because they are aware of our interest out there. I have not heard from the potential new owner that their plan out there is compatible with the police station but if they come and talk to us I'm optimistic that conversation could work if the Council would like to move in that direction. We could move to go into executive session to further discuss this and some of the pricing. The other piece is that we have no information on the environmental concerns on that site. We know there's asbestos in some of the buildings but to what capacity – we don't understand that. There was also a gas station on the site at one point in time where the car wash is now and the tanks have been removed, but there was never any remediation letter received so the paperwork was never concluded on that. That's an open item and don't know exactly what that means.

Dan: Do we need to move into executive session to answer my question. Is the proposed developer proposing a TIF or some type of incentive to help develop that property?

Mark: We've not had any direct conversation with this developer at this point; however, we've had enough people march through our office who have said that site looks like a perfect candidate for a TIF. Would the City consider that? We've stated that we're always open for conversation.

Chief Keegan: I've seen other communities, such as Palatine for example. They had a K-Mart on Rt. 14 and Hicks Road that they couldn't develop. They decided to move their existing facility from downtown Palatine to the K-Mart, it sparked some redevelopment next to their police station. So if visibility improves and as far as reducing crime, I'll use traffic as an example, we hit traffic with two prongs: we do engineering enforcement and education. Crime is the same way. We drive black police cars to promote visibility to prevent crime. We want to be seen and folks should know when we pull down the street that the police are here. Having just the presence alone, it's tough to gauge the crime you prevent. I think increased visibility wouldn't hurt that. To put a number on it – it's tough to quantify.

Art: If you had to bring a second or third unit for a problem related to traffic management and a fire in one of the apartment complexes, would it be better to have them near Valley Shopping Center?

Chief Keegan: If it's a midnight or afternoon shift, and we don't have the detectives and administrators working, it would be a moot point. It would be an even argument. If it's during the day, our ancillary staff is there – absolutely. If we had a catastrophic event during the day when most of the staff is working, absolutely we would be much closer to respond to that emergency, but keep in mind with a 24-hour day, 16 of those hours it's just the patrol staffing so that wouldn't factor into the equation, but it wouldn't hurt.

Dan: I have a comment on this site, before Henry Funk passed away he was talking about selling and we've heard about development and people sniffing around; I'm not sure if it's ever going to be developed to the extent that it could be and the environmental issue just adds more concern. I don't think it could be developed without an incentive. I'm looking at the site and saying maybe it's not going to be a shopping center just based on the location and reputation there. I like this site better for the police station only because I don't know what the retail potential is down the road.

Ron: Would we be taking the whole site, if we bought the whole site would we sell what we don't use? I think Rt. 31 is too far out. I rather keep it downtown. It could be \$22M for this police station and that's going to be hard to justify with the land cost I'm figuring?

Mayor Rogina: Is that a realistic number. You got the Red Gate site at \$18.1M to \$18.9M and Valley Shopping Center is almost the same but then there is plus land?

Dan: I wouldn't pay a million dollars for the property because of the environmental issues.

Mayor Rogina: The question on the table then is that staff now needs some direction. Pending the conversation about clean land, assuming we can resolve that matter in an amicable way to the entire Council, what's the Council's pleasure on the second? Here's what I heard most people say is Valley. So anyone who's not in favor for Valley, speak up.

Maureen: My preference like Ron and Jo is downtown, but if it's Valley...

Ron: I support Valley but how quick do we need the fire and police station?

Peter: May I just remind everyone that Public Works and the City are sitting on an existing conditions report that we did for the police facility that I think is over three years old at this point in time. There are some critical items within that report, if you recall, that is a million dollars worth of renovation needs just to get the building weather tight and that number has increased since then and the holes in the roof have gotten a little bigger. That might be a starting point to recognize that we're beyond three years of having an existing conditions report that this facility is deteriorating. We even have something in there of a constructional concern at about year 5 that we're going to have addressed and that's the parapet wall that's in front of the building. We monitor that every six months and have an architect go out and look at it to determine if it's decreasing in strength. If we do look beyond the 2 or 3-year mark beyond this point on, we may need to spend some money to patch a roof or tear down a retaining wall or parapet wall, or put some braces up. We're going to have to limp that building along as we move forward.

Dan: I caveat my comment saying the Valley's great but if you have information that says it's going to take way too long, then I'm okay with 31 and Red Gate.

Mayor Rogina: So that conversation will have to come back in the form of an executive session; we own the land.

Mark: That might have to come back to executive session because we'll still have to establish what the threshold of the offer might be and it would have to be a report that would go along with it.

Mayor Rogina: So staff feels like they have some direction now; Pete's comments are very timely and important.

Mark: We will reach out to Midwest Bank directly.

Mayor Rogina: I have a question that is segue to our next topic (Active River). We know now we have a site that's ripe for development which was alluded to earlier – Active River Project. It's not on my sheet because if you recall a few committee meetings ago at Government Services we had a motion that was passed to direct staff to discuss with the Park District some joint cost sharing with respect to the identified feasibility study that would have to be conducted first which is roughly \$100K plus.

Mark: At the Government Service meeting John Rabchuk gave a meeting on the Active River and that's where the conversation directed staff to review the contract for \$112K that related to whether that area generally between Rt. 64 and railroad trestle, that area could be rebuilt to facilitate an upper pool and still be able to create this Active River Project. Will this work? We also agreed to work with the Park District to see if they would share this funding. The Park District had the same presentation last week in front of their board and Holly Cabel of the Park District indicated that her board is interested in taking that same level of information and directed her to meet with us in how we could fund this. Next week John Rabchuk, Holly and I are getting together to have this conversation. Holly pulled me aside to say they have money for the Boy Scout re-establishment in how to create this pass through of water that would then flush out the slough, the proposed peninsula, which has a lot of stagnant water in it. I think she was telegraphing to me that Park District has money in that Active River project right now and probably aren't real enthusiastic in participating with the City whether this proof is going to work for the active river on the main body of the river. The other part of this conversation that day is whether we all want to make a trip down to Greenville and take a look at what their downtown has and how they have responded to an Active River Project in their community. I suggested to John Rabchuk that trip be made after we know if the Active River \$112K project can be done in St. Charles successfully before we go spend the money to travel to a town before we know whether it's going to work or not. The question is how flexible is the City of St. Charles going to be to fund this \$112K to do this proof to see if an Active River Project can work?

