



CITY OF BELLEVILLE  
ECONOMIC DEVELOPMENT /  
ANNEXATION COMMITTEE  
Meeting Minutes

January 4, 2023, 5:00 PM

**MEMBERS:**

Alderman Bryan Whitaker, Ward 1	Present
Alderwoman Jamie Eros, Ward 2	Present
Alderman Johnnie Anthony, Ward 4	Present
Alderwoman Shelly Schaefer, Ward 5	Excused
Alderman Chris Rothweiler, Ward 6	Present
Alderman Dennis Weygandt, Ward 7	Present
Alderwoman Kara Osthoff, Ward 8	Present
Alderman Kent Randle, Ward 3, Chairman	Present

**STAFF PRESENT:**

Mayor Patty Gregory	Present
Cliff Cross, Director of Economic Development, Planning and Zoning	Present
Eric Schauster, Assistant Director of Economic Development	Excused
Penny Moore, Secretary, Economic Development, Planning and Zoning	Present

**GUEST ALDERMAN PRESENT:**

None

**GUESTS PRESENT:**

Shirley Samuels	Jasmine Davis	Piper Wyatt
Kathy Mordini	Jack LeChien	Ryan Rothweiler
Michael Hagberg	Teri Maddox	

The Economic Development and Annexation Committee meeting was called to order in person at 5:00 PM by Chairman Alderman Randle. Attendance of the Committee Members was taken, and a quorum was declared at by Chairman Alderman Randle. Chairman Alderman Randle explained emergency procedures. (5:02 PM)

**PUBLIC PARTICIPATION (No more than two (2) to three (3) minutes):**

None (5:02 PM)

**MEETING MINUTES:** Chairman Alderman Randle thanked Michael Hagberg for noting corrections to be made to the December 7, 2022 meeting minutes. Chairman Randle made mention that the corrections had been made. A motion for approval was made by Alderwoman Eros and seconded by Alderman Rothweiler. Motion carried (7-0), with all present members voting in the affirmative. (5:03 PM)

## **NEW BUSINESS:**

### **1. TIF Updates:**

Cliff Cross reminded the Committee of an Ordinance passed by City Council, dissolving two TIF Districts. Mr. Cross added that he has received a Professional Services Proposal of \$27,000.00 to establish a new TIF at the Bellevue Plaza to update the plaza at the corner of West Main Street and North Belt West. The site was not included in TIF 3, as the shopping center was relatively new, held great value when TIF 3 was established and was not in a blighted state to need TIF fund assistance. Mr. Cross continued, now that time has passed, the shopping center needs aid. Therefore, the Department is requesting a stand-alone TIF, which will be brought to the Committee for review and ultimately to the Mayor and City Council for approval. Mr. Cross added, he spoke with City Attorney, Garrett Horner, and confirmed the Professional Services did not need to be bid out, due to being a specific Professional Service. The funds to pay for these services were budgeted under the current year's "Professional Services" line item in the Economic Development, Planning and Zoning budget. Discussion of the boundary lines for the proposed TIF occurred. Mr. Cross stated he would bring a copy of the proposed TIF location to the next meeting. (5:07 PM)

Mr. Cross spoke regarding the use of TIF funds, especially TIF three (3) funds. Mr. Cross explained he would recommend to the Committee to utilize larger amounts of TIF fund dollars for anchor sites needing updating, for example Westfield Plaza, rather than smaller projects. Bringing anchor sites to the Committee may stabilize the area, improve property values and be welcoming for developers to build around them. Mr. Cross reminded the Committee that much of TIF funding is located within the Enterprise Zone, which allows for tax rebates as well as the TIF funding. Discussion occurred regarding the use of TIF funds. (5:10 PM)

## **OLD BUSINESS:**

### **1. Consideration and Possible Action to amend the current Development Agreement with Women World of Beauty (W.W.O.B.), LLC**

Mr. Cross introduced the request as the fourth (4<sup>th</sup>) amendment to the original Development Agreement with Women World of Beauty (W.W.O.B.), LLC that was brought before the Committee in October, 2022 without a Staff Recommendation. Ms. Samuels was asked to provide the Committee with a breakdown of costs, as some of the expenses requested were operational costs, which are not eligible TIF expenses. Mr. Cross continued; Ms. Samuels has since sent him many receipts. (5:11 PM)

