

HIGHLAND, ILLINOIS  
MINUTES OF REGULAR SESSION  
INDUSTRIAL DEVELOPMENT COMMISSION  
CITY HALL, 1115 BROADWAY  
WEDNESDAY, APRIL 4, 2012  
12:00 PM

**Call to Order**

The meeting of the Industrial Development Commission was called to order at 12:02 pm by Chairman Bellm.

**Roll Call**

Members present: Darell Bellm, Rick Frey, Ryan Goodwin, and Eric Rehkemper.

Members absent: Jon Greve and Ex-Officio Member Jami Jansen.

Also present: City Manager Mark Latham, Business Retention and Recruitment Coordinator Kathleen Mulcrone, Deputy Clerk Lana Hediger, and John Herzog of Madison County Community Development.

**Approval of Minutes**

Rick Frey made a motion to approve the minutes of the March 7, 2012 Industrial Development Commission meeting; seconded by Eric Rehkemper. All members voted in favor; the motion carried.

**Reports**

**Update on Lory Theatre:**

City Manager Latham reported that AMC hired an engineering firm to evaluate the structure. City has not yet received a copy of the report. Mark spoke to Tom Hill who said that he told AMC to take the money and run. But Dave Kunkel said AMC still doesn't have a copy of the report. City Manager noted that there hasn't been much cooperation. The offer is still on the table, and we're just waiting. Hopefully we will have an answer within the next 30 days. City Manager Latham believes the problem is that this big firm out of Chicago doesn't know the true value of the building. The potential buyer contacts City Manager Latham about once each week for an update.

**Update on other job inquiries:**

- City Manager Latham reported that he is still playing with American Train Company (Petite Nest). There are some financial problems with a couple of the companies that Mr. Whitworth owns. Mr. Whitworth wants to start over. The two actresses from California that own Bye-Bye Baby will be in Highland this week. They build high end baby furniture mainly sold at Bed Bath and Beyond. All their manufacturing has been in China to date. They just closed down their manufacturing in China and they want to move it to the United States. They will be working with Paul Ray Capelle at Cabinet Gallery and Highland Machine.

Mr. Whitworth has a lease right now for part of Wick's Organ Company building. City Manager Latham reported that he will find out next week where we stand with this. This will create 13 jobs. Tiffani Thiessen from 'Saved By the Bell' and '90210' is one of the actresses. Mark is supposed to show them around Highland. He should know something by next week. The plan is that Paul Ray Capelle will cut out the pieces on his new machine, take it out to the Wick's building where they will paint it, assemble it, and ship it.

- Mark Latham reported that the City is applying for a Gigabit Grant from the State of Illinois which he hopes will be awarded to the City to help finish up the fiber project. Hopefully we will have that finished up next week and we should know something by June 1. Mark indicated that he had heard that there were only three cities that could apply for the grant; Highland, Naperville, and Champaign.

## **New Business**

### **Update on Enterprise Zones:**

City Manager Latham introduced John J. Herzog, Madison County Economic Development Coordinator. John Herzog stated that there is a Senate bill in the works that would add ten new Enterprise Zones to the list. Enterprise Zones have not been available for eight or nine years. There are ways to incorporate new areas into existing enterprise zones and we (Madison County) have looked at doing that several times, but there just isn't any way to connect Highland. Just recently there is a HB that was proposed by Representative John Bradley from Marion. It looks like a poison bill. Under this bill, he would ask for three distress criteria to be met which would make it very difficult. A lot of people are upset about this bill and are hoping that it dies in committee. Hearings, three or four of them in the last month, have been held around the state over SB3688 and Kyle McCarter and Bill Hayne have been supporting it. Bradley Bill just came out a week or so ago. A lot of people are not happy with it and they are hoping that it just dies. He knows that McCarter and Bill Haines have been supporting it. The enterprise zones that were first created in the early eighties are reaching the end of their 30-year life and either something has to happen or they will go away. A few special development authorities have been given the powers to establish enterprise zones as long as they met the criteria, but that is it.

Mr. Herzog indicated that the county has created three enterprise zones and would love to work with Highland. We should find an area that would meet the current criteria as a first step. The typical criteria, that seemed to be the easiest to meet, is a census block that would 120% of state unemployment, in the past Highland would never have met that. But the others are even tougher...20% poverty; population loss; or low income. In our areas, the one that was even remotely possible was unemployment. Times are tough right now. That would be the first criteria I would suggest you look at and do an overlay with the business areas. That would make sense. TIF and enterprise zones work well together.