Chief Schelstreet: We met recently to do the pre-meeting for the 4th of July fireworks and Laura is going to sign the plans for Boy Scout Island and it's going to be very intense and wanted some feedback. They're looking in putting slips, like a marina concept, all the way around that slough area and we got some fire protection concerns there. There are also interested in how they keep all those folks in order because they have a conflict between motorized boat people and rowing boat people.

Mark: With regard to the \$112K study, I will tip my hat to say that study needs to be done; otherwise we'll never know if this project will work. Without that I don't think we'll ever be able to advance forward. So the fact that it needs to be funded, I would encourage St. Charles to be generous as we got to get pass that piece of the puzzle before we can talk about anything else.

Mayor Rogina: To Mark's point, how many of you would be in favor if push comes to shove to spending the whole \$112K on the study vs. a second prong would be how many of you are willing to share the cost but only share the cost; and if there's no sharing then your vote is a "no" vote.

Dan: If we go ahead and spend the \$112K, and I know there's been discussion on this, what does this do to us for being lead agency on this project? If we spend the \$112K does that automatically make us the lead agency and are we committed to spend all the money going forward or can we still get partners, Park District and Forest Preserve, can we do this? I don't have the problem spending the money, if we can share it great, but we have to spend it – okay.

But if we do that, I don't want people thinking we're going to fund everything going forward and not have any people helping us.

Mayor Rogina: I had a conversation with John Rabchuk and I said I had no problem to join a group of people on the Greenville trip and march right down to the Community Foundation down there, which he has alluded to before with this group being very generous for the river park project in Aurora, etc., to be an ambassador and say St. Charles would like some of that money.

Jo: Has the Active River Foundation try to raise money for this project and have they had any success?

Rita P: Yes but they have to have the City say they're behind this.

Jo: How can we be behind them if we don't know it's going to work?

Rita P: Yes that's what they're waiting on.

Maureen: What if the people don't want it?

Rita P: People don't want it if they don't know it can happen.

Jo: I've only heard the negative comments with a great deal of concern for the plans for the river south of the Prairie bridge and somehow there's an impression there is going to be a riverwalk along the river that will interfere with the bike path that they want to have along the river.

Art: I wouldn't do without some (spend money on study) sharing.

Mayor Rogina: For the record in my conversation with John, he said white water rafting is not part of this. He clearly made that point to me, that he knows that's been out there but that's not part of the current plan.

Ed: Dan said it best he would like to have someone share the cost with us, but if we can't, we need to move forward with the study.

Todd: This is really a leadership opportunity for us and I think whether we have sharing or not, is not important to the \$112K study but may be important to the larger vision. I agree with Jo that we have so many things we have to think about, it's premature for people to get upset about anything because nothing is approved. We don't even know anything is feasible. We need to move it forward.

Ron: I'm surprise the Park District doesn't want to share in this study when it involves them immensely. The study went from \$1.2M to \$112K, there's going to be more studies that are going to be needed after this one is done and that's going to be more cost involved. We've

determined this is a preliminary study, but it may take a third or fourth study to say you can't do it – where do we stop spending the money to find out on.

Todd: I had a conversation with John a few months ago where we were talking about that \$1.2M which became \$800K and said what we really have to do is get a go/no go; can we remove the dam or not and is it really worth thinking about all this stuff and I think that's how he got to the number of \$112K. My guess he heard this from enough people and came up with this number. I think there will be more studies but I think this really is go/no go.

Ron: I'm going to reserve judgement at the moment.

Steve: We got to get this thing moving forward. I'm completely in favor of spending \$112K and even go as far to say that if we are not in favor of spending \$112K, to me that would be a bold period against moving forward with this project altogether

Rita P: We need to take the leadership but it doesn't necessarily mean the checkbook is open; it just means we need to do this \$112K to see if its even feasible and then after that we can have private and public partners as far as helping with the cost of it. I think they're out there but are looking for somebody to take the lead and I think that's our to take the lead and as far as sharing, I agree the Park District already said on their end that this is a feasible project; so they're willing to take this piece by piece and are already spending money on the studies for Boy Scout Island and up the Ferson Creek way are already making improvement on that as well.

Maureen: If they're not doing the white water rafting, what are we studying and to do what? So there will be no rapids either?

Mark: I heard they're taking out the one 6-foot dam and replacing it with three 2-foot dams and step upstream. It will be a gradual kayaking to be able to go to dam to dam to dam and successfully negotiate going over those dams safely and from an environmental point of view it will give an opportunity for more fish migration upstream – a cleaner river.

Maureen: So we're basically studying on whether to take out the dam or not? Does that factor in Elgin and Geneva – does that study encompass how it affects them?

Mark: The study will define whether the pool elevation of the water as we know it today adjacent to Pottawatomie Park can be retained as we know it with a revised dam structure.

Maureen: I don't think we should give the \$112K.

Mayor Rogina: One final thought I said to John in talking was after the initial paper discussion and the dialogue of the press occurred, I got a few emails against this and I said it was time to get the community engaged so that they understand completely what's going on here and perhaps to get some grand plan for 1st Street, get some unity on this plan. John agreed the more education we can do, the more we talk to people speaking to the issue as opposed to it, the better we are.

Peter: Something our staff has discussed internally and Rita's staff as well and Dan brought it up as well, it ties into the leadership. Does the City of St. Charles want to take the leadership role in this \$112K study or is the Active River Group that takes the lead role in that study. There's a difference there. Is this city staff that is hiring the consultant and coordinating this and bringing back the report to the Council, or is it the Active River Group that's doing that?

Mayor Rogina: I would vote in favor of the study being done and go along with my colleagues. However we have a not-for-profit private group that has taken an initiative here and to Pete's point, I know a lot of staff and resource has been devoted to this issue and it's in a quasi-fashion and not officially done by the Council yet. As the Mayor that concerns me. It's a valid point. We're either taking the leadership role or not, we're doing the resources or not. Just get it out there as oppose to going on so far that a not-for-profit wants to improve their community. I think their goals are admirable and, in a roundabout way, they've been doing this already and staff has been brought into this and we haven't taken an official stance yet as a Council on this project.

Maureen: Where's the money coming from? It's not been budgeted?

Ron: I don't want to be a lead agency yet. We're participating in this but for the market study I want us, if it passes, I want city staff to hire a third party to do it and tell us the results.

Mayor Rogina: Let's go through the Council quickly that you'll pay the full freight for the feasibility study, you'll pay it with participation, or you don't want any part of it.

Jo: I would prefer the cost be shared but the City definitely be the lead agency as far as picking the company for the study.

Art: I would only do it if someone else participates and I'm not fussy what that percentage is.

