Call To Order

The meeting was called to order at 7:30 p.m. Present were Trustees Harlfinger, Bogdanowski, Huckins, Ruzanski, Cummings, McPhee and President Mulcahy.

Also present were Village Administrator Doug Petroshius, Assistant Village Administrator Jennifer Clough, Chief of Police Dave Brey, Public Works Director Fred Mullard, Finance Director Shane Johnson, Director of Community Development Michael Brown, Village Attorney Brad Stewart and Village Clerk Denise Wasserman.

Audience Participation: None

Public Works:

Ordinance Approving Surplus Property – presented by Public Works Director Fred Mullard – The Illinois Municipal Code requires adoption of an Ordinance to dispose of surplus property. The Village property listed in Exhibit A is no longer necessary or useful to the Village. In order to allow for disposal or sale, the ordinance declares the property as surplus. The recommendation is to adopt the Ordinance declaring Village property as surplus. Staff will sell items with value and dispose of other items appropriately. Motion was made to place this item on the Village Board Agenda.

Ordinance Amending Chapter 53, Airport Minimum Standards – presented by Airport Manager Mike Peranich - Changes to the Lake in the Hills Airport Minimum Standards document are proposed to address a new type of business on the airport involving flight instruction. The Airport Minimum Standards document establishes minimum requirements for businesses to operate at the airport.

An intensive flight instruction business would like to base their operation at Lake in the Hills Airport. The business model is predicated on private pilots with a license already in place who wish to obtain additional ratings or endorsements. The business would offer tailored flight lessons in the pilot’s own aircraft or an aircraft owned by the new business. Current minimum standards only apply to flight schools that provide an aircraft for students to use either through written lease or ownership. This is the traditional method of providing instruction and is based on an influx of new students just learning to fly who don’t own aircraft. The new intensive flight instruction business is geared toward advanced pilots, often owning aircraft, who wish to obtain more ratings or endorsements. The Airport Operating and Maintenance fund is an enterprise fund, which has to earn enough revenue to cover its expenses. Allowing more flexibility in how flight schools provide aircraft encourages more growth from these types of businesses.

The requested change would remove language dictating that a flight school must provide an aircraft for instruction either through ownership or lease. Both the Village Attorney and Intergovernmental Risk
Management Agency (IRMA) reviewed the change and determined it would pose no threat to the Village. Additionally, minor administrative changes suggested by the Village Attorney are included. Motion was made to place this item on the Village Board Agenda.

**Lease Amendment with S&K Aviation for the Airport Office** – presented by Airport Manager Mike Peranich – In May 2016, the Village Board approved a lease agreement with S&K Aviation, a private corporation, to house the airport administrative offices. It was necessary to rent this space because the original airport office was demolished as part of the taxiway project which started in 2016.

S&K Aviation is a tenant at the airport and the owner of the building where the airport offices are located. They pay the Village rent on a ground lease in the amount of $9,605.28 per year. As part of the original lease, the Airport only reserved the right to sublease space for an engineering field office a part of ongoing capital improvement projects. Each capital project typically requires that a field office be established for the engineering consultant. Since then, a new flight instruction business has come forward with an interested in subleasing the former engineer’s field office location from the Village. S&K Aviation identified that no subleasing of the premises was approved with exception to space for an engineering field office. S&K Aviation is agreeable to this sublease with a stipulation that the Village pay half monthly rent for the flight instruction business in addition to the Village’s regular rent. Although the Village’s cost of the office space will increase slightly, the Village will still gain half the sublease rent. The addition of a new flight instruction business also brings more aircraft to the airport that would potentially buy fuel, rent hangars, and utilize other airport businesses. There is a net positive financial impact.

The lease amendment would not alter the original term expiring May 1, 2018 and a clause is present to revert the monthly rent back to the original should the tenant subleasing office space decide not to continue long term. The Village Attorney has reviewed and agrees with the proposed amendment based on the proposed office sublease. Motion was made to place this item on the Village Board Agenda.

**Sublease Agreement with World Resolutions, LLC** – presented by Airport Manager Mike Peranich – Up for discussion an office lease between the Village of Lake in the Hills and Joe Standley who owns World Resolutions, LLC d/b/a Pilot Flight Training Courses. The lease includes an 11’ x 11” office space, and use of the common areas that the Village currently leases from S&K Aviation at 8397 Pyott Road. Mr. Standley intends to use the space to offer an intensive flight training business, something no other tenant at the airport currently offers. The lease will begin on March 10, 2017 and end on March 10, 2019. A security deposit of $350.00 is requested. To assist Mr. Standley in starting up his business, a tiered rent was offered in addition to several incentives to help promote use of the Village facilities. The monthly rent will be $300.00 for the first year ($2.47/sq.ft) and $350 ($2.89/sq.ft) for the second. In comparison, two office spaces in a commercial property adjacent to the airport start at $2.29/sq.ft and $2.02/sq.ft for a two year lease. The airport’s rates are in range of similar office rentals nearby.

