

**VILLAGE OF HUNTLEY  
VILLAGE BOARD MEETING  
January 27, 2011  
MINUTES**

**CALL TO ORDER:**

A meeting of the Village Board of the Village of Huntley was called to order on Thursday, January 27, 2011 at 7:00 p.m. in the Municipal Complex, Village Board Room, 10987 Main St., Huntley, Illinois 60142.

**ATTENDANCE:**

**PRESENT:** Mayor Charles Sass; Trustees: Pam Fender, Jay Kadakia, Niko Kanakaris, Paul Mercer and John Piwko.

**ABSENT:** Trustee Harry Leopold

**IN ATTENDANCE:** Village Manager David Johnson, Senior Assistant to the Village Manager Lisa Armour, Management Assistant Barbara Read, and Village Attorney Mike Coppedge.

**PLEDGE OF ALLEGIANCE:** Mayor Sass led the Pledge of Allegiance.

**PUBLIC COMMENTS:** None

**CONSENT AGENDA:**

- a) Approval of the January 27, 2011 Bill List in the amount of \$397,085.81
- b) Approval of Resolution (R)2011-01.04 – Christopher B. Burke Engineering, Ltd. (CBBEL) Proposal for Professional Engineering Services for Updating the 2008 Pavement Management Report
- c) Approval of Ordinance (O)2011-01.04 – An Ordinance Amending Chapter 156, Article XIII, Sign Regulations, of the Village of Huntley Zoning Ordinance

Mayor Sass asked if the Village Board had any comments or questions about the items on the Consent Agenda; there were none.

**A MOTION was made to approve the Consent Agenda as presented.**

**MOTION:** Trustee Kadakia

**SECOND:** Trustee Fender

**AYES:** Trustees Fender, Kadakia, Kanakaris, Mercer and Piwko

**NAYS:** None

**ABSENT:** Trustee Leopold

**The Motion carried: 5-0-1**

**ITEMS FOR DISCUSSION AND CONSIDERATION:**

- a) Consider Resolution (R)2011-01.05 - Resolution in Support of Approval of Centegra Hospital Huntley

Mayor Sass reported that Centegra Health System is proposing to construct a 128 bed hospital on the 01.27.11 VB Minutes

Centegra site by Haligus and Reed Roads in the Village of Huntley. Part of the process in constructing the hospital is to file an application with the Illinois Health Facilities and Services Review Board (HFSRB) for approval of a Certificate of Need for the hospital.

The Village is being requested by Centegra to provide a Resolution in Support of Approval for the construction of the hospital to the HFSRB upon approval by the Board of Trustees. The hospital will provide for over 800 jobs during the construction of the project as well as approximately 1,100 jobs in healthcare once completed.

Mayor Sass asked that the following Resolution be added into the official records of the meeting:

RESOLUTION IN SUPPORT OF APPROVAL  
OF CENTEGRA HOSPITAL-HUNTLEY  
RESOLUTION (R)2011-01.05

WHEREAS, Centegra Health System has filed an application with the Health Facilities and Services Review Board (HFSRB) for approval of a Certificate of Need for the Construction of a Hospital in Huntley, Illinois (Project Number 10-090); and

WHEREAS, the Southern portion of McHenry County is the fastest growing region in McHenry County and the population of the Village of Huntley has more than tripled in the last ten years; and

WHEREAS, the State of Illinois has identified the planning area in which McHenry County is located (planning area A-10) as one of only three planning areas in the entire State of Illinois that has a shortage of acute care hospital beds to serve the community, and

WHEREAS, the construction of a hospital in Huntley, Illinois will allow Centegra Health System to address the identified bed need in the area of McHenry County that needs it the most, based upon the rapid population growth in the area; and

WHEREAS, In addition to meeting the state's bed need for Health Planning Area A-10, Centegra's proposed hospital would serve Health Planning Area A-11, less than two miles to the south. According to State figures, this planning area (Northern Kane County) is the second of three areas in the State where additional hospital beds are needed. Therefore, two of the three planning areas in Illinois with identified hospital bed shortages would be served by Centegra Hospital – Huntley.