Ed: I would agree with Ald. Krieger in sharing to be the option but if the City has to go forward with the whole amount, I'm in favor of doing it.

Todd: Go for it!

Ron: Preferably split.

Steve: Pay it all.

Dan: We pay it and be the lead agency for the study only at this point.

Rita P: Ditto to Dan's statement.

Maureen: Shared.

Mayor Rogina: I think staff has got a sense of where Council is at on a vote that will be coming before Government Services at the end of July.

BREAK

Audi Dealership – Northwest of Mercedes Dealership

Rita T: We received the Phase I incentive application yesterday. We've been waiting for this for a few months now from Semersky Enterprises. They owned the lot and several lots adjoining the Mercedes building site. We haven't reviewed the application yet but they are requesting a sales tax sharing incentive ranging from \$2.2M. The cost sharing is 75/25 and we'll be bringing this forward sometime in July before Council Committee which will be Phase I. Once we receive approval of the concept, we'll move forward with the actual agreement. The construction schedule is to start in September 2016 to break ground.

Mayor Rogina: With the extra property that Semersky has around them, is there a possibility of having more than one development over there?

Rita T: That's possible; there will be some more opportunities for commercial development. That was the purpose for the other purchased pieces of property.

Dan: When this is all done Woodward Drive will extend all the way through Randall Road, cut through the median and there will be a light there?

Rita T: Correct.

Dan: That was one of the development hurdles that we faced with that property for years because there was no way to get out from Randall going north bound.

Rita T: The incentive request is really to cover the costs for the improvements.

Mayor Rogina: You got plenty of time within the next month to dialogue with staff if you have questions, issues, or concerns of what's been put on the table.

Mark: There's a piece here that you need to be aware of. We have an access agreement with Kane County with regard to having access at this location that there is a fee that has to be paid in providing that access and the cost of that access fee is over \$1M. That will be written to the City of St. Charles as an expense so, we as a staff, will be talking on how best we can facilitate that cost if this project is to advance forward.

Mayor Rogina: One other thing, I would like to publically, again, commend Jim Keegan on the whole massage piece, but going beyond that I want to reiterate since we as a group has passed all this legislation, and Jim has been the lead staffer with a lot of assistance from the staff members in enforcing all this; but five revocations now and one suspension on massage licenses. The good massage establishments are singing our praises and thanking us very much. Also we just recently handed out our second tobacco violation under the new rules. It used to be a \$25 slap on the wrist if you sold to a minor. The second licensee in town got hit for \$250 fine/\$500 legal bill to sell to a minor. These are good businesses, who just made a mistake.

Chief Keegan: We received notice yesterday that our most recent revocation, U-Spa, has exercised their rights to file an appeal to Circuit Court. It should be interesting to see how this plays out. They have 35 days to file a repeal hearing through the Circuit Court.

Atty. McGuirk: They do a petition for administration review where the court looks at the processes and makes a determination. That will play out over a couple of months. It's not an appeal in the sense of what an appeal is to an Appellate Court. There's no discovery or deposition. The judge decides the outcome.

Lexington

Maureen: Has anyone driven by there lately with all the tow trucks, rental vans parked on the street?

Rita T: Most of you are aware that there was a plan approved in 2013 to break ground for townhomes. At that point it was a split vote and the Mayor had broken the tie. The community was not necessarily supportive of a townhome proposal; there were 20 single family homes, but predominantly townhomes. At that time there was a TIF established on the property. The total cost for the TIF was just short of \$6M. They had a deadline established in the Redevelopment Agreement of October 2016 to substantially complete certain public improvements: ordinance improvements, environment remediation, and some utility work; and nothing has happened on the property.

Fast forwarding into March 2013, the Plan Commission recommended approval of the revised plan which was for 170 single family homes which seem to have significant community support at that time. That project has not advanced to P&D Committee at the request of the applicant at the time because he wanted to go back at that point of the process and re-evaluate their budget. They've come back and had discussions with staff and there been some communication with Mark and the elected officials. They express a demand to the TIF budget to \$9M. They're estimating an \$11.5M cost in cycle. They've acknowledge a number of times that they overpaid for the property and the cost of doing all the improvements and hauling away the dirt was lower than what the actual cost would be at this point. They also acknowledged that given the changes from townhomes to single family, they reduced the density and that also places a burden on the cost of the redevelopment for that piece of property.

We met with them last month and they also requested a meeting with the Mayor, Mark, Chris and myself and at that point we shared with them the general interest of what the Council wants. There was not a strong interest in amending the TIF project. The direction we gave them is that we need to vet this through public process. I directed them to file Phase I incentive application along with their proposal and so far we have not received a number to substantiate what the average cost would be. The purpose of vetting it through a public process is to get conception feedback from the elected officials in a public forum, but also to engage for what the community interest would be. So far there has been interest in the development itself, but there's no

conversation about dollars and cents. I don't know where that neighborhood would stand if there was a conversation about increasing the TIF to that amount.

Chris: To dovetail along to what Rita said, in addition to the additional \$3M in TIF assistance, they've also changed the structure of the note. The interest rate would be higher on the developer notes that we would be giving to the developer. Keep in mind this is a pay as you go TIF. We would not have any upfront costs. In essence the developer would do the infrastructure, put the money into the ground, do all the work out there to remediate, move, grade, etc. and then essentially what the City does is give the developer a note that says to the extent if there is incremental revenue available from this development, we will pay you back for those improvements plus interest. Initially it was a \$6.5M note, just one series; and the rate would have been fixed at approximately 5% just based on the numbers that we worked out in the prior agreement. They are asking for 2-note structure now. One would be a senior note in the amount of \$7.3M. This strikes me that this is the note they're going to market and end up selling off to someone else; and then someone else will hold that note. They never said that but they have the ability to do it as well as under the existing TIF too. I have a feeling they are going to subordinate that note to a financial institution and then keep the junior lean note of \$1.7M that's even slightly higher in interest than that. It's not just the dollar amount but also the amount of the structure of the deal that's changed a little in terms of what they're doing. So far we have not seen any justification on the additional cost to get the ground ready. They did make it clear that these are costs related to site prep. We haven't been able to verify that yet, but that's what they've represented to us. That's why the change in the lowering of density in the number of units has the financial impact that it does.

Mayor Rogina: Tell the developer here's what we want from you and then come to a public forum and get a little taste from the public of do they want to spend this extra money after the developer has shown us where they need the money; and then tell them what the opportunity cost is. It will stay as a rock pile unless we take the increase cost – just a thought.