The Airport Operating and Maintenance fund is an enterprise fund, which has to earn enough revenue to cover its expenses. An incentive program is included in the sublease agreement that offers a rebate to the business via a discount in rent for its customers who rent Village hangars or tie downs during their flight instruction. For each customer who rents a transient hangar a minimum of eight nights, rent will be discounted by $50.00 up to a maximum of $150.00 each month. Eight nights of hangar space will cost the customer $240.00. To achieve the maximum discount, flight school customers would have to rent 24 nights of hangar space which would add $720.00 to airport revenues. For each customer who rents a
transient tie down for a minimum of eight nights, the rent will be discounted by $25.00 up to the same $150.00 maximum per month. Eight nights of tie down space will cost the customer $72.00. To achieve the maximum rent discount, six flight school customers would have to rent transient tie downs for a minimum of eight nights each, which would add $432 to airport revenues. The $150.00 per month limit ensures the Village does not lose money paying rent for the building but encourages transient pilots from other airports to use our facilities. Required insurance coverage has been obtained and is on file. The Village Attorney reviewed and agrees with the sublease agreement. Motion was made to place this item on the Village Board Agenda.

Commercial Services Activity Agreement with World Resolutions, LLC – presented by Airport Manager Mike Peranich - The Lake in the Hills Airport Rules and Regulations require commercial activities which operate from the Lake in the Hills Airport to enter into an agreement with the Village. World Resolutions LLC, d/b/a/ Pilot Flight Training Courses would like to offer a then day intensive training course at the airport. The target audience of this training is people who already have their private pilot’s license but would like to obtain additional ratings or more advanced licenses. More flight training at Lake in the Hills would bring additional fuel sales and potentially more facility rentals. In addition, more customers would be drawn to the airport which would be able to offer a wider variety of flight training for the community. The agreement grants World Resolutions LLC access to the airport while establishing service standards, insurance requirements, and a commitment to observe the airport rules and regulations and minimum standards. The agreement will be in effect March 10, 2017 through March 10, 2021. The agreement is based on the standard agreement found in the Airport Minimum Standards. Required insurance coverage has been obtained and is on file. Motion was made to place this item on the Village Board Agenda.

Agreement for Special Services to Prepare NICOR Gas Easement – presented by Public Works Director Fred Mullard - The Crawford, Murphy and Tilly Inc., (CMT) agreement to design the Taxiway Relocation project was approved by the Village Board on March 10, 2016. The work included removal of four hangars, two of which had natural gas heat. The hangers were relocated assuming NICOR could reconnect the natural gas heat with no added easement. After the relocation, NICOR determined they needed to extend their gas main 75 feet beyond the existing easement. In order to grant an easement Village staff submitted a written request to the Federal Aviation Administration (FAA) seeking approval in October 2016. FAA approval is required because, due to our grant assurance with them, the Village cannot grant use of the property for private entity. It was anticipated at the time that the easement would be approved without issue; however, the FAA unexpectedly requested technical information beyond the scope of the CMT’s approved contract. To provide for additional work, a special services agreement is presented for Village Board approval. Illinois Department of Transportation (IDOT) has reviewed and approved of the contract for an amount not to exceed $12,400.00. Federal and State grant money will cover 95% of the project cost. The Village is responsible for the remaining 5%, or $620.00. The applicable pages of the agreement were given to the Board for review. A representative from CMT is present at tonight’s meeting. Motion was made to place this item on the Village Board Agenda.

Administration:
Informational Item Concerning Economic Development Tools for the Northeastern Development Area – presented by Village Administrator Doug Petroshius – In September of 2016, the Village Board considered a proposal from Teska Associates, Inc. (Teska) to perform a Tax Increment Financing (TIF) District Eligibility Survey and create a Redevelopment Plan for the properties in and around the Airport and the neighboring land to the ease of Pyott Road and Route 31 (Northeastern Development Area).
Teska was the successful firm resulting from a Request for Proposals process performed in the spring of 2016 which included eight firms and was conducted by the then Village Administrator and Economic Development Coordinator. The Teska proposal was considered at the September 6 Committee of the Whole (COTW) and September 8 Village Board meetings and was denied by a vote of 4-2. Motion was made to place this item on the Village Board Agenda.

