

***Proceedings of the Council of the City of Joliet, Illinois
held on the 5th day of May, A.D. 2008***

PRE-COUNCIL MEETING of the Council of the City of Joliet, Illinois held on Monday, May 5, 2008 at 3:30 P.M. in the Council Chambers, Joliet Municipal Building, 150 W. Jefferson Street, Joliet, Illinois.

ROLL CALL

PRESENT: MAYOR ARTHUR SCHULTZ and DISTRICT 4 COUNCILWOMAN SUSIE A. BARBER, COUNCILMAN AT LARGE THOMAS C. GIARRANTE, COUNCILWOMAN AT LARGE JAN QUILLMAN, DISTRICT 1 COUNCILMAN JOSEPH R. SHETINA, COUNCILMAN AT LARGE MICHAEL F. TURK and DISTRICT 3 COUNCILMAN ANTHONY UREMOVIC.

ABSENT: DISTRICT 2 COUNCILMAN TIMOTHY M. BROPHY and DISTRICT 5 COUNCILMAN WARREN C. DORRIS.

ALSO PRESENT: CITY MANAGER THOMAS A. THANAS and CORPORATION COUNSEL JEFFREY S. PLYMAN.

The City Manager asked the Mayor and Council's indulgence in moving several items up on the agenda due to the presence of interested individuals.

The City Manager first explained Council Memo #538-08 dealing with a Funding Agreement with the Joliet Area Historical Museum for the Sharing and Use of \$230,000 of Riverboat Gaming Revenue for the Houbolt Exhibit.

Mr. J.D. Ross, Chairman and President of the Joliet Area Historical Museum Board and Mr. Tony Contos, Interim Executive Director, were present on behalf of the museum. Also present was Heather Bigeck, Collections Manager for the museum.

COUNCILMAN BROPHY arrived at the meeting at this point.

COUNCILMAN SHETINA asked if this is specific for just the one exhibit.

The City Manager said yes, it is only for the Houbolt exhibit. He said there has been some work done already and this funding will finish it off. He said there are a few more parts to this that will come back at a later date. He said he knows the Board is working on some funding sources for that and we're hoping the City doesn't have to jump in with too much more. He said he thinks this exhibit will bring a lot of people to the museum and a lot of notoriety to the Houbolt contribution to landing a man on the moon.

It was requested that this item be voted on today.

1. A RESOLUTION Adopting a Funding Agreement Between the City of Joliet and the Joliet Area Historical Museum for the Sharing and Use of Riverboat Gaming Revenue in 2008 was presented and read.
(Council Memo #538-08)

COUNCILMAN QUILLMAN moved that said Resolution be adopted.

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Motion seconded by COUNCILMAN GIARRANTE.

Motion carried by the following vote:

AYES: COUNCILWOMAN BARBER, COUNCILMEN BROPHY, GIARRANTE, COUNCILWOMAN QUILLMAN, COUNCILMEN SHETINA, TURK, UREMOVIC and MAYOR SCHULTZ.

NAYS: NONE.

(RESOLUTION NO. 6045)

The City Manager then explained Council Memo #526-08 dealing with a Variation of Use to Allow the Continuation of a Gutter Installation Company at 216 Rowell Avenue.

Mr. David Wolz, the applicant, was present on behalf of the petition.

Deputy Liquor Commissioner James Greenan then explained Council Memo #590-08 dealing with the Issuance of a Class "I" Liquor License at 457 Scott Street.

It was requested that this item be voted on today.

2. Issuance of a Class "I" Liquor License at 457 Scott Street
(Council Memo #590-08)

A communication from the Liquor Commissioner regarding the application of James D. Grant, Inc. d/b/a Stefanich Restaurant for the issuance of a Class "I" Liquor License at 457 Scott Street contained his recommendation that the issuance of this license is in the best interest of the City, and therefore, approval is recommended.

COUNCILMAN GIARRANTE moved that the recommendation of the Liquor Commissioner be concurred in.

Motion seconded by COUNCILWOMAN QUILLMAN.

Motion carried by the following vote:

AYES: COUNCILMEN BROPHY, GIARRANTE, COUNCILWOMAN QUILLMAN, COUNCILMEN SHETINA, TURK, UREMOVIC, COUNCILWOMAN BARBER and MAYOR SCHULTZ.

NAYS: NONE.

The City Manager then went to the beginning of the agenda to explain the remaining items.

It was requested that discussion of Council Memo #524-08 dealing with the Annexation of the Bridge Street Town Center Development at the Northeast Corner of I-55 and I-80 be delayed until the retail developer arrived at the meeting.

