

**ECONOMIC DEVELOPMENT COMMITTEE
MINUTES
May 9, 2007**

The Economic Development Committee of the DeKalb County Board met on Wednesday, May 9, 2007, @ 7:00p.m. in the Legislative Center's Freedom Room. Chairman Eileen Dubin called the meeting to order. Members present were Ken Andersen, Julia Fauci, Jeff Metzger, Sr., Michael Stuckert, Pat Vary and Steve Walt. Others present were Doug Dashner, Gary Hanson, Diane Strand and Mark Beirnacki.

APPROVAL OF THE MINUTES

Moved by Mr. Metzger, Sr., seconded by Ms. Vary, and it was carried unanimously to approve the amended minutes from March and April 2007.

APPROVAL OF THE AGENDA

Moved by Mr. Stuckert, seconded by Mr. Walt, and it was carried unanimously to approve the agenda.

Chairman Dubin said that she has spoken to Mr. Hopkins regarding the tax abatement request from Genoa and she asked that we take it up at our June 2007 meeting. Mr. Metzger, Sr. said that he would like to have more background information on the company from Mr. Hopkins too.

Mr. Bockman said that he would have Ms. Supple get in touch with Mr. Hopkins and ask for a packet of information on this company (Custom Aluminum) for the committee prior to their June meeting.

CITY OF DEKALB DOWNTOWN REVITALIZATION

Mr. Biernacki, City Manager of the City of DeKalb, approached the committee this evening regarding the Revitalization Plan for the City of DeKalb. He handed out a summary of the plan to the committee then. He is not seeking an answer from the committee this evening regarding the plan. The timeframe that he would need a response to his summary would have to be done by late summer/early fall.

He explained that the City Council of the City of DeKalb adopted the first comprehensive plan for the Downtown DeKalb Revitalization Plan, since the 1960's. It includes improvements to city streets, landscapes and private practices. There will be new residential development also in the downtown under this plan. They are doing this in concert with the City's Council policy on denser development. The City is now ready to begin smart growth in its downtown area. It is also ready now to begin the revitalization of its downtown area after other steps have been reached first.

They need to modify their Tax Increment Financing Districts (TIF) now to redevelop the downtown. The City's main TIF District, the Central Area Tax

Increment Financing District, is nearing the end of its term. It is scheduled to expire in December, 2009.

Between now and 2009 is not enough time to undertake all of the items that this revitalization plan recommends. What they have looked at is how to modify their TIF District to generate the funds necessary to implement the improvements recommended by the plan.

The status of their existing TIF districts are displayed in a map that he distributed this evening. The Main District, the Central District, colored in green with an expiration date of December 2009; the Yellow District is called TIF District #2 which expires in 2018. TIF District #2 is essentially the residential portion south of the downtown towards Taylor Street. The smaller and 3rd TIF District is the former County Home site and expires in the 2020's. The obligations that the City and the County have incurred in that district will likely be paid in the next two or three years.

As far as the Central Area TIF that they want to modify, they are looking at doing two things with this district. One would be to shrink it physically to an area more centrally located in the downtown. By doing this it will extend the expiration date by 12 years, or to 2021. In doing so then those areas that appear in the bigger green TIF district would come off and return to all taxing districts.

In researching this they found out that they couldn't shrink the district for three reasons. First of all, because of the bonds that the City is paying on for Sycamore Road and Barber Green Road. The City has certain obligations that they are still paying on and will have to - up until 2014, and the bonds that they incurred off of that site. If you physically shrink the district to not include Northland Plaza, they will not have TIF funds to retire debt that they have incurred.

The second reason is because of Clinton Rosette School. Under the Modified Plan they cannot shrink the TIF District to not include Clinton Rosette School because in a separate Intergovernmental Agreement with the School District the City has committed dollars to the school district that they, in turn, use to pay debt that they incurred several years ago for the remodeling of Clinton Rosette School.