Mr. Cross explained the original agreement was roughly \$66,922.00 that Ms. Samuels would put into her business with the City to reimburse her approximately \$5,000.00 in TIF reimbursable expenses. Three (3) years since then, included the pandemic and delays. Ms. Samuels increased her expenses to \$94,064.97 with some additional fees, providing a total of \$99,789.00 requested. Ms. Samuels is requesting an increase in the already distributed TIF funds of an additional \$20,000.00. Mr. Cross reiterated Ms. Samuels needs to show the submitted expenses are TIF eligible expenses. Mr. Cross shared, Ms. Samuels had just provided him with a cost breakdown summary (the night of the meeting), which he will have to have time to review. (5:12 PM)

Mr. Cross reviewed and verified the TIF eligible expenses in the original TIF agreement are for cost of studies and surveys, property assembly cost, cost of rehabilitation (which some of the completed work would be eligible), cost of construction for public works projects, job training, and financing costs but not for operating expenses. Mr. Cross also mentioned he made a comparison of this request compared to others that have been requested in the other smaller TIFs that the Committee has approved. The comparison showed that the Committee would be giving her one dollar (\$1.00) for every thirteen dollars (\$13.00) that she has put into the project. However, the newly requested amendment would calculate to one dollar (\$1.00) for every one dollar and sixty-three cents (\$1.63).

When evaluating other Development Agreement requests (such as the Chiropractor's office), it was roughly one dollar (\$1.00) for every (\$5.00) that the City contributed. Mr. Cross explained the purpose of the comparison was to show that Ms. Samuels is going to have to provide a detailed, itemized breakdown of all eligible expenses and not just copies of receipts. Mr. Cross continued, some of the receipts listed a candy bar and a weed eater, which cannot be submitted because the City would be audited for that. Mr. Cross requested that Ms. Samuels provide explanations of expenses. (5:14 PM)

Ms. Samuels explained her expenses and why it took an extended period for the project. (5:20 PM)

Discussion occurred regarding the request. (5:22 PM)

Chairman Alderman Randle explained to the applicant that the process of TIF eligible funds are not determined by the Committee or City Staff. They are mandated by the State of Illinois law. Alderman Randle continued; The Director has an obligation to determine what exactly were the eligible expenses. Alderman Randle recommended a meeting between Ms. Samuels and Mr. Cross to go over the expenditure details to determine eligibility. (5:23 PM)

**No action was taken by the Committee. (5:29 PM)**

## **2. RFP Agreement Discussion and Possible Action for 123-127 Mascoutah Avenue**

Mr. Cross reminded the Committee that Ms. Mordini requested to speak at the last Economic Development and Annexation meeting regarding the proposed agreement, but she stated it would take longer than two (2) to three (3) minutes. Therefore, she was added to this meeting's agenda. (5:30 PM)

Ms. Mordini shared her concerns over the proposed agreement and her disappointment. She referred to the appraisal, stating the building is dilapidated and not worth the value of the appraisal. Adding, the building will need a minimum of eighty-thousand dollars (\$80,000.00) in utility work alone and the numbers do not add up in the proposed agreement. Ms. Mordini stated she did not have a problem with the formula, rather the base value of the property, as it would never sell on the open market at seventy-thousand dollars (\$70,000.00). Ms. Mordini contested the comparable properties from the appraisal. She requested the Committee to refer to page forty-nine (49), item number ten (10) of the appraisal, stating that she used to work for an appraisal company, and she completely understood why the market crashed. Ms. Mordini added, you can manipulate the appraisals to bring whatever value you want. (5:35 PM)

Ms. Mordini mentioned there should be adjustments within the appraisal for the lack of utilities. Ms. Mordini added, this is common to do in this business and she asked Mr. Cross to send a rebuttal to the appraisal ask them to look at it. Ms. Mordini added she sent Mr. Cross two properties that were better in comparison in her opinion to the Mascoutah property. Ms. Mordini stated that the appraiser can put other buildings in better condition in the appraisal and it will greatly affect the value of the property. (5:36 PM)

Discussion occurred regarding the appraisal and value of the property. The appraised value given by the appraiser was \$72,000.00. The City's original value was about \$70,000.00 per formula based off the county tax records. Ms. Mordini interjected that Jack LeChein's appraisal of the property was \$24,000.00. Jack LeChein commented that when the building was purchased from the tax sale, an appraisal was required for the City to get it. The Kern Family donated the money to buy the building, which was appraised at \$23,000.00, ten (10) years ago. (5:38 PM)

