

VILLAGE OF HODGKINS
FINANCE COMMITTEE MEETING

August 1, 2018

Meeting called to order: 6:00 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 to be discussed is regarding cameras on River Road by the Water tower. Mr. Struve explained there are trucks using our roads for a project. There is an agreement with American Grading Company for \$3.50 per loaded truck. There is not a charge for trucks that are not loaded. Mr. Struve wants to be sure we have a proper count of trucks coming in and out. He also wants to be sure that the cameras are in a good location to watch the water tower, for safety concerns.

Chief Millsap spoke with the company who has done all of the other camera projects. There are 2 parts to the project, each costing approximately \$19,000.00 each. One part is the structuring of the camera \$19,950.00, the other is for the cameras themselves \$19,600.00. This project is within budget at \$39,600.00.

Mrs. Moxley asked for a motion to make a recommendation to the Board at tonight's Board meeting to approve the cameras on River Road by the water tower. A motion to make a recommendation to the Board to approve the camera was made by Mr. Struve. Second by Mrs. Mills. Voting Aye: Mrs. Moxley, Mr. Struve, Mrs. Mills, Mr. Kovel, Mr. Rice, and Mr. Misasi. Voting Nay: None

The next item for discussion is regarding TIF business incentive. Mr. Rob Salerno, owner of Salerno's Restaurant was present for the meeting. Mr. O'Connell explained in 2014 the restaurant received a letter from the Cook County Assessor was saying that the property was under assessed since the inception of the restaurant in 2007. The taxes were \$20,000.00 per year. The taxed were instead \$80,000.00 per year. Mr. Salerno did file protests and appeals with the Cook County Assessor, which were unsuccessful. For the 2017 tax year Salerno's was given a \$250,000.00 tax bill. Mr. Salerno and his accountant approached the Village and spoke with Mr. O'Connell, Mr. Misasi, and Mr. Cummings were they explained why they were approaching the Village for assistance, due to the significant impact on the revenue being generated. Mr. Salerno presented a plan whereby the OTB revenue's that are generated each year would be used to help them pay the \$250,000 tax bill. Mr. Salerno is requesting \$100,000 initially, then \$40,000 per year for the next 5 years all from the OTB revenue that is generated. The Village received approximately \$10,000-\$12,000 per month from OTB revenues. Mr. O'Connell discussed with several trustees individually and the last proposal they came up with was offering \$125,000.00. This coming out of revenues that are generated by the restaurant not by any of the Village revenues. There was no consensus that this would be offered. It is not being presented in front of the finance committee, for Mr. Salerno to present this case.

Mr. Salerno wanted to inform the board he is the new owner to this facility, with in the next few years. He has put almost \$1 million into this business and feels he puts a lot in to the Village. Mr. Salerno said he hired some of the tax attorney's that he known and did not get anywhere. The tax bill received this year for 2017 was \$90,000.00. Mr. Salerno said at this time the tax bill is \$291,000.00. Mr. Salerno said he got a tax bill this year that has a \$25,000.00 charge for TIF. Mr. O'Connell explained this is not \$25,000.00 extra. Mr. O'Connell feels it would have gone up anyway. The increase in the tax bill would have gone up with or without the TIF. There was an 11% increase in the tax bill. Mr. Salerno said the property is in a tax sale. He needs to pay the tax back pay to get the property back. He owns the real estate, so he cannot walk away, and does not want to walk away.

Mr. Salerno is asking for \$100,000 up front for the back taxes and then \$40,000.00 for the next 5 years which will help with yearly tax bill. Mr. Salerno explained with his calculations the Village is getting approximately \$100,000 per year from this business. The Village is getting approximately \$25,000 revenue from tax bill. The revenue the Village receives from the OTB is approximately \$720,000.00 over 5 years. The Village even with helping Mr. Salerno would still receive over \$400,000.00 in property over 5 years.

Mrs. Moxley asked if the OTB is willing to help out in anyways. Mr. Salerno explained he has not gone directly to them to ask for help, but is almost certain that Arlington is not willing to help out in any way. Mr. O'Connell works with Mr. Stump in Springfield who is the spokesperson for Arlington and they are very rigid on their regulations. They would just go somewhere else with their licensing.

Mrs. Moxley asked if the Village were to give him this money he is requesting, what he would do differently to combat this large tax bill that will still come every year. Mr. Salerno explained since he has taken over the business has grown substantially. Most businesses it is a 5 year period to start making a profit. He will continue to grow the business. He has to make it work in 5 years, and wants to continue what he started. If the tax bill would not have gone up, he would not be here at the Village asking for help. He does not feel he is able to pass cost on to the customers, because they will not come.

Mr. Rice said the Village has helped out the business before, even though it was different owners. Mr. Salerno explained this is a different situation and a different owner, and he has been given an excessive tax bill. He is not asking to be given money. The money he is asking for is money his business is generating as revenue for the Village. Mr. Salerno knows that this will get fixed overnight. Mr. Salerno explained his job is turning around struggling businesses and he has been successful at this.

Mr. Kovel asked about his contract with the OTB, and he asked if they could take the OTB out at any time. Mr. Salerno said they could, but he does not expect that, because he has a very good working with Arlington. His 5 year contract at Salerno's has just expired. He will be renegotiating these contracts very soon, as he wants to renegotiate the OTB contracts for all his businesses at one time. Mr. Kovel would feel more comfortable if Mr. Salerno could present this OTB contract to the Village.