Staff discussed the topic of economic development with some of the Village Board members and has since reviewed the meeting minutes of the September 2016 discussion. A number of economic development professionals contend that TIF Districts are the most powerful economic development tool and best method of invigorating development, such as the areas in the Northeaster Development Area. Staff is recommending the Village Board revisit the discussion of a TIF District.

Given that the Village has never adopted a TIF District and that the Village Board desires a proactive economic development effort staff provided a review of economic development tools that are available. Konstantine Savoy from Teska is present to provide complimentary expert guidance. Trustee Ruzanski wondered if a TIF was okayed yet not completed would the area be able to marketed as so. According to Mr. Petroshius, if the Village adopts a TIF then the area would be marketed as such.

Trustee Harlfinger asked to review the topography. He was clear that he was not interested in a TIF in the discussed areas. He would rather see Rt. 47 developed. He’s also unsure if now is the time to develop near the airport area. He would prefer to see the airport renovation complete before discussing TIF districts near there. Regarding Rt. 31 he thinks it’s unique because of the challenges of the land (sand and gravel). All other communities in that area have been able to extend services from their existing areas. He would rather take up discussion of TIF during a Strategic Planning session. He is firm that he would like to get a jump on the Rt. 47 corridor.

President Mulcahy was wondering what the Board’s thoughts were on the proposed study. Mr. Petroshius mentioned that the TIF should be put in place to start looking at all uniqueness of the properties. Those studies take money. Trustee Harlfinger is not in favor of spending funds on a study at this time. Trustee Bogdanowski is questioning whether an eligibility study and paying for such is necessary if pursuing a TIF is what the Board ultimately wants to do. Trustee Cummings is okay with spending money on an eligibility survey. Mr. Petroshius mentioned that the study and all that go along with it are part of the process of creating the TIF. Establishing eligibility is the first part of creating a TIF. President Mulcahy thinks the last time it was assumed that this would be best discussed in Strategic Planning. He thinks the Board is a bit surprised at the ask of spending dollars at this point on a feasibility study. A possible Strategic Planning Session could take place as early as June. The Board would prefer to withhold any direction of a TIF until after a Strategic Planning session.

**Board of Trustees:**
Trustee Harlfinger – Nothing to report
Trustee Huckins – Parks and Recreation Board Liaison Report – Nothing to report
Trustee Bogdanowski – Planning and Zoning Liaison Report – Nothing to report
Trustee Ruzanski – Airport Marketing Committee Liaison Report – Nothing to report
Trustee Cummings – Nothing to report

Trustee McPhee – Nothing to report

President:

Audience Participation:
Rick Forner, Lake in the Hills Sanitary District – He is before the board to convey the districts position on the possible consolidation. As the Board is aware, there is a state statute that allows the County to consolidate the district. The county would own all the assets.

For the record, they are not in favor of the consolidation. He has not seen how this consolidation will be beneficial to all the customers of the sanitary district. In contrary they believe the consolidation will have negative impacts to the residents in a form of higher sewer rates and a reduction in services. The districts residents have the lowest sewer rates in the area. 2013 was the last time there was a rate hike. There are currently no rate hikes on the books for 2017. The district only receives 8 cents per 100 in taxes from resident’s tax bills. District staff from management down consists of ten non-union employees. He believes you can’t get more efficient than that.

Currently the district employs four Class 1 Operator’s the highest level achieved to operate wastewater facilities in Illinois. He could go on but due to the time of the evening he will just mention the above few. The sanitary district urges the board to take a look at all the issues, not just what’s being presented by staff. He believes if the consolidation happens there is no going back. It will be the residents of the district that shoulder the negative effects if this moves forward. He is willing to sit down with the Village, and offer up his staff, to sit down with Village to go over plans. He reiterated the Sanitary District is not in favor of consolidation.

Closed Session:
Motion made to enter into Closed Session for Appointment, employment, compensation, discipline, performance, and/or dismissal of specific employees and Approval/Semi-Annual Review of Closed Minutes (5ILCS 120/2 (c)) was made by Trustee Harlfinger and seconded by Trustee Huckins. On roll call vote Trustees Ruzanski, Bogdanowski, McPhee, Huckins, Cummings and Harlfinger voted Aye. No Nays. Motion carried.

Committee of the Whole resumed at 9:11 pm.

Adjournment: There being no further business to discuss, the Committee of the Whole meeting was adjourned at 9:12 p.m.

Submitted by,

Denise Wasserman
Village Clerk