Alderman Rothweiler asked Ms. Mordini what she would like to pay for the building. Ms. Mordini answered stating \$24,000.00 was where the price needed to be. Alderman Weygandt asked Ms. Mordini if she had asked her bank

what the property was worth. Ms. Mordini said no that they would require an appraisal for that and she would not pay for an appraisal unless this goes through City Council. Chairman Alderman Randle commented, but the City has paid for an appraisal. Ms. Mordini acknowledged that the City had. (5:38 PM)

Ms. Mordini then discussed her concerns with the agreement, stating she had two (2) different attorneys look over the agreement. Ms. Mordini said she was good with everything except for the clause of number fourteen (#14). Ms. Mordini said her attorney interpreted the clause to mean, if she does not comply with the proposal then the City can sue you for the money, they can yank your Occupancy Permit and hold you hostage for five (5) years. Not only that but you have to pay to revert it back to the City. Ms. Mordini said she spoke with someone from The Bank of Belleville that said there is no way a bank would loan you money on that, as it is a risky situation to put any developer in. (5:40 PM)

Mr. Cross explained the Performance Occupancy Default was of concern originally. The current proposed agreement was amended due to the cause of concern. There are two (2) stages to the clause: First, the purchase and performance time period. Once you sign the contract you have an allowed time of two (2) years to obtain your Commercial Occupancy Permit. The agreement states that if the applicant gets the property and does nothing with it and it comes back to the city, you forfeit your down payment. Number fourteen (#14) talks about the occupancy default. This was the amendment that once you get everything done and the occupancy permit is obtained, you have five (5) years to commit to this agreement, adding that is why we went to the seven (7) years. Basically, what this is saying is that if you default, you pay the remaining balance of what would have been paid by today. The only thing you forfeit is three thousand dollars (\$3,000.00) for each of the prorated years of tax income that you defaulted on, and you keep the property. (5:42 PM)

Ms. Mordini asked with this space is going to be an incubator to help business grow. What would happen if her occupancy permit was pulled because someone was doing something that was not listed as a use on the Commercial Occupancy? Mr. Cross said that the business model is part of exhibit A in the RFP. (5:44 PM)

Alderman Chairman Randle mentioned the purchase price is \$48,816.00. Everything else comes into play, if Ms. Mordini does not execute on the terms of the contract under the sale agreement. Alderman Randle continued, but Ms. Mordini believes the price is too much for the property and it should be closer to \$24,000. The other terms of the details could be defined by City Attorney Hoerner by Mr. Cross. But what it comes down to is, Ms. Mordini wants to negotiate the price of the property within this Committee. The Committee has already approved a process by which we agreed to and already executed on another property, in terms of moving forward. Alderman Randle continued, that he does not know if the Committee has the authority to come back and negotiate sales contracts that have already been put out. (5:46 PM)

Alderman Whitaker spoke to say, the process was started months ago with an assessed value. At the request of the potential buyer, we went to an appraisal process that came within \$3,000.00 of each other. And now we are talking about cutting that value by \$40,000.00. Mr. Whitaker requested that at some point we must move forward or stop. Mr. Whitaker shared that he is not in favor of another appraisal, or another set of numbers. We have had two (2) different ways done: one that the Committee came up with and one that the buyer came up with. We have done our due diligence on this and we need to move forward or it is just not going to work for all of us. (5:46 PM)

Ms. Mordini shared that a typical sale of a building requires an appraisal from the lender which is an "arms-length" transaction, meaning you may not speak to the person. There are ways to manipulate this and appraisers look for a value and a number that you are trying to hit. They are grasping at straws. Therefore, an arms-length transaction is really going to good way to determine a fair value on this property. (5:47 PM)

Alderman Rothweiler spoke to follow up on Alderman Whitaker's previous comment. We went through this process. Cliff came up with a number, based on the formula, and we used this for a similar sale that we had recently. However, you did not like that number. We went to an appraiser, and they came up with a number for the property. I am willing to go with Cliff's original amount since the appraisal came in higher. But that is it and all I am willing to do. I am with Alderman Whitaker and agree to move on or be done. (5:48 PM)