The City Manager explained Council Memo #528-08 dealing with Declaring Certain Properties as Public Nuisances.

COUNCILMAN SHETINA said in light of the mortgage foreclosures process that's ongoing, and he doesn't know if any of these are in that process, COUNCILMAN BROPHY over the years has been very interested in picking up properties where it is advantageous for us to pick them up and either knock them

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down or get them back rolling again. He said he hopes that we are looking at these things to see if there is any opportunity for us to pick up some properties in areas that might be helpful for us. He said maybe we can help an area that has been a real blight and get it cleaned up or see if it's salvageable and if there is a way that we can buy it for a reasonable price based on our previous practices.

The City Manager said we are doing that. He said he has worked with the Director of Neighborhood Services on a couple of properties that we would like to acquire, and you'll be seeing those in the next few weeks. He said on houses like these we will certainly try to look at those opportunities.

COUNCILMAN BROPHY asked that the future purchase of Polk City Directories be placed on the agenda for the next Communication, Technology and Information Systems Committee. He said regarding Council Memo #545-08 dealing with the Purchase of 37 2009 Polk City Directories in the amount of \$8,393.82, it's probably too late to get anything done this year, but we may be able to get a license per department to run this on a computer. He suggested we talk about a digital license and maybe we could save ourselves some money.

The City Manager said we'll probably encounter a few of these where it might be the same amount of money or less to start accessing this kind of information through the internet rather than a book.

COUNCILMAN SHETINA said he'll take the book.

The City Manager then explained Council Memo #524-08 dealing with the Annexation of 14 Properties at the Northeast Corner of I-55 and I-80, a Development Agreement with O & S Holdings for the future Bridge Street Town Center and the Reimbursement to the City for Out of Pocket Expenses Incurred in Connection with the Project Prior to the Bond Sale. He said at full build-out, up to 3.5 million sq. ft. of retail and commercial space may be developed, and the development is scheduled for groundbreaking in the spring of 2009.

The City Manager said plans for a future full interchange on I-55 at Route 59 are currently being designed by the City's engineering consultant and IDOT. He stated we had a meeting this morning with IDOT to talk about a small part of this project and did make some progress, but many more meetings will take place. He said we are waiting for final cost estimates, but we are hoping that the cost of the interchange comes in at the estimate in the Council Memo of \$90 to \$99 million. He said there is a chance that the project may go over that, and if it does we will talk about closing the gap on the cost of financing anything above the \$90 million figure which was previously used in calculating the cost of financing the interchange. He said we are very pleased and have made a tremendous amount of progress.

Mr. Chris Shane, Vice President of Acquisitions for O & S Holdings, made a presentation on their company, their resources and some of their other developments including one of their projects in Huntsville, Alabama which opened November 1, 2007 on a 100 acre parcel. He said the project here in Joliet is on 300 acres. He then introduced Brian Spencer, Development Manager for the Bridge Street Town Centre project.

Mr. Brian Spencer introduced the representatives of O & S Holdings present at the meeting. He also introduced Dan Malinowski of Jacob Hefner Engineering and Bob Andres of Civiltech Engineering and said representatives of the design

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architect, Development Design Group out of Baltimore, Maryland and production architect OWP/P out of Chicago could not be here today.

Mr. Spencer said the annexation on the agenda is for 268 acres of the project and an additional portion at the south end of the site will be annexed in shortly. He said there will be two zoning tracts, one of which is R-4 Zoning which acts as a buffer against the existing Rock Run Road and the existing residential to the east, and the other is for the balance of the property being brought in which is B-2 Zoning. He explained in detail the overall site plan and said the initial lifestyle center is in the center of the project with a north marketplace which is a more traditional power center for some of the larger tenants who demand parking right at their door fronts, and also a south marketplace for some of the larger tenants that have greater parking needs. He explained a sketch of what they are calling South Street which is at the southern portion of the project which is a looped street going through the project with traditional lifestyle tenants on both sides with some pavilions and kiosks down the center and a highly amenitized and landscaped area in the center of the property. He explained an area they are now calling Central Park looking through the center of the project from east to west towards what they hope will be a theater at the end along with a lake through the middle which would not be part of a storm water detention but a lake at a permanent level with a bridge across it and pavilions again looking out over the water. He then asked Bob Andres to discuss the access plan for the project from I-55 as well as from Houbolt Road.