WHEREAS, the construction of a hospital in Huntley will result in the creation of approximately 1,100 new jobs in healthcare and as many as 800 jobs associated with the construction of the facility and will therefore greatly benefit the economy of McHenry County both directly through the creation of jobs but also indirectly through Centegra's reliance upon local providers of goods and services that are ancillary to health care; and

WHEREAS, Centegra has an existing health care campus in Huntley that has served the region through an immediate care center and other health care services and the construction of a hospital on this existing campus will result in an efficient use of limited health care resources of the community; and

WHEREAS, Centegra Health System has faithfully provided health care services to the residents of McHenry County for nearly one hundred years since the opening of Woodstock Hospital in 1914. During that time Centegra has collaborated with virtually every level of government from the County to Cities, Villages and Towns. Centegra has also supported other not-for-profit entities, service organizations, schools and other community groups. On the basis of this faithful service Centegra Health

System has established itself as the best suited to provide the full-service hospital that is needed in Southern McHenry County; and

WHEREAS, the Village of Huntley is interested in ensuring the availability of quality healthcare to all its residents; and

WHEREAS, the Village of Huntley has had the opportunity to collaborate with Centegra Health System in the development of a state-of-the-art Immediate Care Center, primary care physicians' office, and fitness center and believes that the proposed project will yield benefit, not only for the Village of Huntley, but for the entire region, and that Centegra is the best suited to serve the community through this project;

NOW, THEREFORE, BE IT RESOLVED that the Village of Huntley commends and supports Centegra Health System's proposal to construct a hospital in Huntley, Illinois, and urges the Health Facilities and Services Review Board to promptly approve Centegra's request for a Certificate of Need which will allow the project to become a reality;

BE IT FURTHER RESOLVED THAT, a certified copy of this Resolution shall be forwarded to Courtney Avery, the Administrator of the Illinois Health Facilities and Services Review Board, 525 W. Jefferson Street, Springfield, Illinois 62761

Mayor Sass asked if the Village Board had any comments or questions; there were none.

**A MOTION was made to approve Resolution (R)2011-01.05 - Resolution in Support of Approval for Centegra Hospital – Huntley.**

**MOTION: Trustee Kanakaris**

**SECOND: Trustee Piwko**

**AYES: Trustees Fender, Kadakia, Kanakaris, Mercer and Piwko**

**NAYS: None**

**ABSENT: Trustee Leopold**

**The Motion carried: 5-0-1**

- b) Discussion - Policy Direction Request – Annexation Agreement with Mertz Development Inc. for Rosenwinkel Property

Village Manager David Johnson reviewed a Power Point presentation and reported that Mertz Development Inc., (MDI), the contract purchaser, is proposing entitlement of 412 acres commonly referred to as the Rosenwinkel property located on Main Street west of the Village of Huntley. In January 2008, MDI came before the Village Board to seek authorization to begin the formal review process. The petitioner then appeared at a joint meeting of the Plan Commission and Zoning Board of Appeals in July 2008 for conceptual review. However, MDI did not move forward with the project after these meetings. Since that time, the property has been foreclosed on and MDI is now working with American Community Bank, the new owner of the property, regarding property entitlement and development. MDI has submitted a draft annexation agreement for Village review.

### Staff Analysis

#### *Overview*

In general, the proposed annexation agreement is very open-ended to the benefit of the Owner/Developer. The agreement would require the Village to agree to land uses and densities without engineering plans, traffic studies, or other impact studies provided prior to approval. As proposed, all approvals would pass to the Owner for whatever portions of the property are not purchased by a developer.

