

**VILLAGE OF HODGKINS**  
**FINANCE COMMITTEE MEETING**

**August 22, 2018**

Meeting called to order: 7:00 pm

Those present:       Vicky Moxley, Chairman  
                          Paul Struve, Member  
                          Lida Mills, Member

Also Present:        Noel Cummings, President  
                          Stephanie Gardner, Clerk  
                          John O'Connell, Attorney  
                          Dominic Misasi, Trustee  
                          Larry Rice, Trustee  
                          Tim Kovel, Member  
                          Melody Salerno, Comptroller  
                          Ernest Millsap, Chief of Police

Pledge of Allegiance

Mrs. Moxley explained the first item on the agenda for discussion is swapping of property with the Hodgkins Park District.

Mr. O'Connell reported himself, Trustees Struve, Kovel and Mr. Cummings had a meeting with Kelly Young, Director of the Hodgkins Park District. They wanted to be sure the building that is put up will not be an eye sore for the residents on Kimball Avenue. Mrs. Young assured this would be a state of the art building with lots of landscaping to help camouflage the buildings. Mr. O'Connell is going to prepare a contract with the Hodgkins Park District for the swap in which he will present to the Park District Attorney.

Mrs. Moxley did have some mock blue prints for viewing.

The Park district needed extra financial help from the Village to build the building. All the park equipment by law cannot be used again, so the Village is going to reuse the fence from Lenzi Avenue on the East Avenue project. This accounts for \$106,000.00 that will be presented to the board, to convey in addition to the purchase price with the trade.

The play equipment can be sold for private use, but not for public use. The soccer nets, and the pavilion will be moved to the new park area on Kimball Avenue.

The second item on the agenda for discussion is regarding the Business District for 9301 63<sup>rd</sup> Street.

Mr. O'Connell asked Mr. Rob Salerno, owner of Salerno's Restaurant to step to the podium for the discussion. Mr. Salerno stated he has since gone downtown to address the tax situation, since the property had been sold in a tax sale, he had to get a redemption letter and payoff amount to get the property. The payoff amount is \$378,000.00 due to all the finance charges. Mr. Salerno asked that the Village to please help with this situation, so that he can continue to grow the nice business that he has.

Mr. O'Connell explained he sat down with our Investment Banker, Peter Rafael to discuss some options that the public can embrace for helping Mr. Salerno's Restaurant. There have been benefits that we have helped other TIF and enterprise zone businesses with. There is a Business District Tax Act. There have been legal determinations already made that the area is blighted. It is considered blighted because the area is under-utilized. The Business District Tax Act would call for a 1% sales tax increase. This would allow us to assist in a small way to Salerno's and to possibly develop the 3 acres that is vacant. It would take time to set this up, and Mr. Salerno needs help now.

Mr. O'Connell asked for the authority to pursue the business district. He would like to see what good came out of doing this.

Mr. Struve asked why the large increase since last month, and Mr. Salerno did not have a direct answer, but because of the compounding interest the amount keeps getting larger.

Mr. Salerno thinks the business district may help, but was worried about increasing tax prices to his customers. He is looking for at least \$125,000.00 up front and going to finance the rest to cover the cost of this tax bill. He reiterates that he has not asked the Village for anything in the past and feels his business is an asset to the community.

Mr. O'Connell said this tax situation was litigated for three years and they lost. The compounding of the interest is the reason for the increase. If the business district were to go through the \$350,000 that was spent by Mr. Salerno to change it from a restaurant to sports bar would be considered project costs and the Act provides revenues

generated by the municipality can go towards the project costs. Mrs. Moxley clarified that this can be used on projects that were completed prior to the business district. Other projects could also possibly benefit from the business district and maybe the theatre could remodel.

The area that could be included in this business district could be the theatre, the vacant land, the gun range and Salerno's. Mr. O'Connell cannot guarantee this business district would work or happen.

Mr. Salerno is asking the Village for \$125,000 to ask with the tax situation and then continue to work on solving this tax problem. Mr. O'Connell explained this business is an asset to the community and the OTB brings in approximately \$140,000.00 per year alone. We have helped other businesses such as Menards that are an important part of the Village.