Mr. Bob Andres of Civiltech Engineering said they have been working with the City of Joliet, O & S Holdings and IDOT on this for about the last year to develop an access plan for this development. He said there are two primary objectives of the access plan, one being to maximize the accessibility of this site to the interstate highway system and the other being to minimize the impact of this on the surrounding arterial and collector streets in the area. He said they want to get as much traffic as they can to and from the interstate highway system. He said the improvement will consist of completion of a full interchange at the intersection of Route 59 and I-55. He said IDOT has started some of the initial stages of construction that will reconfigure and relocate the existing Route 59 interchange. He said they have just about completed relocation of the west frontage road and they will build a new overpass for the northbound exit from I-55 and it will cross over the top and intersect Route 59 at Seil Road. He said the improvement that they would construct to add to that interchange would provide a southbound exit ramp that would come up and T into Route 59 in a T intersection for traffic destined to Seil Road to the west. He said that would also have a direct connection that would bypass the intersection and go underneath the new overpass at Seil Road and County Farm Road and pass over on a new bridge directly into the Town Centre site onto Bridge Street. He said the other major component of this access plan would be an extension of Bridge Street that would be a new four lane roadway and would go all the way to Houbolt Road that would cross Rock Run and be located between JJC and the IDI Industrial Park and would intersect Houbolt Road near where Olympic Drive currently exists. He said also included at I-80 would be improvements to the eastbound exit ramp which would be widened to provide a dual left turn lane into the site, and also the westbound exit ramp would have a dual right turn lane into the site.

COUNCILMAN SHETINA asked if you would be able to come in and out of the project in either scenario.

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Mr. Andres said that is correct. He said the new interchange at Route 59 would have full access and the Bridge Street extension to Houbolt Road would have full access to I-80. He said they have been working with IDOT to get their concurrence in that concept and they think they are very close to getting them to approve the traffic impact study, and they hope to know within the next week or so as to whether they concur with all of the details of this plan.

Mr. Spencer said that concludes their formal presentation and they look forward to the City's approval of the annexations as well as the development agreement tomorrow night.

COUNCILMAN GIARRANTE said best case scenario, when is the groundbreaking.

The City Manager said in 2009 with the opening in 2011. He said it is going to take a lot of hard work with IDOT and we also have a lot of other people in the area that will be affected by the project that staff is working with, specifically the Rock Run residents. He said we want to make sure that this project is properly buffered from them. He said we are finding out that they may have some utility needs that will be addressed by us coming in and extending the system so they may be coming out of this a little bit better off on the utility side. He said we have been working with Dr. Gena Proulx at JJC and her staff to make sure we minimize the impact on the junior college, and we are finding out as the junior college embarks on its master plan of redeveloping their entire site that there may be some benefits from this road that is going to be extended on the south border of Joliet Junior College. He said the exact location hasn't been decided yet but there is still a lot of things that we have to go through to make sure that we make this a win-win situation for Joliet Junior College and the City. He said we also met with the Shorewood Village Administrator and Shorewood certainly has an opportunity to benefit from the interchange improvements, but we are also finding out that there is some short term impact on them that we need to address and we will be working with their staff and board trying to take care of those matters. He said there is also an environmental issue that we've already started to address and we'll keep working on that. He said we've already contacted the school districts and we see them benefitting tremendously from this as far as a very nice enhancement to the tax bill for them as well as job opportunities for their students, both before and after graduation.

COUNCILMAN SHETINA congratulated the staff. He said it is amazing that our staff has been able to do this kind of thing and that we have that kind of expertise. He asked what is the chain of review on this project. He asked who watches the financing, who watches the construction and the infrastructure, all of those kinds of things. He said the Village of Shorewood's President has been on the radio several times and has been nothing but complimentary and looking forward to the project and sees a lot of benefits to them also. He asked who are the "go-to" people with any questions we might have on the financing, the bonds, the development itself and all of those kinds of things.

