

APPROVED
**LAKE ZURICH BOARD OF TRUSTEES
SPECIAL MEETING
70 East Main Street**

Monday, February 23, 2009

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 7:03 pm.

Present were Village President Tolomei, Trustees Branding, Callahan, Johnson, McAvoy, Poynton, and Taylor. Also present were Village Administrator Vitas, Village Attorney Burkland, Police Chief Finlon and Finance Director Zochowski.

2. Review, discussion and determinations regarding submitted alternative proposals and bids related to certain uses and dispositions of property for redevelopment of portions of downtown.

On February 5, 2009, the Village distributed a Public Notice requesting alternative proposals for downtown redevelopment. To date, the Village was only in receipt of a Statement of Qualifications from Nicolosi & Associates, LLC in Chicago, Illinois. Their list of services was read by Village Administrator Vitas; however, no formal proposal was received.

3. Consideration of an ordinance approving a proposed development agreement titled "Development Agreement Between The Village Of Lake Zurich And Equity Services Group, LLC".

President Tolomei introduced Mr. David Smith from Equity Services Group in Barrington, Illinois. A powerpoint presentation was given by Mr. Smith which explored the subjects of assets, challenges, the vision, financial projections and procedures. Slides of conceptual drawings were also shown.

Joseph Grover, 202 Alpine, read a prepared statement in favor of moving forward with the proposal and redevelopment agreement with ESG.

Scott Unger, 568 Cortland Drive, requested an explanation to the term "capitalization of income stream of commercial space" and what assumptions were used to project future income revenues.

Nancy Burke, requested the Board revisit the motion made on February 17, 2009, where Trustee Branding requested the approval of the redevelopment agreement be tabled. Mrs. Burke is concerned about the empty-nesters concepts and suggested this be tabled until after the April election.

Jim Tarbet, 1195 Cedar Creek Drive, read a prepared statement requesting an accounting of where the previous ten million dollar bonds were spent and where the two million dollars paid by McCaffery Interests for the Somerset property was located. Mr. Tarbet would also like to know more about Mr. Smith's background and capabilities.

Frank Johnstone, 1095 Brush Hill Lane, loved the plans shown on the website and agreed downtown needs to be cleaned up and fixed. Mr. Johnstone also questioned the occupancy of the Garlands.

Carol Coleman, 50 E. Harbor, appreciates the effort and due diligence given to this project and mentioned her family and neighbors are entirely behind this project.

Rich Sustich, 217 Sandy Point Lane, pleaded his request for stay of the Village of Lake Zurich's consideration of a proposed development agreement with Equity Services Group, LLC.

Mark Ernst, 60 South Rand Road, suggested the Board be more careful this time around, questioned whether the empty-nesters concept will work in this economy, and suggested we consider approving this agreement after the election.

Maureen Degen, One Newgate Court, reminded everyone input has been received from all previous developers. It's time to move forward and build a downtown we can all be proud of.

Lynn O'Brien, 270 Sebby Court, stated every business has a plan and needs to "stay the course". Mrs. O'Brien supports the Board's plan to move forward.

Len Swanson, 146 Kincaid Drive, requested the Board stop debating and proceed with development downtown so empty buildings along Rand Road will become viable businesses.

Denise Schirmann, 219 Schuldt Dr., agreed with others that things cannot be delayed any longer.

Antonio Castillo, 52 E. Harbor Drive, has chosen to live in Lake Zurich because of the people and does not want to see progress stopped.

Claudette Dyback, 205 West Main Street, stated the Charette process was for a select few and does not believe the Board listened to its' residents. Ms. Dyback also thought the vote on this agreement should be taken after the election.

Rob Bialk, 868 Broadway Court, believes that the majority of the room supports development moving forward and with investors willing to take these risks, should not be delayed.

Dennis Abbott, 216 W. Main Street, pleaded with the Board to approve this agreement and accused some members of stalling.

Jim Spears, 69 Robertson Road, feels that if the plan is good, it will still be good in a few weeks, thus allowing more time for other developers to come forward.

Mr. Smith responded to the financial questions, his background and references, the definition of empty-nesters, and occupancy at the Garlands.

Finance Director Zochowski addressed the series D bonds and the accounting of the funds for the sale of the Somerset property.

Village Attorney Burkland addressed whether the requirements of the contract met the Illinois Municipal Code on the sale/transfer of the property.

President Tolomei clarified the search for a new developer began over a year ago. ESG was the only one willing to look at the whole downtown, finance the entire project, and has spent his own money through the extensive process of designing these concepts without a contract in place.

Trustee Taylor concurred mistakes were made but disagrees when others state due diligence was not used with ESG.

Trustee Johnson read a quote by President Teddy Roosevelt.

A short recess was taken at 9:02 pm to change the videotape.
The meeting reconvened at 9:03 pm with all Board members present.

Trustee Poynton suggested Attorney Burkland explain the Village's protection written into the agreement with ESG and the financial exposure for the public improvements. Attorney Burkland mentioned there is always a risk with any agreement; however, feels this agreement is structured to protect the Village. Subsection B of Section 10 explains the procedure to be taken in the construction of said public improvements.

Trustee McAvoy summarized his twelve years on the Board and elaborated on the importance of getting downtown developed.

MOTION was made by Trustee Taylor, seconded by Trustee McAvoy, the Board enter into an agreement with ESG Group according to an ordinance approving a development agreement between The Village of Lake Zurich and Equity Services Group, LLC related to redevelopment portions of downtown.

AYES: 5 Trustees Callahan, Johnson, McAvoy, Poynton, and Taylor

NAYES: 0

ABSTAIN: 1 Trustee Branding

MOTION CARRIED

4. ADJOURNMENT

MOTION was made by Trustee Johnson, seconded by Trustee Callahan, to adjourn the meeting.

Voice vote, all in favor.

MOTION CARRIED

The meeting adjourned at 9:42 pm.

Respectfully submitted: *Gloria M. Palmblad*

Approved by: _____
President John G. Tolomei