Alderwoman Eros added, we put City money into an appraisal. That appraisal was not agreeable. So could we let Ms. Mordini pay for her own appraisal and if that appraisal does come back at \$24,000.00 or \$30,000.00 could we reassess that. Is it worth that. Mr. Cross said that he could readjust the formula, if that is the route that the Committee chooses. Alderwoman Eros further explained, if Ms. Mordini is confident that it should be a lower number, then she could go out and get an appraisal on her own. Alderman Whitaker commented, the only way he would support the idea is it would have to be an average of the three (3) appraisals. Adding, there is no way that both of our two numbers are wrong and we should just accept her appraisal amount. Ms. Mordini interjected, stating that it would be an arm-lengths transaction and you have to understand that. Alderman Whitaker answered, you have a very involved interest in which properties you want to have used as comparable. I am fairly confident that you would come to us with an appraisal that is in the property value range you are indicating. The City has done nothing to our appraisal that would be inappropriate. I am not saying what you would be doing is inappropriate, but we are not going to allow this to keep going to continue to get never-ending appraisals until you get one that matches the value that you want to buy the property for. Either we move forward or sometimes buyers and sellers do not agree and we move on down the road. (5:51 PM)

Ms. Mordini spoke of using the assessed value and of that value being askewed. An assessed value is not a good value to start with at all. Aldermen Rothweiler and Whitaker both answered, but it came pretty close to the appraised value. Ms. Mordini answered, right which can happen pretty easily. (5:52 PM)

Discussion of how to move forward occurred. Alderwoman Osthoff asked if Ms. Mordini would be willing to pay for an appraisal. Ms. Mordini said that she will have to because the lender will require it and she will not do it now, only once it is approved. Alderwoman Osthoff explained, what Alderwoman Eros is proposing, you are not interested in that. Ms. Mordini said she would have to get it through City Council first. (Many of the Committee Members answered, no.) Alderwoman Osthoff explained, no, we are not at that point yet. Ms. Mordini said she does not have a signed contract. You cannot go to your lender without having something in hand. Alderwoman Osthoff asked Ms. Mordini if she was going to pay for a final appraisal. Ms. Mordini said she does not mind paying for an appraisal but how would she know, if a price was agreed upon, if City Council were going to pass it through. (Multiple Committee Members answered, you don't.) Additional discussion occurred regarding the City Council process. (5:55 PM)

Ms. Mordini made a last comment to say that she was not asking for TIF money. This project is 100% privately funded. This is a great project for the community. With this value, it is really stifling that corner of being developed and would like to have you take into consideration that at one point this was going to me for a dollar (\$1.00), or one thousand dollars (\$1,000.00), or twenty-four thousand dollars (\$24,000.00) and now it's seventy (\$70,000.00). I just think it has been inflated. (5:55 PM)

Mayor Gregory answered that no one offered the property for one dollar (\$1.00) or one thousand dollars (\$1,000.00). (5:56 PM)

Mr. Cross mentioned the City has gone and will continue to go above and beyond. Including the phase one environmental are being done on the property and their will be a phase 2. (5:58 PM)

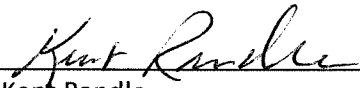
Alderman Rothweiler made a motion to TABLE the discussion pending further action on Ms. Mordini's part, in terms of a bank appraisal. Alderwoman Eros second the motion. Motion carried by a vote of 7-1.

Mayor Gregory asked that the following be entered into the record: When we started the infill project of the empty lots, that was the subject we were talking about after people built what was approved for those infill projects, similar to what is in the neighborhood and approved by the committee that the lot would basically be sold for one dollar (\$1.00) because they would invest so much money. Ms. Mordini came to the Mayor, right after that, Eric Schauster was with us. There was no promise made of a dollar (\$1.00) or a thousand dollars (\$1,000.00).

**MOTION TO ADJOURN:**

Alderwoman Eros made a motion to ADJOURN, seconded by Alderman Weygandt. With all present members voting in the affirmative, motion carried. The meeting closed at 5:59 PM.

Respectfully Submitted,  
Penny Moore  
Secretary  
Economic Development, Planning, and Zoning Department

Approved:  Date: 2/1/2023  
Kent Randle  
Chairman, Economic Development and Annexation Committee