### *Zoning and Land Use*

The annexation agreement proposes to re-zone the property to a variety of zoning designations without any specific plans or engineering. Lots are proposed as small as 5,000 – 6,000 square feet. No architectural controls or design standards are included in the agreement. The proposed concept plan does not incorporate the adopted TOD guidelines or provide guidelines for creating a Town Center. Staff recommends zoning the property as RE-1, PUD with a “bubble plan” to guide development and to set an overall density level. The property would be re-zoned when specific development plans are submitted.

### *Algonquin Road*

The status of the Algonquin Road extension has changed significantly since 2008. As proposed then, the developer was going to build the extension. As proposed now, the developer will dedicate the right-of-way within 30 days after annexation; however there is no obligation to build the road. Due to the impact of the HUM Prairie on the alignment, the Village has been working with McHenry County and the McHenry County Conservation District to develop a memorandum of understanding (MOU) to identify a corridor for the roadway extension and possible transit station. While it was originally anticipated that an overpass would be constructed across the railroad tracks, it now appears that the crossing would need to be at-grade due to funding and environmental concerns. It is questionable whether an at-grade crossing would receive the necessary approvals. In 2008, the developer made it very clear that the project is dependent upon the extension of Algonquin Road.

### *Special Service Area*

Special Service Area (SSA) funding is still proposed. Previously, the SSA was to be used to pay for specific public improvements, including the construction of Algonquin Road. It is now proposed primarily “to carry” half of the cost (\$4 million of \$8 million total) for the wastewater sewer capacity recapture proposed to be assigned to the property. In reviewing the Village’s SSA policy adopted in 1998, which requires a public benefit for the issuance of such bonds, there is little or no public benefit to issuing bonds for this purpose. While the Village would not have a direct financial obligation with the bonds, there would definitely be risk to the Village’s reputation if the bonds went into default. In addition, one of the weaknesses noted by the bond rating agency as a part of the Village’s recent bond rating was the Village’s overall debt per capita. The proposed SSA would add to the Village’s debt per capita. The developer has been asked to provide additional information to the Village’s financial consultant regarding the structure of the SSA and the financial strength and credit capacity of the developer. The developer has acknowledged the Village’s concern that the SSA be paid off as property is purchased and not carried on the property tax bill as is the case with other SSA’s in the Village.

### *Sales Tax Incentive Agreement*

The draft annexation agreement proposes a sales tax incentive agreement in the amount of \$7.5 million or up to 10 years, triggered by construction of a 20,000 square foot building for a commercial retailer generating sales tax. This is an extremely low threshold to trigger an incentive. The Village typically enters into incentive agreements on a case-by-case basis, with specific users committed to locating at a particular site.

### *Special Service Area Request – West Wastewater Treatment Plant Phase 3 Recapture*

- In November 2006 the Village and Huntley Venture (joint venture developers of Talamore; Ryland and Lennar) entered into a Recapture Agreement for the one (1) million gallon Phase 3 expansion of the Village’s West Wastewater Treatment Plant (WWWTP).
- The total cost (paid for by Huntley Venture) of the plant expansion was \$18,120,014 for the construction of 1 million gallons or 10,000 p.e.’s (population equivalents).
- Huntley Venture required 56.62% of the available p.e.’s (5,662) for the development of Talamore.
- Leaving the remaining 43.38% of the p.e.’s (4,338) available for use in future developments located in the Village’s WWWWTP Facility Planning Area.

- Subject to payment of a recapture - \$1,710 per p.e. for residential uses and \$660 per p.e. for non-residential uses (plus interest since the acceptance of the WWTP on November 12, 2009).
- Because the Village authorized a credit to Huntley Venture for the use of water tap-on fees (\$250 per unit) to offset the up-front cost of the Phase 3 expansion, the Village is slated to recapture \$993,500 as a part of the recapture agreement.

