

AMENDED*

**LAKE ZURICH BOARD OF TRUSTEES
REGULAR MEETING
70 East Main Street**

Monday, October 18, 2010, 7:00 p.m.

1. CALL TO ORDER

President, Suzanne Branding, called the meeting to order at 7.02pm.

2. ROLL CALL: Village President Suzanne Branding, Trustee Jeff Halen, Trustee Tom Poynton, Trustee Dana Rzeznik, Trustee Jonathan Sprawka, and Trustee Rich Sustich.

Absent: Trustee Jim Johnson.

Also present: Village Attorney Schlossberg, Village Administrator Vitas, Finance Director Zochowski, Police Chief Finlon, Public Works Director/Engineer Heyden, Park and Recreation Director Perkins, Building/Zoning Director Peterson.

3. PLEDGE OF ALLEGIANCE

4. PUBLIC COMMENT

Eric Dubiel, 947 Evanston Terrace addressed the Board.

Guy Milbourn, 789 Trillium, presented a plaque from the NW Suburban Council, Boy Scouts of America to the Village of Lake Zurich in appreciation of 100 years of scouting in the USA.

Jim Tarbet, 1195 Cedar Creek Drive, addressed the Board.

5. PRESIDENT'S REPORT

A. President Branding responded to Eric Dubiel's public comment about the lack of online video of the October 7th meeting. She stated that the Granicus system was not available because of technical difficulties and the meeting was available on Comcast on Channel 4.

B. President Branding administered the oath of Office for Acting Village Clerk Kathleen Johnson.

C. President Branding entertained a motion to amend the agenda and move item 8D of New Business to 8B to facilitate her recusal on TIF district items for discussion.

Motion made by Trustee Sustich, seconded by Trustee Sprawka, to move item 8D to 8B in New Business. Motion carried by voice vote.

6. CONSIDERATION OF MINUTES – October 4, 2010.

Trustee Sustich indicated he would like the sentence, “The Board concurred to add “review of Special Service Areas for conformance with ILCS” to continuing matters.” added to the minutes.

Minutes of the Village Board Meeting, October 4, 2010 were approved as amended by voice vote.

7. OLD BUSINESS

A. Employee Handbook.

Summary: Staff has prepared a new employee handbook to govern the Village’s personnel matters. The proposed ordinance would adopt the new handbook, repeal the old policy manual, and permit the Administrator to update and revise the handbook as needed.

Board members, after discussion, agreed to recommend a Supervisory Manual be prepared along with the Employee Handbook.

Motion was made by Trustee Sustich*, seconded by Trustee Poynton, to defer action for 90 days to allow a supervisory manual to be prepared.

Ayes: 5 Trustees Halen, Poynton, Rzeznik, Sprawka and Sustich.

Nays: 0

Absent: 1 Trustee Johnson.

MOTION CARRIED.

President Branding recused herself after entertaining a motion made by Trustee Sustich, seconded by Trustee Halen, to appoint Trustee Poynton as President Pro Tem for the next 3 items on the agenda. (Roll Call).

Ayes: 5 Trustees Halen, Poynton, Rzeznik, Sprawka and Sustich.

Nays: 0

Absent: Trustee Johnson.

MOTION CARRIED.

B. Consideration of proposed action on Development Agreement with Equity Services Group, LLC (ESG)

Summary: David Smith from ESG is expected to give a presentation to the Board on his proposed Subsection 3b submission under the TIF development agreement between his business and the Village. The Village Board will be asked to consider whether the submission meets the contractual criteria, and the Board will then need to consider action on the submission. Consideration may include, for instance, discussion of whether it should be accepted, whether discussion should be continued to give the Board and staff additional time for review and consideration of the submission or

whether the Board wishes to recommend submitting notice of termination or entering into negotiations for an extension of time under the Agreement.

