

City of Zion
Tax Increment Financing Board of Review

Bill Warren, Chairperson
Margie Taylor **Chris Szymanski**
Tom Handyside **Marilyn Kreiger**
Juanita Winfrey **Dave Miller**

Meeting Minutes

REGULAR MEETING OF THE
TAX INCREMENT FINANCING BOARD OF REVIEW
Thursday, September 24th, 2015, 7:00pm
ZION CITY HALL

I. Call to Order

Chairman Warren called the meeting to order at 7:05pm

II. Attendance

Present:

Marilyn Kreiger, Dave Miller, Chris Szymanski, Margie Taylor, Juanita Winfrey, Bill Warren. A quorum was present.

City staff:

David Knabel, Finance Director; Sonolito Bronson, Recording Secretary

Absent:

Tom Handyside

III. Approval of Agenda

It was motioned by Marilyn Kreiger and seconded by Margie Taylor to approve the agenda as presented.

Vote: Marilyn Kreiger, aye; Dave Miller, aye; Chris Szymanski, aye; Margie Taylor, aye; Juanita Winfrey, aye; Bill Warren, aye. Motion passed.

IV. Approval of Meeting Minutes from August 10, 2015

It was motioned by Margie Taylor and seconded by Dave Miller to approve the meeting minutes as presented.

Vote: Marilyn Kreiger, pass; Dave Miller, aye; Chris Szymanski, aye; Margie Taylor, aye; Juanita Winfrey, aye; Bill Warren, aye. Motion passed

V. Consider TIF Application for Le'Quoinne Rice & NMM, LLC

Request: \$400,000

A presentation was given on behalf of the project by several of the parties involved in this tentative project. The presenters were Delaine Rogers; Market Square Hospitality, Paul Graffia, Preferred Capital; Arlene Martin, Martin Financial; LeQuinne Rice NMM, LLC;

Ms. Rogers recalled the various efforts that were made by the City to revitalize the downtown and various parts of the city. Ms. Rogers stated that these efforts were encouraged at the request of CTCA.

Ms. Rogers talked about how the Inn at Market Square came into existence. She stated that more than 60 banks were approached and all said no. She stated that the OGC Construction Group which included Preferred Capital Services Corp. provided Market square with construction loan. She stated that more than \$12 million dollars were invested in the design, construction and furnishing of the hotel. She stated that this included, at the request of the city, \$1.5 million in replacement of the city's aging sewer and water lines in the 2700 block that could not support any new development at the time.

Ms. Rogers also stated that Market Square Hotel worked diligently with the City to enter into a Developer TIF note in the principal amount of \$4,195,271.61. Over several years with interest, the Developer TIF note will provide the project with reimbursement payment totaling \$6,788,389.

Paul Graffia, Finance Director for Preferred Capital, distributed a few bullet points to the TIF Board. Mr. Graffia stated that the existing hotel customer base, room service business, full service restaurant and banquet food service are the underlying dynamics that favor this location.

Citing the bullet point list, Mr. Graffia states that the over the next twenty years, 1901 Public House restaurant located in Market square will

- Generate between \$1.4 million & \$2 million dollars in additional sales tax,
- Generate \$1.4 million in additional real estate taxes
- Generate 15+ additional jobs
- Pay local sales tax on consumables items purchased locally

Additionally, Mr. Graffia stated that 1901 Public House will enhance the Market Square Hotel experiences of the patience and caregivers of its main economic drive.

Arlene Martin, Martin Financial stated that was the Vice President of Small Business Banking at National City (now PNC) in Zion and she remembers being a part of the accomplishments that Ms. Rogers mentioned. She also stated that she worked with LeQuinne to obtain three (3) proposals for the build out of 1901 Public House:

- Direct Steel, Crystal Lake IL - \$898,000
- Franklin development Trust, Elburn, IL - \$1,019,800
- Olsen General contractors, Arlington Heights, IL - \$774,089

After reviewing the breakdown of the construction costs, Ms. Martin stated that Mr. Rice wants to go with OGC due to the company's familiarity with Market Square Hotel and the generous construction credit of \$188,000 which also made their bid the lowest.

LeQuinne Rice, NMM, LLC shared his work experience in hospitality management and various projects he has been involved with in Waukegan. He stated that Market Square offers the same opportunity in Waukegan in terms of the concrete slab and large windows. He stated that the staff will be diverse and the menu will be "New American". Mr. Rice stated that he and his investor believe that this is the site for 1901 Public House.

Rick Delisle, Principal Investor, Market Square hotel shared his reasons why he believes this project being in the hotel.

Ms. Kreiger asked if the TIF request will offset the construction budget. Mr. Graffia stated yes. Ms. Kreiger asked will the restaurant happen without TIF funds. Mr. Graffia stated no. Ms. Kreiger asked where are the remaining funds coming from. Ms. Martin stated that Preferred is doing the construction loan and Martin Financial is doing the SBA loan. She also added that there is \$188,000 Olson has in escrow. If Olson doesn't finish the build out of the space, Olson keeps the escrow.

Director Knabel asked Mr. Rice who are the other investors. Mr. Rice stated Alan Benton is the investor.

Ms. Kreiger asked who will the property belong to. Mr. Graffia stated that it would belong to LeQuinne but it will be used as collateral.

Director Knabel asked if there is a conflict of interest between Olson & Preferred Capital. Mr. Graffia said no. Mr. Graffia added that Preferred is a financing group of Olson.

Director Knabel shared his concerns with deciding to use TIF funds at one location or in various locations. Mr. Graffia stated that the TIF dollars would pay over \$1.4 million dollars in taxes over the years.

Mr. Szymanski asked if the construction credit can be applied to the TIF grant. Mr. Graffia said no. Mr. Szymanski asked if it takes \$900,000 to build a restaurant. Mr. Graffia said yes.

Mr. Miller asked if Mr. Rice would have exclusive rights to room service. Ms. Rogers stated that it would be up to the Liquor Control Board.

Mr. Szymanski asked Mr. Rice what has been his longest stint in the restaurant business. Mr. Rice stated his two years at Applebee's.

Director Knabel shared his concerns about using additional TIF funds to build out this project at Market Square. After discussion other possible options, it

was motioned by Mr. Miller and seconded by Ms. Taylor to continue the meeting to October 12th.

Vote: Marilyn Kreiger, aye; Dave Miller, aye; Chris Szymanski, aye; Margie Taylor, aye; Juanita Winfrey, aye; Bill Warren, aye. Motion passed.

VI. Public Participation

There was none.

VII. New Business

There was none.

VIII. Adjourn

It was motioned by Marilyn Kreiger and seconded by Juanita Winfrey to adjourn the meeting at 8:38pm.

Vote: Marilyn Kreiger, aye; Dave Miller, aye; Chris Szymanski, aye; Margie Taylor, aye; Juanita Winfrey, aye; Bill Warren, aye. Meeting adjourned.

Recording Secretary: _____