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**OPERATIONS COMMITTEE MEETING AGENDA**



MEETING DATE: Monday, March 4, 2019

MEETING TIME: 6:00 p.m.

MEETING LOCATION: North Aurora Village Hall, 25 E. State St., North Aurora

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**CALL TO ORDER**

**ROLL CALL**

**AUDIENCE COMMENTS**

**APPROVAL OF MINUTES**

1. Approval of the Operations Committee Minutes dated February 4, 2019

**NEW BUSINESS**

1. FY2019-20 Budget Development Update

**OLD BUSINESS**

**OTHER INFORMATION**

**TRUSTEE COMMENTS**

**ADJOURN**

Initials SB

**VILLAGE OF NORTH AURORA  
OPERATIONS COMMITTEE MEETING MINUTES  
FEBRUARY 4, 2019**

**CALL TO ORDER**

Trustee Guethle called the meeting to order.

**ROLL CALL**

**In attendance:** Mayor Dale Berman, Trustee Mark Carroll, Trustee Laura Curtis, Trustee Mark Guethle, Village Administrator Steve Bosco, Finance Director Bill Hannah, Community & Economic Development Director Mike Toth.

**AUDIENCE COMMENTS** – None

**APPROVAL OF MINUTES**

**1. Approval of the Operations Committee Minutes dated January 7, 2019**

Motion for approval made by Trustee Carroll and seconded by Trustee Curtis. All in favor.  
**Motion approved.**

**NEW BUSINESS**

**1. North Aurora Town Centre Economic Incentive Agreement**

In attendance was Doug Vitale of Preferred Real Estate. Preferred Real Estate owns 121,000 s.f. between Target and JC Penney in the North Aurora Town Centre.

Discussion for the evening pertained to the 35,000 square foot former MC Sports and Office Max spaces that are being proposed for a new business tenant, UFC Gym. Community & Economic Development Director Mike Toth stated that the Economic Incentive Agreement provides the developer with 50% of the 1% sales tax generated by the retail sales within the Town Centre to arrive at a \$15 million cap (\$15 million agreement over a 15-year term). In 2008, Preferred Real Estate purchased the inline center between Target and JC Penny and at that point they also took assignment of the Economic Incentive Agreement.

Toth noted that the original agreement is set to expire on October 31, 2021. To date, the developer has been paid \$3.2 million out of the \$15 million. North Aurora Town Centre generates about \$440,000 a year, the Village receiving half of that. Staff has been working with Preferred Real Estate to bring UFC Gym to the site for a 15-year lease term. A part of that assumes a buildout cost of \$1.5 million. They are having trouble getting financing for the buildout. All parties are working on a sales tax sharing agreement, and the extension of the existing agreement, to help offset some of the buildout costs associated with the gym. In the amended agreement, Preferred Real Estate would get 100% of what they are generating within their inline stores. Currently they are getting 50% of everything. Under the proposed agreement, for the next 2-1/2 years, they would receive an additional \$45,000 per year.

As of right now, all of the land in the Town Centre is attributable to the Economic Incentive Agreement. To amend the agreement, any vacant land that is a part of the reimbursement area

would come out of the incentive agreement. If someone were to develop on one of the vacant lots, Preferred Real Estate would be the beneficiary of 50% of the sales tax on those lots. The Agreement the Village would bring forward and has been discussed with Preferred Real Estates is that all the vacant land would be removed from the reimbursement area effective the date the Board would approve it, which would be 2-1/2 years ahead of the expiration schedule.

The amendment would be an extension or reinstatement of the terms for their actual portion of the inline center. For 15 years after the date of expiration they would receive 100% of the sales tax generated within the Inline stores, not to exceed \$120,000 per year. Currently the inline stores are generating about \$90,000 a year in sales tax. The Village would be the beneficiary of anything over \$120,000 in sales tax. The inability to deliver the gym buildout and occupancy of the tenant would terminate the approval of the agreement.

Toth mentioned that there was discussion about waiving the building permit fees to assist with the buildout. Permit fees for the project would be estimated at \$30,000 - \$40,000.

There is also an Owners Easement Agreement (OEA) on the Towne Center. Target, JC Penney and Preferred Real Estate have a private OEA in place. Any uses that come in have to be approved through the OEA.

Trustee Curtis said that we are dealing with a gym which is a non-sales tax revenue generating business. Curtis asked what the developer is doing in addition to acquiring this tenant to try and reinvigorate this mall. Mr. Vitale stated that they are looking at other tenants but working on smaller tenants at this time. They are also working on landscaping and sealcoating of the property to improve the look and make it more attractive.

Village Administrator Steve Bosco noted that Preferred Real Estate only owns the portion between Target and JC Penney. The Target and JC Penney properties are owned by those respective companies.

Trustee Carroll asked who owns the property where the Jeep Dealership is located. Steve Bosco said that is Inland. Carroll said that the Towne Centre is a ghost town and asked what all of the property owners are doing to market and improve the property. Carroll said that adding a gym will not help when there are empty buildings, such as Best Buy, Lazy Boy and all of the units between JC Penney and Target. Carroll said he does not want to see JC Penney and Target leave and end up with warehouses in its place, resulting in a once commercial district becoming a warehouse district. Carroll asked if the OEA is preventing these big boxes from coming into town when we are seeing places such as AT Home and Fresh Thyme opening on Randall Road.

Bosco said what has been heard from development community is that we are starting to see infill along Randall Road due to population density and household incomes. It will fill in the Tri-cities before it comes to the North Aurora area. Another reason is access. The Towne Centre is not directly off of Randall Road. As far as the OEA, staff has gone back and forth trying to reduce the restrictions.

Carroll said he did not like the fact that the Towne Centre is a ghost town and the developer is asking for concessions. Vitale said that Rubloff initially set up the agreement. The incentive over

the term would be \$15 million. Out of that amount, Preferred Real Estate has only received back \$3.2 million. Vitale said, as the landlord, would love to have a 35,000 square foot sales tax generating tenant since that is money in their pocket, but in order to fill the center, there needs to be foot traffic. Toth stated that health clubs are a permitted zoning use in the Towne Centre and a sales tax generating use could also request a sales tax reimbursement.

Trustee Guethle said that he did not see any reference to prevailing wage in the agreement, which is state law.

Further discussion will be brought to a COW meeting.

Carroll asked if this is a 24-hour gym. The answer was that it has not been presented that way so far. The current understanding is that the hours of the business would be from 5:00 a.m. until 11:00 p.m.

Trustee Curtis said she was not comfortable with waiving the permit fees. Toth added that the Board has recently approved impact fee reductions and the permit fee reduction is to get closer to the buildout cost.

Mayor Berman said he was in favor of having a tenant in the Towne Centre and having foot traffic to bring in other businesses rather than having it remain empty. He added that staff has been working with Preferred Real Estate for some time, in order to bring an agreement forward that could be palatable.

Further discussion to be held at an upcoming Committee of the Whole meeting.

**OLD BUSINESS** – None

**OTHER INFORMATION** – None

**TRUSTEE COMMENTS** - None

### **ADJOURNMENT**

Motion to adjourn made by Trustee Curtis and seconded by Trustee Carroll. All in favor. **Motion approved.**

Respectfully Submitted,

Lori J. Murray  
Village Clerk