David Smith of ESG gave a power point presentation on the status of the development and funding for Blocks A, B and partial E in the TIF district plus the rest of E and all of K not in the TIF district*. \$20,000,000 would be drawn prior to January 30, 2011 to cover, including but not limited to, land acquisitions, architectural work, engineering, demolition, marketing, and VOLZ submissions.

Trustee Sustich asked what the question was before the Board and Smith responded that they were asking for an extension to August 2011 to be conditional upon confirmed deposit to VOLZ of the first draw of funds within 60 days from November 1, 2010. Trustee Sustich questioned Smith on the funding being sought by ESG, as well as the lack of communication from Smith for 19 months. Trustee Poynton stated that status reports would keep residents informed. When asked, Administrator Vitas advised that there were three options for the Board: 1) to negotiate an extension to a date certain that assures ESG will be financed; 2) to allow the development agreement to continue on a day-to-day basis; or 3) to terminate the agreement with a 60 day notice to allow ESG to cure the problem. Trustee Poynton asked Vitas for his recommendation. Vitas said that he was not in a position to recommend an extension but rather recommended to issue a letter of termination of the agreement. More discussion followed between the trustees and Smith.

A recess was taken to change the recording tape.

The meeting resumed with discussion about the 60 day option. Trustee Sprawka asked Village Attorney Schlossberg to clarify the 60 day timeline and she advised the Board during this discussion.

A motion made by Sustich, seconded by Halen, to issue termination pursuant to Section 4(F)(1) of the Development Agreement and to place this matter on the agenda for the Board meeting of 12/20/10. ESG would be granted leave to appear before the Board to provide progress and renew its request for an extension. After discussion this motion was withdrawn by Trustees Sustich and Halen.

Motion was made by Trustee Sprawka, seconded by Sustich, for the Board of Trustees to grant an extension of the 3B submission under the first opportunity period to August 1, 2011, based upon confirmed deposit noticing to the Village of Lake Zurich of the first draw in the amount of \$12.5 million by 1/1/2011, and absent the deposit of the first draw of \$12.5 million by 1/1/2011, the contract between ESG and the Village of Lake Zurich shall be terminated immediately.

Ayes: 5 Trustees Halen, Poynton, Rzeznik, Sprawka and Sustich.
Nays: 0
Absent: 1 Trustee Johnson.
MOTION CARRIED.

8. NEW BUSINESS

- A. Jade Development, Inc./Perry Group, Courtesy Review for a medical office development in the downtown TIF/FBR District. (Trustee Rzeznik)

Summary: The proposed development consists of a 41,000± square foot, two-story medical office building to be located on a 2.96± acre parcel in Block G of Lake Zurich's TIF/Form-Based Regulations District. This request is for a Site Plan approval, Exterior Appearance approval, and a Special-use Permit pursuant to the Village's Form-Based Regulations. The Applicant's market analysis and initial marketing efforts indicate a very strong demand for medical office space within the market and at this specific location along Route 22 and west of South Old Rand Road.

Joseph Perry, Perry Group, Ltd, presented the proposed medical office for Block G and answered questions. This matter was referred to the appropriate Boards and Commissions for review and recommendation.

- B. Bid award for demolition and remediation of site at 61 West Main Street. (Trustee Sprawka)

Summary: Fifteen bid proposals were received for Contractual Services related to the demolition and soil remediation for the old police building at 61 West Main Street. The bids were reviewed by staff and the consultant, Marlin Environmental, for accuracy and completeness. Champion Environmental was the low bidder, and is found to be acceptable. The total project cost is anticipated to be \$215,000 which includes \$76,301.23 in environmental consulting services, \$86,646 in contractual services, and \$52,052.77 in in-kind services by staff. The Village has been approved to receive a Lake County Brownfield Grant in the amount not to exceed \$100,000 or 50% of the cost of the project.

Public Works Director Heyden answered questions about the Lake County Brownfield grant. A request for a one-year extension was granted.