Special Service Area Request

- The total recapture due is \$8,438,336 divided as follows:
  - Developer Recapture Amount \$7,444,836
  - Village Recapture Amount \$ 993,500
- In a private agreement between Huntley Venture and F.R.S. Development (FRS) Huntley Venture agreed to assign 80% of its recapture rights to FRS.
- FRS used the recapture rights as collateral when FRS purchased the Rosenwinkel property in 2006.
- American Community Bank and Trust (ACB&T), the current owner of the Rosenwinkel property acquired the recapture rights when it foreclosed on the property.
- ACB&T is selling the recapture rights along with the Rosenwinkel property.

Proposed Public Benefit

In annexation agreement negotiations in 2007/2008 the Village asked MDI (FRS was a co-petitioner at the time) to consider utilizing FRS recapture rights for the Rosenwinkel property, which would come close to providing all the necessary sanitary sewer capacity for the property.

- The benefit to the Developer is that they would have virtually all the sewer capacity needed to develop the property.
- As proposed, the benefit to the Village would be:
  - The Village could control its own destiny in future development negotiations and not be “weighed” down with the interest accumulating on the Phase 3 Recapture Agreement (however it should be noted that there are over 1,300 acres of non-residential property that are not subject to the Phase 3 recapture or have already paid the recapture and thousands of entitled residential units that can be built without paying the recapture).
  - The Village could begin collecting sewer fees to fund the Phase 4 expansion of the WWTP.
  - MDI is proposing that the Village agree to issue \$4.5 million in Special Service Area bonds to be the “conduit” to carry a portion of the “recapture debt”.
  - The bonds would be paid back at the time of closing meaning that the debt would not be passed onto future homeowners.
  - Final maturity would be March 1, 2031
  - Interest only would be paid from time of issuance to March 2021
  - Principal and Interest would be paid from 2021 through 2031

Proposed Additional Public Benefit

- MDI has amended the proposed SSA and is now offering the Village \$500,000 at the SSA bond closing to “pay down” the \$993,500 the Village is due as a part of the Phase 3 Recapture Agreement.
- The remainder of the amount due the Village would be paid back when property is bought and closed on.

Village SSA Policy

Under the Village’s SSA Policy the following improvements are considered eligible for SSA financing:

- Priority for SSA financing shall be given to public facilities which (a) provide benefits to the Village serving not only the future residents of a particular subdivision, but also the residents of

the Village, or (b) are found by the Village to provide significant public benefit.

SSA Policy - Credit Quality Requirements for Bond Issues:

- There are six (6) general criteria that should be evaluated related to the credit quality of a proposed conduit financing.
- These criteria are:
  1. The feasibility of the project;
  2. The capability and credit worthiness of the developer;
  3. The investment in the project subordinate to the bonds;
  4. The debt service the developer is estimated to be obligated for prior to the development of the project;
  5. The value of the property compared to the bonded indebtedness supported by the property; and
  6. The structure of the financing.

The Village has requested information from the developer to address the credit quality requirements

Fees

The developer is proposing that for a period of ten years following annexation, the Village will not assess any new fees on the property unless the cost of providing the service has increased. The developer is proposing to pay reduced fees for the Municipal Building Fund and the residential transition fee paid to the Village. In addition, the agreement does not include impact fees for the fire and library districts, and does not include water and sewer tap-on fees.

Metra Parcel

In regard to a site for a potential Metra station, the agreement proposes that a 16-acre parcel be reserved for this use and sold to Metra within 15 years, or the site reverts back to the owner or developer. In 2008, the site was to be donated, not sold, to the Village or Metra. The feasibility study for this line has still not been released by Metra. Staff has been told it may be released in early 2011. Even with a positive feasibility study, funding for the service would be a major challenge. According to the Go to 2040 CMAP plan, the estimated cost for this service is \$777 million.

Mayor Sass asked if the petitioners, Mr. Troy Mertz and Mr. Todd Briner, would like to address the Village Board.

Mr. Mertz stated that they have minimized the bond amount request and the objectives would be to donate 28 acres for the Algonquin Road extension to Hemmer Road.