Dan: The difference of the pay as you go TIF which is the way everyone does it today vs. the 1st Street TIF where we actually guarantee the bonds and we're on hook for paying those bonds back. The pay as you go is nothing more than a property tax rebate. They pay the property taxes and some of that comes back. The risk for me is very minimal. If they prove up that these costs are valid, I don't have as much of a problem with pay as you go. I do have a question on the Joint Review Board. They still have to go back to the other taxing bodies and convince them to hold off and maybe take a little bit less money because they were banking on only a \$6.5M TIF and now it's doubled.

Rita T: We have asked to hold up on conversation from the school district at this point because we thought we would at least want to have this conversation with our elected officials.

Dan: The one issue that happened with Lexington years ago was a double edged sword because the TIF was too high and some people didn't like the plan. I will say at least this time the plan seems to be acceptable. So if we think the plan is acceptable and the Joint Review Board and

other taxing bodies are okay with it, I'm leaning towards that we got to get something done. I don't know what else is going to happen to that property.

Chris: The Joint Review Board is advisory, so even if the Joint Review Board opted to say they don't recommend approval of the change in budget or however they want to do it; that's advisory and the City Council could still decide to amend the budget.

Dan: Is that different because it's a re-TIF or because it's an increased amount?

Chris: No, the Joint Review Board is always advisory. They don't have the ability to stop it, but I believe they can trigger a super majority.

Ed: When we voted on this last time, part of my concern and I voted in favor of it, was that this site was going to get cleaned up in a fashion that would be acceptable to the surrounding neighborhoods? I expected to see something happen within a year. So if we go down this path again for \$7M, I agree we should look at it again, but there's got to be something in there where we get that cleaned up.

Mayor Rogina: I told them right to their faces at the meeting, part of the Council's angst right at the moment is that you're getting blow back on is the fact that it's still a rock pile out there. Nothing has been done to clean it up. That's why you're getting bad vibes at the current moment on this point. So if we don't do anything and say get it out of here; we don't believe your figures so get it out of here; then it's a rock pile for a long time.

Maureen: Aren't they running out of time? Didn't they have five years?

Rita T: October 2016 they are to complete public improvement. At that time Council will have a decision to make because they will technically be in default of the Redevelopment Agreement. So they submitted a request for extending the RDA already, so it's whether the Council chooses to accept this.

Ron: What are legal options? Can we force them to clean up or not?

Atty. McGuirk: I don't think so. It's their property and they can sit on it forever.

Ron: Why don't we approach them and say if you want extra money from us, you clean up the property and we'll talk.

Ed: Is that unreasonable to ask considering the timeline?

Rita T: Are we talking about what's visible or are talking environmental cleanup?

Ed: Visible.

Rita T: We've sent some strong signals to them that the condition of the property is sending some bad vibes to the neighbors and elected officials.

Dan: I have a compromise maybe. If they're saying they have no money and we can't do this because we can't borrow/finance, whatever; but at some point we could say we can vote to move forward on this contingent upon them cleaning up the property. So if you don't have it done by a certain date, everything falls apart.

Rita T: I think we could hold over their head that the current RDA is at risk of becoming default at the beginning of October.

Todd: We should get as much as humanly possible at the outset even if it seems like we're asking too much from an aggressive standpoint because I don't know what exactly is going to happen over there.

Art: Well to go from \$6M to \$9M what that says to me is that a large portion of that increase is due to them fumbling and dragging their feet. About 20% of the \$6M is due to economics – it's just function of time.

Mayor Rogina: I just want everyone to be clear about what the opportunity could be. I've only gotten three calls on this site since I've been Mayor – all neighbors asking what's going on over there?

Todd: I have two questions, one is with the rental dealer – is anything there going to happen, but not really complaining, and the other is I have people come up to me and say it doesn't look like anything is happening over there?

Mayor Rogina: I had someone come up to me saying they wanted to develop an area down by North 4th Street with some lofts and call it the Warehouse District. I asked if he had talked to the neighbors and said he owns most of the property down there with Clint Anderson.

Maureen: In other parts of town this would probably not be able to sit in this neighborhood for this length of time. We have beautiful neighborhoods and this neighborhood deserves to get this property cleaned up and I think we should be doing that.

Todd: I agree with you but the only problem is that it wasn't residential to begin with. It was a response to an overheated market at the time. So I think we're not getting the complaints because people are used to it not being any different.

Prairie Center

Mayor Rogina: What do we anticipated from Shodeen Inc. over there?

Rita T: We had received plans from Shodeen and over the past couple of months subsequent to Council's rumors, staff has been working diligently on three studies: Sanitary Sewer Study,

Traffic Study and Water Modelling Study. We are controlling the process, we've engaged the consultants, Shodeen is paying for these studies, and we are in discussion with Shodeen when information is needed or are reviewing findings, so there are no surprises. The plan that has been submitted by Shodeen is still for 609 residential units which are comparable to the plan we've seen previously. We also have talked with Shodeen about our process. We've not yet received a formal application but I'm anticipating it should be coming in any time soon in the next 2 to 3 weeks. The conversations about process, with the assistance from John and Shodeen's legal counsel, is we have all sat in the room and found a way to simplify this process. Shodeen's position is that they want an answer from City Council at the end of the day. Their original plan is to seek an answer and was to move forward with two concurrent processes. One being for an approved PUD development for 609 units and the second one would be straight rezoning for 400 plus units. They believe that if the Council does not approve the straight rezoning, if they contested through the legal avenues, in a court of law they would prevail. That's their belief.

In the spirit of simplifying the process, Shodeen is holding off on the rezoning application and move forward with the PUD application. The PUD application will be accompanied by two plans; one that shows some of the buildings having the potential to be residential; and the second is to have those buildings be mixed used with retail on the first floor. This does not change the number of residential units with either plan one way or the other. The new application moving forward will be the PUD application. Our goal in simplifying this process was to ensure the community does not get confused. They'll apply for an application for rezoning with my office and submit a letter to me asking me to hold the process of this application. If they get a scent at a P&D Committee that the vote on the PUD is not favorable, they have the right to withdraw that application or to continue processing that application to Council, but that's when they can ask me to pull the trigger on the rezoning application. Information of the studies will be provided at that time. They have indicated to us that they will not be performing a market study. They had previously analyzed for commercial on this site.

Mayor Rogina: I appreciate the fact that you were able to negotiate in how you explained the difference of the 600 to the 400 so that the community is not confused between now and the time that the application comes in and we have the Public Hearing, and that this body here has plenty of time to seek out all the diagrams and documentation that is presented here.