The City Manager said this is a great opportunity for the employees who have been with the City for a long time to step up and get an opportunity in their career that will probably only come along once or twice. He said on finance issues Ken Mihelich has gotten a real baptism under fire with this being his first year at the helm of his department. He said he has been with the City a long time and has gotten to know the financial aspects of this project. He said they have had the assistance of Kevin McCanna of Speer Financial who has been advising the City

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for the last two or three decades and is a trusted advisor and has helped Ken and himself out a lot in understanding the financial mechanisms that are putting this project together along with Peter Raphael and Aleksandr Granchalek from William Blair & Co. He said on the utilities side we are leaning on Jim Eggen to help with the water and sewer issues. He said we do have some complex sewer issues including a force main in Shorewood that needs to be relocated and also a gravity main that Shorewood uses that will probably will have to be relocated at a substantial expense. He said on the engineering side, Jim Trizna and Lisa Dorothy have learned a lot about this project and know it inside and out. He said we have a lot of people on staff who are very capable of handling this. He said we are going out for some help when we feel we need it, but we feel very capable on our own. He said certainly on the legal issues he is thrilled to have Jeff Plyman who has jumped into this project head first and knows it inside and out and knows the business part of it too which has been a big help to him. He said he knows the development team has brought in a lot of expertise and people who have done this project elsewhere.

COUNCILMAN SHETINA said it is a very big and exciting project. He said he wants to make sure we have everything dotted and crossed and it looks like we have. He said the developer has a lot of experience and it is one of the biggest projects he's seen since he's been here.

The City Manager said we have had good support from the business community. He said Russ Slinkard and Mary Jaworski are here on behalf of the Joliet Chamber of Commerce and John Grueling is here on behalf of the Will County CED. He said he thinks there are a lot of people that are saying let's see this thing happen and we are doing our best to make it happen.

COUNCILMAN GIARRANTE said you mentioned a force main for Shorewood. He asked if that is sewage we treat for them.

The City Manager said yes, it's in an intergovernmental agreement that was approved about 15 to 20 years ago and is a long-term agreement.

COUNCILMAN GIARRANTE asked about the expense.

The City Manager said that's what's being negotiated right now and obviously we want everybody to pay their fair share. He said Shorewood understands that it has some responsibility for its portion. He said on the gravity main that runs through the middle of the project there is an agreement in place that requires Shorewood to pay 100% of that cost. He said we are going to work to minimize that cost so we don't run up their bill, but it is something that will take a lot more meetings to put this together with Shorewood and a few of the other agencies and companies that have an interest in this.

COUNCILMAN GIARRANTE asked what percentage of their sewage do we treat and do we buy water from Shorewood.

The Corporation Counsel said he believes we treat all of Shorewood's sewage currently; we are their sole treatment provider. He said they have looked into developing their own treatment plant especially as they grow west into Kendall County because our current arrangement with them does not allow for treatment of Shorewood's Kendall County sewage. He said he knows we have an agreement for an emergency interconnection but he doesn't believe we buy any water from Shorewood.

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MAYOR SCHULTZ asked the City Manager to explain the first two paragraphs of page 3 of the Council Memo regarding the sales tax revenue bond and the special service area bond.

The City Manager said there will be two bond issues that will be pursued to fund the cost of the interchange and we've pledged certain revenue streams from the project for those. He said once this opens up it will be generating a lot of sales tax revenue, hotel tax and food and beverage tax. He said we'll also be coming back to the Council for the passage of a business district sales tax ordinance that will create an area unto itself that will have an additional 1% sales tax for all of the retail operation that occurs only in the O & S Development project. He said this is not a tax that will apply any place else in the City of Joliet. He said we've pledged from that stream of revenue enough money to pay off the bonds that will be used to construct this particular interchange and all of the related improvements that go along with it. He said as you can see in the chart on page 3, we are committing 50% of our Home Rule Sales Tax, 50% of the State Sales Tax, 50% of the Hotel Tax, 50% of the Food and Beverage Tax and the only thing we are committing 100% to is the Business District Sales Tax which is the tax that is specifically going to apply to the retailers that are in this project. He said part of that sales tax will be used to pay off those bonds and that will be from this project only, and we've estimated what part will be needed in the development agreement. He said the development agreement fills in a 5% contingency that will allow the City's portion of what we commit to pay off those bonds to float up another 5%.

The City Manager said when these numbers were run, it was with the assumption that the interchange improvements would cost \$90 million. He said since that cost estimate was done there has been another cost estimate that shows the cost of the interchange and related improvements could float up as high as \$99 million. He said we are going to have some gap that will have to be filled at some point and that point may come sooner rather than later because O & S wants to make sure that it is able to proceed with its leases and getting its financing and all of the things that need to happen as part of this project, and they will be looking for a commitment from us and perhaps other taxing districts to help close that gap. He said when that happens we'll bring that back to you and make sure that we've negotiated that down as far as we can and if there is an additional percentage that needs to be committed, that will come back to you at a later date. He said a lot of that depends on the cost for the interchange and there are a lot of moving parts to that interchange. He said you have obviously seen the I-355 interchange at I-355 and I-55 and we're looking at something of that magnitude when it comes to ramps and overpasses that will be at this particular interchange.

