

DANVILLE CITY COUNCIL
SPECIAL MEETING
MARCH 24, 2011

#1...THE SPECIAL MEETING of the City Council of the City of Danville was called to order at 6:03 p.m. by Mayor Scott Eisenhauer.

THE ROLL CALL was answered by Mayor Scott Eisenhauer, Vice Mayor Rick Strebing, Aldermen Jerry Askren, Terry Baldwin, Ron Candido, Jon Cooper, Lois Cooper, Steve Foster, Bill Gilbert, Steve Nichols, Michael Puhr, and Rickey Williams, Jr. Absent were Aldermen Terry Baldwin, Sharon McMahon, and DeMarko Wright. A quorum was present.

Staff Members Present: City Clerk Janet Myers, City Comptroller Gayle (Brandon) Lewis, City Engineer David Schnelle, Corporation Counsel David Wesner, Public Development Director John Heckler, and Public Safety Director Larry Thomason.

There were also 5 news media and 16 audience members in attendance.

#2...CLOSED SESSION

Mayor Eisenhauer stated a Closed Session would not be needed unless it is necessary after presentation of information.

#3...SPECIAL SCHEDULE OF VOUCHERS PAYABLE

Mayor Eisenhauer presented a Voucher for March 24, 2011, in the amount of \$300,000.00 for payment for the purchase of real property for IKOMAT project. He clarified that the purchase was approved by Council on March 1, 2011, with this action necessary to approve the issuance of the check. Alderman Foster moved to dispense with the reading and asked for approval, seconded by Alderman Puhr. There being no questions, the roll call vote being:

Ayes: Aldermen Candido, L.Cooper, Gilbert, Nichols, Puhr, Foster, Brandenburg, J.Cooper, Strebing, Williams, Askren

Nays: None

Absent: Aldermen Wright, Baldwin, McMahon

Motion carried 11 to 0 with 3 absent.

Prior to presentation of items, Mayor Eisenhauer announced presentations would be made, followed by questions by Aldermen, audience comments, and then any further comments by Aldermen. He introduced City Comptroller Gayle Lewis, Vermilion Advantage CEO Vicki Haugen, Development Director with Continental Properties Company, Inc. Eric Tholm, and Real Estate Agent/Broker Larry Kuchefski. He also stated Corporation Counsel Wesner, Director Heckler, and City Engineer Schnelle would be available to answer questions. Mayor Eisenhauer stated that while presentations will be made and questions addressed, there would be no announcement or discussion of which retailer is interested in the property.

- Eric Tholm stated his company has been a national retail and multi-family developer since 1979, located just outside of Milwaukee, Wisconsin. This project is for a national retailer that has been looking around the Danville market for 2-3 years for the right sight, for the right opportunity. This site on North Vermilion includes the former K's Merchandise property and has some unique characteristics that include a traffic light, vacant property, and an opportunity for a junior anchor.



Due to specific timelines that this retailer works under, it is necessary to move forward with due diligence, such as various engineering and environmental studies, in order to meet a June meeting when the retailer will decide on which location will be selected, with the store opening in the Spring of 2012. If delays happen, the retailer could decide to move forward in another community. The site plan and other information was presented as to what would be needed for this development, including the demolition of the former K's building and major site re-grading to bring level of ground consistent with other areas and to be in compliance with ADA regulations. Mr. Tholm stated this area has the opportunity to bring in additional interest and further future development.

- Comptroller Lewis provided financial information for purchasing the land by stating \$1.2 million would be borrowed for an estimated payment of \$275,000.00 per year for five years. Federal and state economic development funds of \$800,000.00 have been identified that would not require reimbursement, which would be paid to Continental for a portion of its cost in the project. Plans would be to pay the loan back within five years through Infrastructure Development & Improvement Program Fund budget from increased sales tax revenue.
- Vicki Haugen stated this project would bring additional property tax and retail sales tax revenues to shore up the overall local economy, as well as bring other national retailers to the area. Vermilion Advantage has been working with existing employers throughout the City and County on professional recruitment and, with the addition of these national retailers, it will create a boost in that effort. With regards to concerns voiced regarding leakage of local sales tax revenue to other areas, the goal is to recapture retail dollars that are leaving the area because of lack of opportunity for spending. When Lowe's and Menard's located to Danville, there was concern about the impact on lumber and hardware; however, the area experienced 100% recapture.

Mayor Eisenhower asked for question of the Aldermen. The following issues were addressed or clarified:

- Total cost of this project is capped at \$2 million, with a \$1.2 million cap as the City's out-of-pocket expense. The cost of the property is \$825,000.00, which is the market price of \$1,425,000.00 minus \$600,000.00 that is being credited based on the poor condition of the building. The City plans to borrow \$1.2 million to be repaid in five years using revenue from sales taxes deposited into the Infrastructure Maintenance Fund-Economic Development line item. An additional amount of \$800,000.00 in State and Federal grant dollars are guaranteed to be paid to the City upon completion of the project for reimbursement of expenses. Demolition of the building will be performed by City staff.
- Regarding due diligence performed prior to the purchase of the property, the parties involved have a strict time line and need to know that the City is committed to this development and has control of the site before proceeding with potential projects. Once approval of the items tonight, the developer will begin due diligence through various phases.
- Continental Properties Company has confidence that this retailer will come here and be successful for the long term.
- There was no appraisal of the property; however, the price is fair and is comparable with other properties along North Vermilion that went for \$1.97 to \$8.00 a square foot. Once the development is completed, it is estimated that the property would be valued at \$3-\$4 million, with \$135,000.00 being the City's property tax portion annually.
- Item #6 on the Purchase Contract regarding IRS Code Section 1031[Exchange] is standard language and is more for a potential future buyer of the property.
- No other incentives by the City are being proposed to the retailer, other than what is being offered

in these documents to the developer.