Mr. Struve worries about the compounding interests rates of this tax bill. Mr. Salerno said that is why is asking for this \$125,000 to help pay off the bill along with a personal loan he will get to pay the rest of the bill. Mr. Salerno said he is not here to get a freebee, he just needs help to stop this compounding tax bill.

Mr. Salerno said the business district tax would bring money back slowly over time, and he is not sure how that will affect business. Mrs. Moxley said all the neighboring towns have the 1% tax and if Mr. Salerno would increase his business he would increase the money he would get back. Mr. Salerno said there is a food and beverage tax in the other towns of 1% but the business do not get this money back, the municipality gets the money. Mrs. Moxley said the Village is willing to give this 1% back to the business as an incentive. Mrs. Moxley feels restaurants in other towns are not lacking business because of the 1% tax. She feels it is the business destination itself that makes people want to go. Mrs. Moxley said she wants to add to the business with the business district, not take away. Mr. Salerno agrees the business district would be an incentive in the future. Mr. Salerno feels this situation is not about whether the business is good or not, which he explains, business is good, it is about stopping a compounding tax bill.

Mrs. Salerno asked if the Village were to provide \$125,000 for back taxes would he be able to provide the rest of the money to stop the interest. Mr. Rob Salerno said he would be able to get the money to pay off the back tax bill.

Mrs. Salerno asked Mr. O'Connell about adding the \$125,000 to the TIF ledger, would it qualify for the refund? Mr. O'Connell explained this would be refunded just like everything else. It would be added to the list and at some point the Village would be

refunded the \$125,000.00 from the TIF. With the business district in place the money would be paid off by his paying customers. The 1% going forward would be paid to Salerno's, but the \$125,000 the Village fronts would be funded by the TIF. Chief Millsap said the food and beverage tax would apply to all businesses in town that sell food and beverage. He feels by the Village giving back the 1% tax it could help all the businesses selling food and beverage and could encourage more restaurants to come into the Village.

Mrs. Salerno asked Mr. Rob Salerno if the Village were to give him this money, would he be willing to sign a contract that says he is willing to keep the business and OTB open for at least 5 years, or whatever time period the board deems. Mr. Salerno would like to leverage the Village to help negotiate a long term deal with the OTB. Mr. Salerno said yes, he absolutely willing to sign a contract.

Mr. Salerno did say when the tax bill is paid, the Village will receive a large sum of money from the paid tax bill. Mr. O'Connell said this would be 20% the Village would receive back. The reason for the large increase in the tax bill was due to the fact that the property was assessed wrong. The assessed value was for the property only. There was never an assessment for once the building was build, back from the time it was built. Mrs. Salerno clarified the Village did send in the certificate of occupancy once the building was completed, the Lyons Township forwarded the information to the County, but the County did not complete the paperwork.


Mr. O'Connell asked if by chance the County were to overturn the verdict and he be reimbursed would he be willing to reimburse the Village \$125,000 if the appeal were successful. Mr. Salerno yes as long as it were related to the tax years that he owes the back taxes on. Mr. Salerno thinks only 2013 is open for appeal, and everything else has been denied. He did not own the business in 2013.

Mr. Struve and Mr. O'Connell explained to Mr. Salerno how the taxes with the TIF district work. Mr. Cummings explained how the TIF worked with the shopping center. Mr. O'Connell explained we need to keep business in the town. Mr. O'Connell would ask that the Finance committee meet again, but in fairness to Mr. Salerno a decision needs to me made by the next Board Meeting which is September 10, 2018.

Mrs. Moxley says we will schedule another Finance Committee Meeting sometime in the next two weeks.

Clerk Gardner asked for a motion to close the Finance Committee Meeting. A Motion to close the finance committee meeting was made by Mr. Struve. Second by Mrs. Moxley. Voting Aye: Mrs. Moxley, Mr. Struve, Mrs. Mills, Mr. Kovel, Mr. Rice, and Mr. Misasi. Voting Nay: None.

Meeting Closed at 7:53 p.m.

  
Stephanie Gardner, Village Clerk