Maureen: What is the reality of producing that 600 number, because that's going to be the sticking point? Will the sewer study say no that you can't have 1,200 toilets in there?

Rita T: Right now the findings for the sanitary sewers are not giving us an indication. It seems this won't be a drastic impact on the City's system; some but not drastic.

Mark: The Mayor and I met with Dave Patzelt and Shodeen and he was very clear that it was not Dave Patzelt's decision for the 609 number but that it was his.

Mayor Rogina: At that meeting it was brought up by Shodeen and he said I'm very amenable with working with the City with respect to architecture and features as you bring them forward. He also said "I have no desire unless it comes from the Council" to bring any buildings above

four stories. That will not come from us, it will come from Council. He has learned from past experience.

Rita: For straight rezoning which he believes that even if the Council denies it, he can get it approved through legal avenues for 400 units.

Atty. McGuirk: That's been his intention all along that he has a right to that rezoning and there has been some experience in that area for rezoning and he doesn't get the rezoning approved; he's fairly convinced that the court will provide rezoning for 400.

Dan: Remind everyone what the downside of 400 units is; it's less density but its less amenities.

Rita T: Less control. It's a straight rezoning and if he gets a court order for rezoning, hypothetically if the Council denies this, he then can come for a building permit and we as staff or Council or Plan Commission lose control on the quality of environment such as architecture, landscaping, amenities, phasing of construction, no mixed use. The PUD gives us maximum control in terms of building architecture, open spaces, phasing of construction of how many units at one point, and off-site improvements; generally much more control on the quality of the development.

Todd: I know there has been some history in that area for this, do you have any sense from Ancel Glink or any of our other professionals?

Atty. McGuirk: I don't think we have posed that question directly, but I think underlying all of these the feeling is they have a pretty good shot surrounded by residential, but who knows – it's a judge's decision.

Todd: Second thing from a Unicon standpoint, I feel like we get ceased on just 609 units. As long as the infrastructure supports it, that's why we do the studies.

Rita T: The one thing that Shodeen communicated time and again is their preference for the PUD plan of 609 units. The straight rezoning is not their preference; that is their fallback position. I believe that there is probably some room for negotiation as this goes through the public process. What that incremental value is – I can't give it a number. Going back to Todd's question, getting it through the public process? What's different this time is the school district is probably not going to come out in strong opposition against the development of this property, given the enrollment numbers. The second point to make is the residents and neighborhood have seen this property sitting vacant for 5/6 years at this point. The 400 development is more reasonable than the 999 units that were brought forward 7 years ago.

Dan: I'm just throwing out here that it needs to be built.

Mark: They have been working with the Park District and with us. Patzelt told the Park District Shodeen would like to have a park out there and the District would like to have an acre site. Shodeen can't give up an acre. They've been talking back and forth and the Park District wants

to use cash to develop a bike path for the new Prairie Center along IL 38 to the Peck Road park site(s).

Dan: Have you had a conversation on affordable housing yet?

Rita T: We have not had any conversation on affordable housing.

Todd: I think they are subject to it.

Rita T: Yes they are subject to it and the number is around \$5M.

George's/Arcada Update

Mayor Rogina: Just want a quick update on this subject.

Mark: A year ago we talked about George's, we're the owners, we need to do something and set an example. We have not done anything and 12 months later Pete Suhr and Bob Vann did an inspection recently (pictures in binder) and frankly the deterioration of that building isn't a lot worse than it was a year ago.

Dan: Let's knock it down and get it out of here. Make it a vacant lot so if someone wants to do something they can create coming in. I wouldn't put any money into except for demolition.

Mark: To piggyback on that comment, Pete, John McGuirk and I had a conversation with Mr. Price, the Arcada holder, and Mr. Onesti 90 days ago. At that meeting they were talking about the improvements they were going to put into the Arcada Theatre that included a new air conditioning for the theatre as well as additional washroom facilities and what their plan and how that was going to lay out. At the same time they were asking for incentive from the City. I said tell us what you want so we can respond. We'll be glad to consider that. They were going to submit something at the beginning of May. Ron Onesti was in charge of writing that proposal and we've never received a proposal, but at the end of that meeting I posed the question to both of them asking will all the improvements you're doing in the theatre, do you have an interest in George's; only because the City bought that for a companion building for the theatre. Onesti's comment was no and Price said no, not right now. The next day I get a note from Mr. Price saying "Mark, were interested but not interested just right now. Maybe we could move all the bathrooms into George's." I responded you have a good proposal and we're going to work with it in the framework of (restrooms) Arcada Theatre and let's keep it small. Let's move ahead with your project and see if we can work together with an incentive to make this happen. Then we could talk about George's if we need to have that conversation. More recently we've had one or two independent parties walk through George's.

Dan: I know but we've had that before too. Once they start looking at the cost, it all changes. So unless you find someone who has got the passion for old buildings and willing to spend money, economically it doesn't work because then you have to convince the bank that they have to lend that money and that's where you run into this roadblock.

Mark: So we're at a decision point, do we knock it down? Do we wait another 12 months to see if it deteriorates more? It will take about \$150K just to put a new roof on it and clean out the junk.

Maureen: What happen to the idea that it was going to consolidate with the Partnership, Chamber, CVB and Welcoming Center of St. Charles and all that?

Mark: That is for another conversation.

Todd: Every dollar you spend you'll not get back. Every moment you spend you'll not get back. I think you're better off just making it a site.

Peter: It would cost about \$100K to knock the building down.

Maureen: But then I wouldn't want it turned into a parking lot.

Dan: Then we're in a position to tell a developer what we want it to look like and what type of use we want.

Mark: We could facilitate a proposal to define what we want, put it on the market and have someone say "I could do that."

Mayor Rogina: Sounds like we got a consensus on what we want to do with this property.

Consolidation of CVB, Partnership, Chamber of Commerce

Mayor Rogina: We did at one point have a possible site to move all these groups into and let me set the stage here. Non-for-profits costs us about \$1M for all three groups. We had all this dialogue, Partnership is already in City Hall, Mark's been engaging CVB. We've had a lot of conversation with these two groups over the past few months. I believe there are efficiencies to be had here.