The third reason is that underlying the Green TIF District is a Sales Tax TIF, whereby the City receives a portion of the State's Sales Tax. If they physically shrink the TIF District then they physically shrink the extent to what we receive in sales tax money. Currently that generates \$1.5 million a year.

They are proposing to keep the TIF District as is, to financially shrink it and ask for a 12-year extension on the Green TIF. They recognize that the taxing bodies have been waiting patiently for the increment to come off at the expiration of this TIF in 2009. They are proposing that between 2009 and 2021 that they will commit to each taxing district that 50% of the increment generated, the City will declare a surplus. They will be able to commit to the

County, through an Intergovernmental Agreement, of returning the County's then existing tax rate, which is tied to the then existing EAV - one half of that amount they will return to the County. Under the surplus idea, these funds can be used for whatever purpose you need to, whether it is capital, operations, etc., by law, explained Mr. Biernacki.

He said that he would be approaching the Forest Preserve District also on this issue.

In summary, Mr. Biernacki said, the obligations that the City of DeKalb has with various taxing districts carries them to the year 2010. We will continue to honor those obligations, the County being one of them. In the year 2011 is the year that they will commit to declaring a surplus. So that in every year, 2011 and forward, to the cessation of this 4-year extension, they would, by Intergovernmental Agreement, extend the surplus back of taxes on a proportionate basis (See summary attached to these minutes).

In consideration of the City declaring the 50% surplus, they are asking each taxing districts to write a letter to the City consenting to this action. Unlike the creation of a normal 23-year TIF, a 12-year extension to a 23-year TIF requires State legislative assembly approval. Both the House and the Senate would need to present bills simultaneously to essentially modify the law so that the City of DeKalb's TIF Districts expires in 2009 and allow it to expire 12 years thereafter. In order for that law to be considered by both the House and the Senate it needs to be consented by the taxing districts.

Even if this all happens, there will be occasions where there is a project within this 12-year extension on a group of parcels or a block of land where the financial obligations within are so sizeable that the 12-year extension will not be long enough to retire the debt in that project. In those cases we will likely, prematurely, end the 12-year extension for that block, let's say, and create a new project specific, 23-year TIF District for that block. With the approval of the downtown plan they have a lot of developer interest. One in particular where that will likely be the case. If this should happen, the increment on that block, that has been captured since 1986, when they did the original TIF, will come off. The incremental value that has occurred on that block would all go back to the taxing districts on a 100% basis.

Mr. Bockman said that this is a good thing for the County.

Mr. Metzger, Sr., said that he would like to have Mr. Bernacki detail in writing for all county board members to understand this plan?

Mr. Biernacki said that what he would like to get back to the committee is the Intergovernmental Agreement that he spoke about this evening. He would like to have this legislation introduced as part of the Fall Veto Session in November, so he would need to submit downstate in September/October the consent letters from the taxing districts, along with this proposal.

Ms. Fauci said that this is a tremendous project and is a great plan.

Chairman Dubin asked how would you describe the downtown after this plan is done?

Mr. Biernacki said that it would consist of a long-term, mixed use, with more thriving stores and they would get 24-hour business.

Ms. Vary suggested that we need to get a train station here in DeKalb with a commuter station or possibly a shuttle to the Elburn Metra Station.

Ms. Fauci said that she sees federal subsidies for trains in the near future.

Mr. Biernacki further explained to the committee that Springfield would change the legislation for DeKalb's TIF District project only, to his understanding. He further stated that the developer's interest in this plan is very strong because of the City adopting this plan. They will do a sizable project.

The committee thanked Mr. Biernacki for his presentation.

REVIEW OF QUESTIONS SUGGESTED FOR COMPANIES REQUESTING TAX ABATEMENT FOR LOCATING AND EXPANDING IN DEKALB COUNTY AND REVIEW OF OTHER EXAMPLES: GRUNDY COUNTY, CITY OF SYCAMORE, ETC.

