

Members Present

Mr. Olthoff, Mr. Stauffenberg, Ms. McBride, Ms. Barber, Mr. Washington, Ms. Schmidt, Mr. James, Mr. Hess, and Mr. Hubert

Members Absent

Mr. Tholen and Mr. Tripp

In Attendance

- **Board Members**

Mr. Bossert and Mr. Liehr

Department Heads

- **Media**

Leigh Marcotte

1. Call to Order

The meeting was called to order by the Chairman, Mr. Olthoff, at 9:00 a.m. Quorum present.

2. Public Comment

3. Revolving Fund

- **Pembroke Township**

Mr. Larry Gibbs was not at the meeting yet so the committee moved down the agenda to "Recovery Zone Bond".

Mr. Van Mill gave an overview of this project while waiting for Mr. Gibbs. He stated that a phased approach is being taken for this project to bring it up to where it is operational. Phase 1 is the large grant to update and repair the facility. Phase 2 is getting it to a point where it is occupational and Phase 3 is getting operational money. The roof leaks and he doesn't know why that was not part of the first grant. The leak was destroying the work that was being done inside. In Phase 2 they are looking at ways to make sure that they are getting the proper equipment in the facility and getting things done that was not covered by the grant that they got from the government. This grant was originally applied for by the previous administration. When it was received, he doesn't know if the present administration was in a position to understand what the thought process in moving forward was. There are some gaps; such as, the roof repair, equipment, and some painting is needed. They are also asking for funds to purchase some land. The entrance to the facility is offset and is very difficult to get into. Purchasing and developing this land would help that situation.

Ms. Schmidt asked who owns the land.

Mr. Van Mill stated that as far as he knows it is privately owned. One of the issues is that they don't have the contract right now and if they don't have it by the county board meeting we cannot make that part of the loan because that is speculation. They would have to have it by Tuesday. They are asking for \$14,000 for the 7.5 acres.

Mr. Olthoff asked if any small businesses have committed to this project.

Mr. Van Mill stated that Mr. Gibbs would have to be asked that.

Ms. McBride stated that when this grant was written the former administration did not know anything about this roof problem. Nestles was in there at the time and when they moved out the building stayed vacant

and the grant had already been written for specific things. That is why the roof was not put on there. Now that the building has sat vacant for so long it has started leaking.

Ms. Barber asked if Heritage Development did the internal work and the inspection of the entire building prior to work being done.

Mr. Van Mill stated that they did the internal work but Pembroke Township has an architect. It all goes back to the township.

Mr. Bossert stated that the building is paid for and is 99.9% completed. This loan would be the only indebtedness other than maybe some start-up cost.

Mr. Van Mill stated that operational money is going to be their next hurdle. It is going to be a challenge for them. They want to keep this project moving forward.

Mr. James stated that any money we throw into the pot we better be prepared to walk away from because it looks like it is speculation to him.

Mr. Stauffenberg asked if the revolving loan fund money was geared to creating jobs.

Mr. Van Mills stated that it is creating jobs. One of the stipulations of the revolving loan fund is that one full-time job has to be created for every \$15,000 that is being loaned out and 51% of the jobs that are created have to go to low to moderate income individuals. They have two years to generate those jobs.

Ms. McBride asked what kind of accountability is there as the project goes along.

Mr. Van Mill stated that we pay the vendors.

Mr. Stauffenberg asked if the Revolving Loan Fund Committee was recommending this.

Ms. McBride stated that they are recommending it. She stated that in regards to the land that they want to purchase the owners had refused to sell; she doesn't know if they have changed their minds. She doesn't know the name of the people who own it.

Mr. Bossert asked if a road would have to be built after the land is purchased.

Mr. Van Mill stated that would probably have to be done at some time.

Mr. Olthoff asked if there was an audit of what has already taken place there.

Mr. Van Mill stated that might be one of the conditions put on this loan.

Mr. Olthoff asked if there was a bidding process for the work to be done.

Mr. Bossert stated that it was competitive bidding; there were four bidders that bid the work.

Mr. Larry Gibbs arrived at 9:50.

Mr. Gibbs stated that Pembroke Township is requesting the Board for a loan for \$60,000 to finish the roof on the building. This is something they did not see coming. This is a viable project and they are about a month or two away from completion of the construction. Mainly this \$60,000 would be to purchase some equipment, finish the roof, and possibly to purchase some land that is in front of the building. He doesn't have the actual contract for the land at this time; he hopes to have it by the board meeting.