Mark: Discussion with CVB and Partnership on a couple of different points. One, give us the quantitative data in terms of the impact you had in the performing of your vision as oppose to qualitative information. When you see the DSCP presentation for their budget coming up shortly as well as the CVB, you're going to see some quantitative information in terms of what they produce as a result of their work effort to make downtown St. Charles or the City more successful. Rita and I already saw that at the Partnership Board meeting this past week. Second, we've been working Community Development and PW and have cleared a space on the second floor of the Municipal Building for the CVB to move into. What use to be the work area for some or Rita's staff, that space has been totally vacated and is now a clean sheet of paper for the CVB to move in. And then what was formally a conference room down in the mezzanine (6 steps down) in the DSCP area could be set up for office space. We indicated that the CVB is welcomed to move into that space. Their response was this space didn't meet their needs; however as you all know, they have a new director who's been on board for 2 weeks. The new

director understands quantitative information about goals and efficiencies and also understands that the City would like to have them move into City Hall building and there may some opportunity for collaboration with the Partnership and the City's Economic Development office if we're all in the same work space. So we're trying to make that happen.

If we come to conclusion that we can get them into our building, they would like to move after Scarecrow Fest. Not only do they have equipment in their office space, but they have a lease on some space for storage of equipment which is \$5K.

The feasibility piece to this is Chris and I have been looking at the numbers for the CVB and they pay a rent to Mr. Grove and are in the middle of a 5-year contract. They pay ~\$60K and if they move into our building that would be an expense they wouldn't have to pay and can alter their budget item. They also have some related expenses with having their own space and things like insurance and custodial services come out of their budget, telephones and utilities as well. The biggest benefit would be that we would all be able to work together and collaborate and we've had enough meetings with the CVB and DSCP and Chamber in the last six months that we've already found some opportunities to collaborate on such as creating a calendar, sharing information about special events because we, the City of St. Charles, have never shared with the CVB and Chamber special event information.

Here's where we are right now. We've created space for them and see if we can get them to feel comfortable in moving into our space. Lula is the new director and she is really big about communicating, she's giving us information on how their organization works to get leads, how the leads are passed on to hotels and hotels create the booking environment. Chris and I have sent information to the four big players of the hotel industry in St. Charles to find out how leads through the CVB impacted booked rooms in their facilities and what the nexus was for that success. We also now understand how the CVB retains a couple of different firms on the outside as consultants, who are head hunters specifically for events and conventions and core groups that they use to get people into St. Charles. We understand how their organization works a lot more. The Finance office sent a survey out to 20 some municipalities to understand how they fund the CVBs that they pay money to and how do we compare. The Daily Herald, a couple of months ago, had a list of significant CVBs in the Chicagoland area and St. Charles was named. These organizations are significant and important in the tourism business in the greater Chicagoland area. Chris sent out a survey and we got back close to 20 responses and we fund at the level above 80th percentile.

Chris: The key distinction is that the City of St. Charles and the State provide the overwhelming majority of the funding for the CVB's budget and that's not necessarily the case in the other CVBs. The other CVBs seem to have 8, 10 – DuPage County has 39 municipalities that fund into their CVBs. So when you start thinking about that, it's not surprising if you hear that we are the majority, because we're the only municipality that really contributes significantly to the funding of the Greater St. Charles CVB – the number has to be bigger because there's just not the same economy of scale.

Mark: The other piece of information that is important is that every major Chicago area is involved in some CVB in some fashion and the big hitter seems to be Schaumburg. They fund the Chicago Northwest CVB and they get \$730K a year to our \$526K; and Naperville is about \$500K. I want to leave everyone with the fact that the CVB does have a role in tourism in St. Charles. I had to talk to enough people around the Chicago Metro area to find out what their value is; and everyone like us can't really put their finger on what the value is; but they recognize that it creates value and brings people to our community.

Dan: Great job in getting them to consider moving into City Hall. The \$60K they have to pay on their lease – how long is that?

Chris: They have about 2-1/2 years left.

Dan: They're going to take care of taking that out of their budget and at some point after that 2-1/2 years and they don't have any need for that – we can reduce our funding by that amount? Is that the plan?

Mayor Rogina: So if they stay there, we don't have to buy anything out and the lease stays in tack.

Maureen: Is their space accessible to the public, because the public does walk in to their place? Will there be a presence there, will people be able to walk upstairs and get the information they want?

Mark: We will give them a space right in the lobby where people could come in and get information or they could go upstairs just as people do for the DSCP where they sign in and then go upstairs; which is a change in how the CVB operates today.

Maureen: When people come into town that's what they look for and they go and ask questions, so I would want them to have access.

Mark: We would have a CVB sign outside of our building like they have outside of their building right now.

Rita P: You said when you question the hotels they said they help bring people in but couldn't exactly put their finger on it?

Mark: When I asked the CVB what was the impact for the hotels, CVB said they could not tell me and directed me to the hotels; and then Chris sent out the letters to the hotels.

Rita P: Looking in their booklets they put out, I have no issue with them marking events that are in surrounding communities, but when they promote other towns restaurants and hotels, I have an issue with that. To Chris' point other communities have a lot more support so why are we giving free advertisement of Elburn or Geneva's businesses.

Mark: That relates to the state funding aspect. They are a state certified CVB and to be state certified bigger is better. There is money they receive through the state as being a state certified facility and because their state certified, the St. Charles CVB are in the state brochures.

Rita P: Can we put it on the CVB to say if you want to mention other communities, get money from them?

Mark: We can ask but I'm not sure towns like Elburn are going to want to pay into this?

Rita P: Of course not, they're getting free advertising now – why would they?

Mayor Rogina: That's a function of us calling ourselves the Greater St. Charles CVB and getting approximately \$200K in grant money from the State.

Chris: The CVB actually approaches the municipalities and asked them to designate the Greater St. Charles CVB as their official municipal CVB. You need to be designated and officially recognized by more than one community in order to qualify for the state funding. There's nothing that prohibits the CVB requesting in addition to the letter an allocation onto the sales tax because I don't think any of those other communities have hotels, but they certainly request a designation of some sort of other revenue.

Ed: In Geneva there is a sharing in terms of some marketing. They work really well together.

Mayor Rogina: We drop money into our local communities' economies and they do likewise to us. I feel like we are quid pro quo as opposed to being isolationist.

Ed: If the CVB was to move into City Hall and they have two years left on their lease, are we still paying that lease off until Terry Grove rents that spot or would we be locked into that?

Mark: There needs to be a conversation with Terry Grove and that has not been cultivated. I do know from the CVB staff and some of the board members that Terry has made it real clear that he has a contract with the CVB that he wants to be made whole. If this really happens that they move into our space. John and I already spoken about having a conversation with him directly.