COUNCILMAN SHETINA said the excess \$9 million or so still is derived from the project itself and those taxes from the project.

The City Manager said that is correct; we will not be committing the City's general obligation authority to this project. He said the City of Joliet is not at risk for paying off the bonds from any other source other than this particular project. He said we won't be going to our taxpayers for funding the bonds should the sales tax fall short. He said we don't anticipate that it will and we've tried to build in protections here that will not cause the citizens of Joliet to have to pay for the project at all.

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COUNCILWOMAN QUILLMAN said all weekend the people she met have been talking about this project and she has not heard one negative thought about it. She said people are very happy with the City and staff and the Council that we're not just pushing this through and we have concerns and we are working together with everybody to make this happen so that it works for everyone. She said they just cannot wait until it happens.

The City Manager said we've also received a letter of support from Senator A.J. Wilhelmi who has been very supportive of the project. He said obviously we are looking to the State to help with the cost of this project. He said there is a huge benefit that will be derived by the State of Illinois and Senator Wilhelmi is battling for us as part of the capital bill to see if we can get some funding for this interchange to help close the gap that we have.

Mr. Russ Slinkard said the Board at the Joliet Region Chamber of Commerce and Industry is 100% behind this project. He said they think we've had outstanding projects in the past here in Joliet and thanks to your leadership efforts they think this is a spectacular project that will go far in helping put us on the map as a destination in this region. He said we are already a destination point with places like the Rialto, Chicagoland Speedway, the JackHammers, the riverboats and others but this is a 360 day a year at least destination point for the surrounding area and certainly will enhance our image not only with our citizens but with the entire surrounding region. He said it means jobs for our citizens which is key to our continuing to grow and we are 100% behind this project.

Mr. John Grueling said he is glad to be back promoting this project again; this is huge. He said people in the economic development business look for things that we call career deals, something that probably only comes around once or twice in somebody's life, and he would say as a community that this truly is a career deal for all of us. He said there is interest not just in this project or this interchange or the business part potential that we're already promoting for this site, but there is general interest in the area, Joliet specifically, that has increased dramatically which makes the job of marketing Joliet not necessarily easier but certainly provides a great gateway to sell what we've got going on here. He said any support you need from us, we are certainly there.

The City Manager thanked the Planning staff including Jim Haller, Don Fisher, Jim Torri, Kristen Gundersen and Kendall Jackson. He said this is really a once in a lifetime opportunity.

The Planning Director said Alfredo Melesio has helped him personally with this project for the last several years and has been very instrumental.

Mr. Drew Barkett of Strategic Retail Development, the retail consultant for O & S Development, said when he first evaluated this site, he had heard a lot of different information on Joliet. He said he was going to spend two days here and then he asked Mr. Fisher to take him to the worst part of town and explain why the City should have this quality of a project, and within 6 hours he was calling his partners and letting them know that they can do this, it is not what he thought it was. He said over the years grabbing that Speedway and doing it in amazing time gives you confidence when he can sit in a car and bring these retailers around here. He said this intersection out here deserves something special; it is the front door of Joliet. He said this is a comeback City and you guys did a great job.

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MAYOR SCHULTZ asked how many tenants do they have.

Mr. Barkett said when this project is totally finished probably well over a hundred. He said he never jinxes himself until a tenant tells him he can name them with certainty, but there are quality tenants that aren't in here that are in Oak Brook and downtown Naperville and that's what we're trying to create. He said they have a group that want to put Class A offices down here and that's what it's about, it's about creating jobs and raising the bar.

3. Citizens to be Heard

a. Shaun Mitchell re: Police Issues

Mr. Mitchell did not appear at the meeting.

The City Manager advised that there was a need to go into closed session to discuss pending litigation and land acquisition.

COUNCILMAN GIARRANTE moved that the Council go into closed session at 4:50 p.m. to discuss pending litigation and land acquisition after which the meeting will be adjourned.

Motion seconded by COUNCILMAN BROPHY.

Motion carried by the following vote:

AYES: COUNCILMAN GIARRANTE, COUNCILWOMAN QUILLMAN,
COUNCILMEN SHETINA, TURK, UREMOVIC, COUNCILWOMAN
BARBER, COUNCILMAN BROPHY and MAYOR SCHULTZ.

NAYS: NONE.

ARTHUR SCHULTZ
Mayor

JANET K. TRAVEN
City Clerk

Recorded on Tape