Mr. Olthoff asked why the \$60,000 couldn't be included in the \$2.31/2 million grant.

Mr. Gibbs stated that it could have but it was an oversight. The grant money is already committed.

Mr. James asked what kind of equipment we could anticipate acquiring.

Mr. Gibbs stated it would be office equipment. Mr. Van Mill read the list of the various office equipment.

Mr. Olthoff asked if Mr. Gibbs had small businesses waiting to come in. Does he have applications?

Mr. Gibbs stated that they are working on formal applications. They do have a couple of prospects.

Mr. Olthoff asked if they were from outside the county or within.

Mr. Gibbs stated that they were from within. The credit union that is in Pembroke now is talking about moving in. They will take up one of the fourteen suites. They do have some prospects for the manufacturing part.

Ms. Barber asked how big a suite was.

Mr. Gibbs stated that they are 750 sq. ft. They are adjacent to each other so a wall could be removed to get 1400 sq. ft.

Ms. Schmidt asked who would run the incubator.

Mr. Gibbs stated that he would hire someone to manage it.

Mr. Olthoff asked who would pay the manager and maintenance.

Mr. Gibbs stated that they would be paid from the rents that are collected.

Mr. Olthoff asked how they would get paid if no one moves in right away.

Mr. Gibbs stated that they are going to have to have someone in order for them to get paid. They will also be seeking other avenues and sources to get money such as grants, donations, and loans.

Mr. Washington asked Mr. Gibbs how he plans to structure the finances coming in to pay this loan back.

Mr. Gibbs stated that it would have to come out of the rents and it will go according to the agreement that is made here. They have been working a year to get businesses to come and rent space.

Mr. Olthoff asked what he is charging per sq. ft.

Mr. Gibbs stated that they are discussing that right now.

Mr. Bossert asked if the roof is leaking.

Mr. Gibbs stated that it is not actually the roof that is leaking. When they put the roof on initially, they put foam inside of the gutters and now the water is running down the side of the building and it seeps into the blocks and is creating a mold problem. The EPA came out and chopped holes in the roof to test it; this caused it to leak and it had to be patched.

Ms. Schmidt asked how much the office equipment is costing.

Mr. Van Mill stated that it is \$9000.

Mr. Bossert stated that we are asking for a recap of the money that has come from the feds that has already gone into the project and a disbursement schedule on payments to contractors, etc. The approval of this resolution will be contingent on receiving this information.

Mr. Hess made a motion to approve this with stipulations for the land acquisition and an ongoing audit of what is being done and Mr. Washington seconded it. Motion carried with a roll call vote of 8 ayes and 2 nays.

Mr. Olthoff stated that the land issue has to be resolved before Tuesday's county board meeting.

4. Recovery Zone Bond

- **Recovery Zone Bond Proposal – Navistar, Lisle IL Project**

Mr. Van Mill stated that a little over a year ago the federal government put a program in place to provide stimulus funds in the form of bonds to municipalities and counties based on job loss and unemployment. As a result of that, K3 County was given two bond cap figures, \$6.4 million for public sector projects and \$9.4 million for private sector projects. The public funds have been expended but the private funds have not. As a county, a number of things have been done to get the word out to our private companies; such as, workshops, brochures, etc. As with many other counties within the State, it has been very difficult to get private sectors interested. This program sunsets on December 31, 2010, and he is not sure what will happen to it at that time. As they understand it the program will cease to exist and those funds will not be part of the program that is currently in place right now.

Mr. Bossert stated that he thinks the program disappears at the end of the year. There are actually no stimulus funds involved; it is merely a designation of bonding authority to the extent there is stimulus money available on the public side. There is a rebate given to bond holders on the interest rate. That is the sole extent of the actual outlay of stimulus funds. On the private side, he thinks the bonds are given tax exempt status so there is really no outlay. We don't get involved in the money or any actual cash. We merely allow a company to have access to that bond authority.