Head Hunter for Economic Development

Dan: I was in Vegas for ICSC. Both Todd and I were there and went with our respective companies. I do want to represent that no matter what I think we should have someone go to Vegas from the City of St. Charles; whether it's staff or elected officials every year. It's great to have a presence out there. Matt O'Rourke did a great job on preparing me. If you've not seen these brochures there are four separate brochures for different elements of downtown St. Charles East Gateway, West Gateway, and general information on St. Charles' profiles. I was able to walk around and hand out a lot of these and Matt's cards.

ICSC is a collection of brokers of developers and retailers and so when you walk the floor you see all these booths of different retailers. The most proudest moment I had was most of the retailers there are already in our community. It's a credit to us that we have this. There are some cities that actually had their own booths. McHenry, Harvest Heights, Harvey were there and I went up to introduce myself and their comment to me was why is St. Charles here? In other words we already got these retailers. However, what we don't have are the developers that we want to come in and buy maybe Valley Shopping Center. I also got a chance to see Krauz Company.

They have classes held during the day that you can attend. I attended a class for elected officials, city staff, and people in the government side. There were 500 people in the class and was held by a group called Retail Strategy. People were talking to this group about potentially coming in and find retailers for us with the particular sites we have. It was a real good demographic eye opening experience for me because they talked about the trend of the millennials who are 18 – 35 years old and the millennials are now dictating the shopping patterns in this country because they are now the largest group. They've taken over the baby boomers. Examples are restaurants; restaurants that are popular today are ones that these millennials did not go to when their parents took them to dinner. So they do not like Chili's, Olive Garden, TGIF, Ruby Tuesdays. So those restaurants plans for growth in the upcoming years are significantly down. The ones that are up are the fast casual healthy restaurants like Panera, Jimmy Johns, and McDonalds with their new menu of being healthy is also starting to pick up. You got the millennials on this side of the restaurant, nothing in the middle price, and then they go all the way to far end because they consider themselves "foodies". So the more high end and fast casual restaurants are on this side of the spectrum of being fast growing. This group has their finger on the pulse of all the shopping patterns such as Dollar stores. So Dollar General, alone, is planning 900 new stores across the country. The statistics are they estimate in the future (3 to 4 years out) every town over 2000 people will have some type of dollar store.

The interesting thing about this is we got a chance to see what these retail strategy companies can do and I had a chance to meet with both of them while I was out there. The retail strategies track their leads by using your cell phone. They know every day where my cell phone sits at and tracks through the pings off all the cell towers and when I go to shop at Home Depot in Geneva, it says my cell phone has left St. Charles and has gone to Geneva to buy hardware. They track that and if they see a lot of that leaving your community, they will let you know you're losing hardware dollars or furniture dollars, etc. Buxton has an exclusive contract with Visa and they get all the Visa receipts so they know when you go to charge something, what community you're charging from. The ability to get that data, we could not compete with that from an economic development standpoint in St. Charles.

The Retail Strategy that put on the session I went through was Buxton. They had a very large booth. If we want to go that route and hire someone to come in and help us find retailers or developers, can they do that and get us together with these tenants? What they'll do, looking at your cell phone, will say you're losing all your hardware dollars and I have three hardware people who are not in this area yet; I'm going to provide them to you to get together with Matt O'Rourke or Rita and you can foster that relationship from there.

Just food for thought. Two comments are you should always have someone go to this convention and two you may want to explore more of the retail strategists/consultants.

Mayor Rogina: I suggest the staff at least advance this concept of the head hunter in the next budget year. You're suggesting an independent contractor to investigate the cost of something like that and moving it forward next budget year.

Ron: Wouldn't Krauz hire someone like this?

Dan: I've heard all kinds of questions. If it's a really good developer, this would be taken care of. I'm not commenting on Krauz but also saying if we need to help somebody and want to step up and help them; this is the way to do it.

Jo: Do we really want to wait a year to get some idea of how much it's going to cost to justify the expense?

Rita T: We could get an RFP out soon. Matt and I have already spoken with some of these individuals and would like to bring them back and have a conversation with them on an RFP, understand what the scope of services would be and cost, and then come back to the Council and see if there's a willingness to move forward.

Dan: It's not a guarantee.

Rita T: But it does tie back to our Strategic Plan. There are five goals in the Strategic Plan that talks about us understanding our St. Charles' market and exactly what Dan said targets our efforts. We don't have those contacts or connections and understanding of the St. Charles' market where the gaps are and having this head hunter to supplement our efforts because they are experts.

Todd: When this was first put out I was not a big fan of it. My biggest issue with consultants generally is you don't scope out what the deliverable is and so you're disappointed in the end. So I think if this is a route we want to try and I don't know that there is any harm in trying, you really need to be specific of what they're going to give you for the money.

Cooperhawk/Quad Update

Rita T: I've been in direct communication with Jennifer who is the Director of Development Communications of Cooperhawk. They are in for site development permits. The Krauz Company is obligated to give them a pad within the next 60 days. Jennifer has indicated to me the plan for construction is by late third quarter on the building. They're opening is late spring, early summer of 2017 which is why they are not rushing. That is a corporate decision they made.

The Quad – Last week Mark and I had a conversation with Chuck May and he shared with us that he has been having a meeting once every couple of weeks with Neil Johnson. At this point

they are focused on trying to get something in the existing mall with hair salons, restaurants, whatever they can find to fill the spaces in the mall. They are sensitive and they recognize the need for a break in the plan for redevelopment, but they're taking their time to reassure that the plan is appropriate for the City. Chuck May is hopeful that they may be in a position to break in a plan in late summer which will include some residential component on this plan. They've already spent some money on the process of revamping and improving the southwest entrance into the mall, so as to enhance what it looks like as people were coming into the theatre. The theatre is hoping that as soon as the lease is done in the next 30 days, Chris Johnson (theatre) will be moving forward with recliner seats and upgrades to the new box office area, lounge area, and other improvements to the theatre.

Rental Licensing

Chief Schelstreet: I'm going to address residential; if we want a business licensing program that's something different. The original discussion began in 2011 and the Fire Department was not involved. That was a conscience decision at that time. There was significant research that was done. The city attorney at that time wrote a comprehensive ordinance. There was considerable engagement with outside organizations, such as the rental property managers and the realtors association. The fee schedule that was completed with striations was if you had two units it was so much money; 200 units it was so much money. Council presentations were made both in September and November of 2011. At that time in November 2011 the licensing program, the crime-free lease addendum training was involved and it was for exterior inspections of rental units. The cost was about \$76,500 for the program, a one-time administrative cost of \$6,500 and \$70K for ongoing staffing expenses. It was supposed to start about July of 2012 with the release crime-free addendum forms and then the exterior inspections of the occupancies would start in October 2012 after Council gave direction. Then there was some more dialogue about the crime-free training that was due 90 days afterwards, and violations of any inspections found. There was about a 14-day follow-up period of more additional time. At that time the program progress stalled because there was concern from Council of costs. Also concern from the property managers about costs on what it would be for a license. There was resistance with crime-free housing program, and there was a lot of dialogue about internal inspections from the landlords.