Mr. O'Connell asked if Mr. Salerno were to accept assistance from the Village, would he be willing to accept some kind of lean on the property to protect the investment. Mr. Salerno said yes, but wanted clarification. He was asking if the lien would be for the \$100,000.00, initially received, and then be reduced \$20,000.00 per year. The other \$40,000 per year would be from the OTB revenue. He wanted clarification on why the property would be liened for money he was not receiving up front. Mr. O'Connell said this was understood.

Mr. Kovel wanted to know if Mr. Salerno thinks the restaurant could survive if OTB was to pull out. Mr. Salerno said yes with the assistance of the Village on this tax bill. The portion of the restaurant that is being used by the OTB could be leased out to another

business. Mr. Kovel feels if Mr. Salerno came to the Village with another 5 year contract from OTB it would be a little easier decision for the trustees.

Mr. Struve asked about the revenue flow from the OTB. Mr. Salerno get a % of the handle. The Village gets 1%, Mr. Salerno get 0.75% of the handle. On average Mr. Salerno gets approximately \$9,000.00 monthly. The Village gets about \$12,000.00 per month per Mr. O'Connell.

Mr. Struve asked about the real estate taxes, and how this was not questioned at the closing on the property when he was buying it. Mr. Salerno asked why the Village did not catch that they were missing out on \$20,000 per year. Mr. Struve does not feel this is correct. A tax bill was shown to all trustees. Mr. O'Connell explained the TIF represents the increment increase over and above the base year, for TIF 4, year 2016. When the property taxes increased it all went to the TIF, it did not go to the school districts or anywhere else just to the TIF. The TIF did not cause the property taxes to go up, that is up to the county assessor. We are increasing the property tax generation, so the factor could potentially go down after a period of time. Mr. O'Connell wanted to clarify that the Village did not cause the increase in the tax bill. The village just established an element that because there is a TIF, it goes towards the TIF. If the TIF was not there then the charge would still be there but to somewhere else.

Mr. Salerno said this tax increase was a major tax bill that was not expected. It went from \$20,000 to \$90,000.00. Mr. O'Connell explained that Mr. Salerno has a very competent counsel that challenged Cook County and lost. Mr. O'Connell explained he has been working on this with Mr. Salerno for 4 months, this is just the first time it is being brought before the full financial committee. As soon as Mr. Salerno found out about the extreme increase in tax bill he contacted the Village for assistance.

Mrs. Moxley asked if any further protest can be filed, and Mr. O'Connell explained no all the challenges have been tried and failed. Mr. Salerno explained he did not come to ask the Village for help without trying every possible element first. He completely understands the giving back and does a lot of charity events to give back to people and the community. The business has grown.

Mr. O'Connell questioned a proposal that was offered by the Village of half of the \$250,000.00, instead of the 5 year plan. Mr. O'Connell asked why this is not sufficient. Mr. Salerno said that would help, but it doesn't solve the problem, he can't operate today and the business can't afford to operate with a \$90,000 tax bill yearly. He is confident that he will make this business to continue to be successful, he just needs help. He said that he has reinvested all the money he has made to continue to rebuild

the Salerno brand. He may need to look for an exit strategy if he is not able to get some short term help. Mr. Salerno said this business provides \$620,000.00 that the village would lose if he is not able to make the business work. Mr. Salerno said he is not able to increase his prices because people will not come.

Chief Millsap asked about the other OTB's and if the percentage is the same. Mr. O'Connell said that all municipalities receive the same percentage as per the OTB statues. As a home rule, he is not sure if this can be changed. It is unknown whether this can be increased to help the business. Mr. Salerno said at this time the race courses don't have the support of the state to make more revenue.

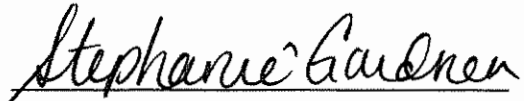
Mrs. Moxley asked Mr. O'Connell to look into if percentages can be increased, and allow the committee and board time to absorb all the information that was received. She proposed having another finance committee meeting in a few weeks. Mrs. Moxley thanked Mr. Salerno for the information and for coming in. Mrs. Moxley is concerned with already have given money to the same business in the past even though it was a different owner. Mrs. Moxley said there are other business that are struggling also and would like to look into ways to help all of these businesses. Mr. Salerno thanked the Village and said he would not be coming to the Village if it was not for this extraordinary tax bill. He is incurring interests' rates daily.

Mrs. Moxley presented the last item for discussion which is repairs to the diesel gas pump at the Fire Department on Santa Fe Drive. Chief Millsap explained that Chief Buckley of the Pleasantview Fire Department sent a letter saying that during routine inspection by PTE, there is a cap that is stuck on a pipe, this is required to be done and the letter submitted by October to the state. The cost is \$6540.00. This could be paid for by the Village we can try and divide the cost three ways between the Village, Fire Department and Park District who all use the site. If divided it would be \$2150.00 each. It is the Village gas pump, but costs for maintenance are usually shared.

A motion to make a recommendation to the board to pay for the cost of the Diesel gas pump and then try and recoup the cost from the Park District and Pleasantview Fire Department 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.

Mrs. Moxley 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 7:07 p.m.


Stephanie Gardner, Village Clerk