Mr. Van Mill stated that when they first put this information out for consideration locally they did get some interest, but what they found is that bonding projects are so expensive that it would have to be a threshold that was high enough that would offset the expense of having a bond. If the project wasn't over about \$2.5 million dollars it really wasn't going to make sense. Those who came in and wanted \$100,000 or \$500,000 found that this was not a program that would meet their needs. About two weeks ago, they were

approached by a company called Navistar who is looking to site their world headquarters in Lisle, Illinois. Navistar has gone around to local units of government that have funds that are still available through this recovery zone bond to see if the money could be pulled in order for them to use it to make their program work in Illinois. He believes that they are looking to accumulate about \$150 million. No one community in Illinois has that much so pooling of these funds is extremely important to them. We were asked if we would be willing to look at providing our \$9.4 million dollars for this pool. Since we don't have anyone who is interested in using it, this is an avenue that might be an option. He was working very closely with a couple companies but after much consideration they decided not to take advantage of the funds at this time.

Mr. Washington asked if this would put us in any position for future possibilities of them locating some sort of facility here or anything that would give us an advantage.

Mr. Van Mill stated that one of the things that he and Mr. Bossert thought was very important is that Navistar representatives will form a group that will look at our supply chain in K3 County with all of our companies and determine if there are matches in which we can become a supply chain for Navistar International. He doesn't know if that is going to be in the form of a workshop or some kind of summit.

Ms. Schmidt asked if we have a contract with them that states that they will look at us or is it just a promise.

Mr. Van Mill stated that he has gotten emails from them asking for a list of employers in K3 County. There is no formal contract. He can ask for a commitment letter.

Mr. Bossert stated that in the third to last paragraph of the resolution it states that they are giving us 12 basis points (this is incorrect and should read 15 basis points) for this allocation which amounts to about \$13,000. His thought is that we could earmark that for some economic development activity as we see fit. He had our bond council check around and see what he heard was the going rate for this type of an allocation and this is the market – 15 basis points.

Ms. Schmidt asked if we have done our due diligence to see if there is some company inside the County that could use this money.

Mr. Van Mill stated that they had a very large open house in April and every major employer in K3 County was notified of the open house.

Mr. Bossert stated that he thinks what happens is that the process of selling bonds is very cumbersome and expensive for any entity and it is almost too much of a hurdle for a small or medium size business. For the large multi-national corporation who routinely sell bonds this is just in the normal course of their business. Many other companies just do not want to bother with this activity.

Mr. James asked if the \$13,000 we will receive can be used as we see fit or are there stipulations for what it can be used for.

Mr. Bossert stated that no strings were attached.

Mr. James stated that if Navistar does not have these funds assembled quick enough then everyone loses. If Navistar ended up not using these funds and we had a project on the back burner, could we get it back quick enough to use it?

Mr. Bossert stated that Navistar seems to be under a very tight timeline. We are a little put out that they waited two weeks before today to come to us, but publicly traded companies have very tight restrictions on what financial activities can be conducted in the last quarter before their fiscal year ends. They need to get action and have this together by next week. We need to get this to the next county board meeting for action. If this deal falls apart we still will have opportunity before the end of the year if another company comes forward. In the last paragraph on the first page of the resolution it states that we are retaining authority in our resolution for the Illinois Finance Authority to give us some veto power if they want to reallocate this money.

Mr. Van Mill stated that we might want to remove the part that says "Lisle" in that paragraph and have it say only "Chairman of the County Board of K3 County and the Executive Director of the Authority". Mr. Bossert agreed.

Ms. McBride asked how long they can keep this money and give it back without us losing it.

Mr. Van Mill stated that he thinks this is going to be very quick – if they are going to commit to this they are going to do it very quickly. If we find that they don't, we have the ability to pull the money from it and possibly a larger amount than we were allocated. There will be a system in place as a result of this that says that if we get a project that is \$20 million there is going to be ability to bring additional funds from outside the County to do that project.

Mr. Stauffenberg asked what other counties are on board.

Mr. Bossert stated that Dupage County, Lake County, Douglas County, Rockford, Joliet, Naperville, & Elgin. There are a few more that will be coming on board.

Ms. Schmidt stated that she heard that they were going to move their plant somewhere else.

Mr. Van Mill stated that they are already in the vicinity of Elk Grove Village. If that site was to move, we would want to be part of that consideration and that would be part of the commitment letter.

Mr. James made a motion to approve this resolution and Mr. Washington seconded it. Motion carried with a voice vote.

5. Adjournment

A motion to adjourn the meeting at 10:12 a.m. was made by Ms. McBride and seconded by Mr. Hubert. Motion carried.

Bill Olthoff, Chairman
Joanne Langlois, Executive Coordinator