Mr. Mertz stated that William Blair is the bond underwriter and before investing they look at the feasibility of the project. Mr. Mertz stated that in case of default the bond owners would have the first position on a tax lien. The bond would be collateralized on the developer and not the Village. Mr. Mertz stated that if payments for the bond cannot be made the property would be sold for taxes to pay the bonds. Mr. Mertz stated that a public benefit would be that the Village would receive \$500,000 from the \$4.5 million bond.

Mr. Mertz reported the following benefits of the project: the land donation for the extension of Algonquin Road; the recapture agreements for the sanitary sewer would be re-done; working with the Conservation

District on open space potential; would work with the Park District to perhaps build a football field; donation of 15 acres for a Metra Station and possibly an outdoor amphitheater.

Mr. Todd Briner stated that the benefits of the project would be realized at the signing of the Annexation Agreement. Mr. Briner stated that their plans are to develop the land slowly and methodically.

Mayor Sass asked if the Village Board had comments or questions.

Trustee Piwko stated that he has a problem with SSAs as: they are never completed as proposed; it is not fair to do a SSA for this and not other commercial developments as other developers have paid their own way; the \$500,000 is not really a public benefit; and, the SSA does not follow the Village's policies. Trustee Piwko noted that the bond will give a lower mark on the Village's credit rating and he is not comfortable with the SSA. Trustee Piwko also stated that he was concerned with the density of the bubbles on proposed plan and he also stated that the developer should put in the Algonquin Road extension as other developers have had to build the roads.

Trustee Fender stated that the SSA is insidious and that it will hurt the Village's bond rating. Trustee Fender stated that the top priority of the Village Board is to put in the Algonquin Road extension. Trustee Fender stated that she doesn't see the town center or the transit station going in for a long time and doesn't see this as being a public benefit.

Trustee Kanakaris asked Staff how the SSA would help or hurt the Village. Village Manager Johnson stated that the benefit as originally conceived by the Village and developer in 2008 is that the Village could begin collecting fees for the future expansion of the West Wastewater Treatment Plant because the recapture or would be assigned to the Rosenwinkel Property. The other potential public benefit is that the developer is offering \$500,000 upon closing of the bonds.

Trustee Kanakaris asked Staff how the bond would negatively impact the Village's Bond Rating. Village Manager Johnson reported that a potential negative impact would be realized if it foreclosed which would give the Village of Huntley a bad reputation; the S&P reports received in 2010 stated that our debt per capita is higher than preferred; therefore, if the Village needs to borrow money for capital projects, this negative reputation would hurt the Village.

Trustee Mercer stated that he agreed with Trustee Piwko's comments and concerns. Trustee Mercer asked about the status and plans of Mertz Development and would like to see the company's financials before making a decision. Mr. Mertz stated that he has spent a considerable amount of money in the past six years to attempt to develop in Huntley; he has a passion for this project and that he doesn't expect the Village to carry the financial burden of this project; his plans are to build slowly at 10 acres at a time. Mr. Mertz stated that he will furnish the company's financials but the company is not doing well as most companies due to the economy. Mr. Mertz stated that \$4.5 million is not a lot of money; the project will be the heart of Huntley and he will work with the Village Board. Trustee Mercer stated that before making a decision, he wants to see MDI's financials and wants to see a description of how the project would be phased.

Trustee Kadakia stated that he agrees with the other board member's concerns and that SSAs are something that the Village would like to stay away from.

Trustee Kanakaris asked for clarification that from the \$4.5 million the Village would receive \$500,000 and the remaining \$4.0 million would go to American Community Bank to get the Rosenwinkel property back; Village Manager Johnson concurred. Trustee Kanakaris stated that he would also like to see MDI's financials before making a decision; Village Manager Johnson stated that Staff has been asking for the financial information.

Village Manager Johnson asked for the Village Board's direction as to how to proceed.