This initiative is strictly from the Fire Department. The State of Illinois has statutes currently about having smoke detectors, carbon monoxide detectors installed. Additionally Council has adopted and reaffirmed a series of codes to obtain definitions of boarding houses and SROs, group homes, etc. The Fire Department currently inspects a number of different rental units now, for example, we inspect the old Covington Court and Wessel Court. We are doing the common areas and anything four units and above, we do the storage areas, we make sure the fire alarms work and a number of other different checks. However we don't do individual units. We do the residential board and care. I want to make sure everyone understands that in the slides there is a reference to "Robin's Nest" and "Colinas". Does everyone understand what those are?

It's very common now for a business to purchase a home, for example, the big green house at 7th and Oak Streets; that is not a single-family home. What that is a group purchased this home and

there are people in hospital beds inside there. 555 Marion Avenue across from the church, there are people in there. What was happening is that previously these folks would go in and buy the house, we show up on an ambulance call for whatever reason, and instead of a single occupant we would find six/eight people in hospital beds with a caretaker. We partner with Geneva then worked with the State of Illinois and these folks are now licensed, the all have residential sprinklers now, so we brought those up to codes. So we got these sorts of transitions going on within the community. We also have the AID group home, Lazarus House which is classified as a dormitory. One of the reasons I brought this out is that your fatal fires in St. Charles are in rental occupancies. We have two fatal fires in the last 10 years – both rental occupancies. Those are the kinds of things that I'm interested in presenting. What I would like to do is to take existing law and code only, no new rules, just what's on the books and make sure people comply with the definitions: group homes, senior citizens, Lazarus House, etc. I'm asking is there interest in having a program presented for your review and approval that focuses just on life safety issues.

Mayor Rogina: Would that include the internal inspection?

Joe: Yes, it would include inside.

Mayor Rogina: Would that be an amendment to any current ordinances?

Joe: Yes it would. I am looking for an enforcement mechanism. We already have a state law that says you have to have a, b, c, but I don't have that enforcement mechanism. Gorski & Good were the ones who put together the ordinance that contained the enforcement mechanism and that failed. So I would ask permission to work with counsel.

Dan: Are we talking single family homes as well, such as someone rents out a single-family home?

Joe: What I would present to you is we got a number of different things we have to accommodate; another very common internet base phenomenon are these Air B&Bs. You want to go on vacation and be gone for a month, you could rent your house out or if you want to be a B&B, you can list your house on the internet and poof, you're a B&B. Once again we are partnering with some of our friends in Geneva because we're starting to see if you do a google search B&B St. Charles, they pop up. I am not interested in that.

Dan: To push back last time on some history on single-family homes; it's a 2-unit or 4-unit I perfectly understand why you need to go in and inspect it because if someone is careless that affects other people's lives. On single-family homes whether its owned or rental, the pushback we got is why are we being discriminated against if there is only one family in a rental unit, why just pick on them? I have no problem if you go into any type of multi-family units, I think all the landlords understood that but it's when you get into the single-family homes that's where the pushback is coming from.

Joe: In fact if you look at the code, it contains allowances where if I want to rent out my daughter's room who went to college – you can do that too. That wouldn't be the one; what I'm interested in, as your fire chief, is the guy that bought that house, took a bunch of plywood and made some walls and chopped it up.

Dan: How do you find that?

Joe: We find them mostly when we go on calls.

Dan: If someone calls you and says my neighbor next door is living upstairs but he has a bunch of people living downstairs. Is that enough for you to go in and knock on the door?

Joe: This is something I want to vet out with counsel and come back to you. All I'm asking for is permission.

Rita T: It depends on how people rent doesn't it; to give staff authority to go into the rental licensing? That would be the easy way to get it. Now we can't get it because we would have to demonstrate probable cause to get a search warrant.

Dan: Things that came up last time on crime-free housing, everyone understands that. It's already in Batavia, the training of property managers 100% agree with that to go through classes and training to get certified.

Jo: I think it's a great idea and as far as a single-family home, we have a couple of homes in our neighborhood that are rented. I would suggest you would have to work with the police department about the second or third call for late night parties.

Ron: I'm okay with the apartment buildings but as a previous landlord of a couple of houses I don't want someone coming into my house and have an inspector tell me this doesn't look right. It's happen before but going to single-family homes unless you have justification or cause that's different; but just to go in there and inspect it because I'm renting it, I have a problem with that.

Ed: Last time we went around with this an issue came up regarding internal inspection. I said it then and I'll say it now, I'm in favor of internal inspections. At the time we tied this in with the whole crime piece as well so that gave us an opportunity whether this is the right way to go to look for other things outside of the safety issues; but at this time if it's going to move forward, I would be completely in favor of at least a yearly internal inspection to any dwelling whether it's a single-family home or apartments or townhomes/condos because if I want to open up a restaurant downtown it has to be inspected because I'm selling a product to consumers, so I have protect myself and I think we owe them the same thing. When you go in a dwelling you could look for a fire detector or carbon monoxide detector but would there be any limits to completely checking out their electrical system.

Joe: I would build something to get back to you but what I'm primarily concerned about is public safety and life safety issues concerns, first and foremost being exiting. That's where you

put all these people in one small space, having them get out is a concern. We have what is called the home safety check. I would like to have the fire department come in and I'm voluntarily requesting it from the hose on the back of your dryer to the flue system on your water heater; there's a bunch of checkboxes with standard items to be checked off.

Ed: If you do see something criminally illegal is there any right to report that?

Joe: We would invite law enforcement to check it out.

Maureen: Do you inspect spas and do they know when you're coming?

Joe: We do a lot of appointment base inspections for businesses. Strip malls we do walk-ins.

Mayor Rogina: Thanks everyone for your participation today, it was very informative and lots of good discussion.

Motion by Ald. Lemke, second by Bessner to adjourn meeting at 12:45 p.m.

Voice Vote: Ayes: Unanimous; Nays: None. **Motion Carried.**