Incentives in enterprise zones are:

- property tax abatement (for up to 10 years, negotiable) (sometimes opposed by school boards) (not available in TIF areas)
- sales tax exemption on building materials (works well with TIF's) (have to pass an Ordinance as part of the enterprise zone that says you will do this and then it applies state-wide)
- Investment Tax Credits (if someone makes an investment in a building or anything depreciable, they can get an investment tax credit against the value of the corporate income tax)
- There is also a job tax credit (you have to hire 5 individuals that are either low income or dislocated) (this one is not used quite as much)
- You can also do special local incentives such as reduced permitting rates or special incentives for businesses (the criteria for these would be spelled out in the ordinance)

The Enterprise Zone is nice because it is performance based which means, if you don't invest, you don't get anything. Mr. Herzog suggested that we should consider creating an enterprise zone which encompasses unincorporated areas, in which case it would be jointly administered by the City and the County. The County is already set up to administer enterprise zones. All the City would have to do is spell out the criteria for our local incentives and they would manage the money using that criterion.

The other good thing is that if you pull in some unincorporated areas around you, they will likely want to annex once development starts. You want to pick as large an area as you can control with your initial application (up to 10 sq miles). There are provisions for adding areas after a year or so, based on projects.

Mr. Herzog suggests we monitor the legislation and contact Senator McCarter because he was appointed to a committee to review this.

We compete with a lot of other states and whether you like it or not, incentives are part of the game. A lot of people avoid Illinois because of too many unions and high taxes. If they need transportation, we are a good fit, but otherwise, it's not good. Market and site location is still the biggest motivator.

Mr. Herzog believes that an Enterprise Zone would benefit Highland.

The zone identified has to have census tracts that meet 120% unemployment, 20% poverty rate, population loss, or low income criteria. GIS Technology will make this process much easier than it used to be. Start with the area that you want the development to occur in, see what the numbers do, and then start playing around with the area.

Ryan Goodwin asked if there are population minimums. No. There are acreage minimums like 5 blocks which really doesn't make any sense but you can go up to 10 square miles. The area has to have some population in order to meet the criteria. The boundary has to be contiguous but that means an 8' line can connect. Look at two

things first: What do you want and what will qualify, then play with the map. You definitely would want to include major businesses like Basler Electric because it is a good tool.

You will want to set up a committee to monitor the policies of the zone.

Rick Frey asked how big of an area you use for unemployment city-wide? Mr. Herzog explained how to use the census data for blocks and offered to come back and talk to us about strategies.

It doesn't make any sense to prepare an area until you know what the rules are. We can all monitor the legislation. Generally they will do a competition for three or four years where they will say everybody submit by this date, and you'll put a packet together. Then, it's a matter of how good it is and how much your stick your legislators have. Sometimes it comes down to that too, contrary to what they tell us.

Mr. Herzog indicated that if we want to try to include St. Jacob, he would help to broker that. He could also provide language for ordinance and assistance in developing the area.

Ryan Goodwin asked if Kyle McCarter's area covered Decatur. He asked because Decatur's and East St. Louis' Enterprise Zones are set to expire soon, and he wondered if they would then be a priority before any new applications. Mr. Herzog indicated that the state could institute a renewal process like it did ten years ago, by which each area would have to reaffirm their applications and indicate a desire to continue.

If they make the expired areas reapply and compete against new applications, you will be in a competition that you don't want to be in because East St. Louis will always be the most distressed area.

## **Old Business**

### **Discussion regarding progress of the Highland Entrepreneurship Program:**

Kathleen Mulcrone reported that notices were sent out last week about the available mentees so that the mentors could pick which teams they want to be on. We'd like to have three teams going at a time each quarter. We'd also like to have quarterly meet and greet receptions for the mentors and mentees. Currently about five or six mentors are involved in each meeting.

Ryan Goodwin asked if there are primarily new or existing businesses applying for the program? Kathleen indicated that some are hobbies that they want to turn into a business. They already have a product but want to expand it from a hobby into a business.

Mark indicated that he is still hoping that Jeff Forbes develops his property near the corner of Troxler and 143. He is trying to get some more retail going there.

There is nothing new to report on the Bruegge building. There is still furniture in there and he is asking an awful lot for the building.

Two weeks ago Friday Mark met with a man from St. Louis who builds data centers. They need band width and they need power. Mark indicated that we have both but he hasn't heard back from him yet. He indicated that he wanted to look at the old hospital building but he hasn't called him back to set that up.

### **Next Meeting**

The next meeting of the Industrial Development Commission is scheduled for Wednesday, May 2, 2012 at 12:00 pm at City Hall.

Chairman Bellm indicated a desire to look at some maps at the next meeting to begin discussing possible areas for an Enterprise Zone. Ryan Goodwin asked City Manager Latham if he could arrange for Senator McCarter to attend the May 2 meeting.

### **Adjournment**

Eric Rehkemper made a motion to adjourn the meeting; seconded by Ryan Goodwin. All members voted aye, none nay; the meeting adjourned at 1:03 p.m.