- Any prior property taxes owed to date will be paid by the seller of the property.
- City Engineer Schnelle explained the need for sewer improvement along Boiling Springs Road and any material taken from the K's site when excavation occurs will be stockpiled and used during this project.
- This area does not qualify as a possible TIF (Tax Increment Financing) District, which is only created when a development would not happen "but for..." the creation of a TIF District. This development appears to be moving forward even without such a district.
- The traffic signal is a major necessity for the development, as is a deceleration lane, which is already in place. A traffic impact study is required to determine if the entrance needs to be redesigned, which cost is included in the \$1.2 million.
- Professional Services are not normally bid out since various criteria are used for each project. Hutchison Engineering was chosen due to its history working with this particular State route as well as with private developers.
- Vicki Haugen explained the need for confidentiality with potential projects up to the point of needing to move for a particular action, which usually is a very small window of opportunity in which to act or lose the project. Mayor Eisenhower stated that this is the nature of any negotiation process.
- It was suggested that title evidence and property closing should be done in Vermillion County to support local businesses.
- Prevailing wages will be paid and discussion with local labor is forthcoming.

[Alderman Brandenburg left the meeting at 6:58 p.m. during questions by Aldermen.]

There being no further questions, Mayor Eisenhower asked for Audience Comments, being:

- Nate Byram of Danville and a real estate broker involved with this property at one point voiced support of the possibility of a national retailer locating in Danville but questioned the City paying this price when the property was listed at one point in time at \$795,000.00 for two years without an offer.
- Marilyn Broderick of Danville questioned if access will be limited to one entrance. It was stated there could be a potential entrance from the North or South at some point in the future.
- David Crawley of Danville voiced support of the project and supports future retailers coming to other areas of the City as well. Mr. Tholm explained the company's intent is to continue working with other retailers to also develop in the area. He also clarified that communities do not choose where businesses locate. It is those businesses alone who make that decision based on certain criteria that they use to locate in a particular area, which, in the last few years, has tended to be in areas with like retailers.

There being no further audience comments, Mayor Eisenhower asked for further comments by Aldermen, being:

- Aldermen Candido and Askren questioned if an appraisal should be requested to address concerns by some. Mayor Eisenhower stated an appraisal would not necessarily add anything since a structure currently sits on the site that will need to be demolished.
- Alderman Williams voiced support of this project that will be great for the community.
- Alderman Foster voiced support of retail development at this particular site and feels it is a good investment for Danville, the retailer, and developer.
- Alderman J. Cooper voiced support but asked that Corporation Counsel check into possibility of doing title work in Danville.



- Alderman Nichols stated he has had experience with property purchases for his company and feels the price is very reasonable for a location with stop light acreage. He encouraged all to vote yes to bring in jobs and tax revenue to the City.
- Alderman L.Cooper concurred with Alderman Nichols' comments and voiced pride in supporting the project.
- Alderman Gilbert stated any concerns he had have been addressed and will support the retail development.
- Alderman Askren voiced support of the project due to the information provided this evening but would also like to see a local title company be involved if possible.

There being no further comments, Mayor Eisenhauer presented Items #4, #5, and #6 for a single vote. There being no objections, Vice Mayor Strebing moved for approval of all three items, seconded by Alderman Puhr. Those items being:

- #4... ORDINANCE NO. 8732 waiving requirements of Section 30.07(A) of the City Code of Ordinances and authorizing the Purchase of Real Property known as 3707 N. Vermilion for a price of \$1,425,000.00, with a credit of \$600,000.00 towards purchase price, from Consolidated Real Estate, LLC;
- #5... RESOLUTION NO. 2011-21 approving a Letter of Intent with Continental Properties Company, Inc. to develop certain property on North Vermilion; and
- #6... RESOLUTION NO. 2011-22 approving a Professional Services Agreement with Hutchinson Engineering, Inc. to provide engineering services for the proposed North Vermilion Development Project;

Mayor Eisenhauer clarified that a 2/3rds vote of the Council members present, or 7 votes, would be needed for passage of the ordinance. There being no further questions or discussion, the roll call vote being:

Ayes: Aldermen L.Cooper, Gilbert, Nichols, Puhr, Foster, J.Cooper, Strebing, Williams, Askren, Candido

Nays: None

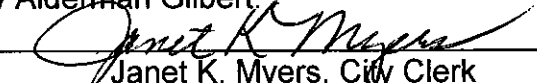
Absent: Aldermen Wright, Baldwin, Brandenburg, McMahon

Motion carried 10 to 0 with 4 absent.

Mayor Eisenhauer thanked the Council for their support and thanked everyone for attending.

#7... ADJOURNMENT

There being no further items on the agenda, the special meeting was adjourned at 7:43 p.m. after a motion by Vice Mayor Strebing and a second by Alderman Gilbert.



 Janet K. Myers, City Clerk

I, Janet K. Myers, City Clerk of the City of Danville, Illinois, do hereby certify that the foregoing Minutes are a true and correct copy of the Special Meeting held March 24, 2011, as the same appears on the records of the City now in my custody and keeping.

Approved: 04/19/11
 Posted Publicly: 04/20/11

 Janet K. Myers, City Clerk