The committee discussed tabling this item, have the committee review the list and come back in a month for the final version of the question and answer list. They will compare the list against Ms. Vary's list and will incorporate suggestions that she has made.

The committee agreed that they would ask Mr. Roger Hopkins, Director of the DeKalb County Economic Development Corporation, to take the 3M abatement that the county board just approved and see how it would score on the Grundy County criteria list. Chairman Dubin said that she would call Mr. Hopkins and ask him if he would do this for the committee.

The committee further discussed the different tax abatement policies of Grundy County, the City of Sycamore, the City of DeKalb, etc. Mr. Bockman reminded the committee that they can recommend something to the full board on these individual requests for tax abatements. If you don't follow the policy, your are not locked into anything, he said. Until this County Board adopts another policy, this is what we have. You have always had the authority to recommend either going with the recommendation or not.

The committee discussed that they may need more time to evaluate things too. They would do this as homework for next month's meeting. They also discussed whether or not they should form a sub-committee to review the Grundy County tax abatement policy and our two lists to create a final document before next month.

Mr. Steve Walt asked Mr. Bockman if he could write up a sample resolution on this? Mr. Bockman asked on your program? I don't know what it is, said Mr. Bockman. If someone wants to tell me what the program is, yes I will be glad to write it for you, he further stated.

Ms. Vary said that the Kishwaukee College policy is 90/75 and the County is going to.....

Mr. Bockman said that basically what you are working on is a plan that is not going to be marketable. This is fine if this is what you want to do. What the committee is describing can't happen at the meetings that he is familiar with. They can't take sixty days for a decision, they will be gone. You could join Kishwaukee College Group, which would be easier. Your job is to make a recommendation to the board and the board's job is to approve it or not.

Ms. Vary said, so part of what we need to decide is whether we want to go with the 5-year policy or the Kishwaukee College policy. Either we keep the resolution as is or we change it with the Kishwaukee College product.

Mr. Bockman said yes, that is correct. Once you decide what you want to do, tell me what it is, and I will draft a resolution and get it back to you. Once you review it as a committee and see if it reflects what you want then send it to the county board for approval.

Ms. Vary said what do we do with criteria of what we think is important to take a look at. Do we distribute it to everyone that is on the board?

Mr. Bockman, said that you don't want it to be the sole basis of your decision. You want to leave yourselves an out. He further stated that the committee should ask, "Does this company fit our vision of the future for our community?"

After further discussion it was agreed that the question and answer sheet would be used by the committee as a checklist to use for every business.

Mr. Bockman said that this committee can make any recommendation that you all feel comfortable with and then if the board passes it then that is the policy.

Chairman Dubin asked if we go with the 90/75 instead of the 5 years policy, are we dealing with very much money?

Mr. Bockman said that if you own a business in any community you have a constant parade of people that come to you every week for a handout. What they are selling you is participation in the community and that you will be living in a better community if you help them out. As a business owner you become a corporate citizen because of this. This is what you are being asked here to do with being the stewards of this "corporation" that is, to be a good corporate citizen, said Mr. Bockman. You are not only the steward's of that one

community's dollars that is requesting a tax abatement but of all the communities' dollars in the County.

Mr. Walt said that he feels that we also need to change the authorization of the County Board Chairman on the policy too. He feels that they need to change the language in the resolution.

Moved by Mr. Walt, seconded by Ms. Vary, and it was carried unanimously to change the language in the original resolution that states that "the county board does authorize and direct its chairman to recommend approval of individual projects and leave everything else the same" and to forward this recommendation to the full board for approval

The committee directed Mr. Bockman to write a new resolution for the County Board's June meeting.

ADJOURNMENT

Moved by Mr. Andersen, seconded by Ms. Fauci, and it was carried unanimously to adjourn the meeting

Respectfully submitted,

Chairman Eileen Dubin

ED:mcs