***It was the consensus of the Village Board to not proceed until information is received about MDI, the Rosenwinkel Property, information to show the viability of the bond, and address the six (6) general***

*criteria to be evaluated related to the credit quality of a proposed conduit financing. The criteria are:*

- 1. The feasibility of the project;*
- 2. The capability and credit worthiness of the developer;*
- 3. The investment in the project subordinate to the bonds;*
- 4. The debt service the developer is estimated to be obligated for prior to the development of the project;*
- 5. The value of the property compared to the bonded indebtedness supported by the property; and*
- 6. The structure of the financing.*

There were no other comments or questions.

**VILLAGE ATTORNEY'S REPORT:** None

**VILLAGE MANAGER'S REPORT:** None

**VILLAGE PRESIDENT'S REPORT:**

Mayor Sass read the following Press Release regarding FYH relocating to Huntley from Wauconda:

*FYH Bearing Units USA, Inc. announced today they will build a new 41,122 square foot distribution facility in the Huntley Corporate Park located at I-90 and Route 47.*

*FYH is Japan's oldest and largest mounted ball bearing manufacturer, carrying 45% of the market in Japan and 3% of the market in the US. FYH anticipates they will move their current operations from a 22,000 square foot Wauconda plant to their new Huntley facility in October 2011.*

*"We are looking forward to building and growing our business in Huntley", said Eiichi Kobayashi, President of FYH. "This completely modern facility will allow us to serve our customers in the U.S. and Canada in an even more efficient manner", said Kobayashi. FYH's Wauconda facility currently has 16 employees and management foresees that number growing by 10 to 15 over the next few years. With growth in mind, FYH has purchased enough land to allow for an additional 37,000 square foot future expansion.*

*Attracting new business to create new investment and employment opportunities is a key goal of the Village of Huntley's Strategic Plan. "We are thrilled to welcome FYH to Huntley", said Mayor Charles Sass. "With the full Interchange on the cusp of construction, we are confident FYH will have many new neighbors as news continues to spread of Huntley's ideal location for industrial growth".*

*Mounted ball bearings are widely used in industrial and agricultural applications. FYH supplies a number of Fortune 100 companies both directly and through distribution. The new facility will be used as the main U.S. distribution arm for FYH and will include some light machining.*

Mayor Sass reported that the Centegra Public Hearing is scheduled at the Municipal Complex February 16<sup>th</sup> from 10am – 3pm (time has been expanded)

Mayor Sass reported that he and Staff met with ISTHA & IDOT. Final design decisions were made – all electronic tolling with an estimated savings of \$6 million. Tollway board approved title and appraisal work. Tollway staff communicated to their board that target construction start is 2012.

Mayor Sass reported that with regard to the impact of Capital Bill court action on the Interchange Project,

it appears that IDOT's \$16.6 million commitment for the project comes from a different budgetary source than the Capital Bill that the court ruled unconstitutional yesterday. For the time being it looks like the IDOT funding for the project is safe.

Mayor Sass reported that on February 2<sup>nd</sup> the Village is hosting a Route 47 Developer/Broker Forum. Information is in the packet; trustees are welcome to attend.

Mayor Sass asked Trustee Fender to report on the McCOG meeting. Trustee Fender stated that McCOG's proposed legislative and transportation agenda for 2011 was discussed and that McCOG President, Rick Mack stated that they would submit the proposed 2011 projects to the State as opposed to the 2010 projects which were never submitted. Trustee Fender said that she voted against this decision.

**UNFINISHED BUSINESS:** None

**NEW BUSINESS:** None

**EXECUTIVE SESSION:** None

**ADJOURNMENT:**

**There being no further items to discuss, a MOTION was made to adjourn the meeting at 8:05 p.m.**

**MOTION: Trustee Piwko**

**SECOND: Trustee Fender**

**The Voice Vote noted all ayes and the motion carried.**

Respectfully submitted,

Barbara Read  
Recording Secretary