Motion was made Trustee Sprawka, seconded by Trustee Sustich, to approve a contract to Champion Environmental in the amount of \$86,646 for the environmental clean up at 61 West Main Street. (Roll Call Vote)

Ayes: 5 Trustees Halen, Poynton, Rzeznik, Sprawka and Sustich.
Nays: 0
Absent: 1 Trustee Johnson.
MOTION CARRIED.

President Branding returned to chair the meeting at 10:10 PM.

C. Semi-Monthly Warrant Register Dated October 18, 2010, Totaling \$166,543.98 (Trustee Halen)

Motion made by Trustee Halen, seconded by Trustee Sprawka, to approve the semi-monthly warrant register dated October 18, 2010, totaling \$166,543.98 (Roll Call Vote)

Ayes: 5 Trustees Halen, Poynton, Rzeznik, Sprawka and Sustich.

Nays: 0

Absent: 1 Trustee Johnson.

MOTION CARRIED.

D. Agreements for parking lot and traffic, vacant K-Mart building. (Trustee Poynton)

Summary: US Realty 87 Lake Zurich Assoc., LP wishes to enter into a Private Property Traffic and Parking Enforcement Agreement with the Village of Lake Zurich. Such agreements are common and allowed by the Illinois Vehicle Code in accordance with 625 ILCS 5/11-209. This Agreement allows Village police officers the authority to enforcement posted regulations for the parking lot known as K-mart area.

Motion made by Trustee Poynton, seconded by Trustee Halen, to approve an Agreement for the Regulation of Parking Area Traffic and Parking between the Village of Lake Zurich and US Realty 87 Lake Zurich Assoc., LP. (Roll Call Vote)

Ayes: 5 Trustees Halen, Poynton, Rzeznik, Sprawka and Sustich.

Nays: 0

Absent: 1 Trustee Johnson.

MOTION CARRIED.

9. TRUSTEE REPORTS

Trustee Sprawka and his wife were celebrating their 7th wedding anniversary today (18th).

10. ADMINISTRATOR'S REPORT

A. Monthly status and information report, September, 2010 was given by Administrator Vitas.

B. Introduction of Assistant Village Administrator Roy Witherow to the Board.

C. A letter to ESG will be sent on 10/19/10.

11. ATTORNEY'S REPORT

None

12. DEPARTMENT HEAD REPORTS

- A.** Building Director Peterson: Economic Development update included Ania's Deli and Grocery, and ToysRUS Express.
- B.** Chief of Police Finlon: Red Ribbon Week, October 24-30, 2010 with a forum on 10/27/10.
- C.** Finance Director Zochowski: Investments Earnings Report.
- D.** Parks and Recreation Director Perkins that the recent \$1700 donation from the Chamber of Commerce will be used to purchase an AED for Buffalo Creek. Tree Lighting will be at Paulus Park on November 27, 2010. Monster Bash will be held on October 30, 2010 from 12-3 PM.
- E.** Public Works Director/Engineer Heyden reported on SWALCO pick up in Mundelein in November and answered Halen's question about leaf pick up, which is the day after the scheduled garbage pick up day through the week of November 30th.

13. EXECUTIVE SESSION for the purpose of discussing sale of real estate and personnel.

Motion was made by Trustee Sprawka, and seconded by Trustee Sustich, to go into Executive Session.

Ayes: 5 Trustees Halen, Poynton, Rzeznik, Sprawka and Sustich.

Nays: 0

Absent: 1 Trustee Johnson.

MOTION CARRIED.

14. ADJOURNMENT

Motion to adjourn was made by Trustee Sustich and seconded by Sprawka.

Ayes: 5 Trustees Halen, Poynton, Rzeznik, Sprawka and Sustich.

Nays: 0

Absent : 1 Trustee Johnson.

MOTION CARRIED.

The meeting adjourned at 11:44 PM.

Respectfully submitted: Kathleen Johnson, Acting Village Clerk.

Approved by:

/s/ Suzanne K. Branding, Village President

Date: 11/1/10