

**MINUTES OF SPECIAL SESSION
HIGHLAND CITY COUNCIL
MONDAY, MAY 20, 2024**

Mayor Hemann called the Special Session to order at 6:00pm at the Highland Area Senior Center. Council members Sloan, Frey, Bellm, and Napper were present. Others in attendance were City Manager Conrad, City Attorney Mike McGinley, Director Gillespie, EMS Chief Wilson, Chris Flake, Easton Rosen, Coordinator Hubbard, Deputy City Clerk Hediger, City Clerk Bellm, Jared Kanallakan of Moran Economic Development, and 20 citizens.

PUBLIC HEARING

Mayor Hemann opened the public hearing. The purpose of this public hearing is for the City Council to receive comments in regards to a Redevelopment Plan and Project for the proposed TIF III Redevelopment Project Area using tax increment financing (Tax Increment Allocation Redevelopment Act, State of Illinois, 65 ILCS 5/11-74.4-1 et. seq.). Mayor Hemann explained we will have a presentation and then allow those in attendance to ask questions or make statements.

PRESENTATION

Highland TIF #3 Overview and Description – Jared Kanallakan of Moran Economic Development explained that residents within 750-feet of the proposed TIF District 3 received a letter. If you received a certified letter, your property is within the proposed district. If you are in the proposed district, TIF will not affect the amount of taxes you will pay or the tax rates. With redevelopment, development, or appreciation of your property, any increase in taxes goes into the city’s TIF fund. TIF Funds can be used for engineering and infrastructure within the area to support future development and redevelopment of these properties.

We are the consultants that help the city through this process. The first thing we do is look at qualifications of the property under state statute. For this particular area, it is to make improvements to or provide infrastructure, utilities, and storm water drainage. Notices of this proposed district were then posted in publications and mailings were sent out. We did receive recommendations from the various taxing bodies within the proposed district.

A citizen asked how many TIF districts the city has and how long they have been in place. Mr. Kanallakan reported there are two other districts. The first one, TIF #1, was in 2008, to assist with development and infrastructure of some industrial properties. TIF #2, in 2011, was for the area south of Highway 40 and to assist with the hospital project.

Another citizen asked how money gets into the TIF fund. Mr. Kanallakan explained it comes from an increase in property value. For example, if property tax is now at \$1000, and in a few years, it becomes \$1100, then that \$100 goes into the TIF fund. Redevelopment and development of land increases that TIF funds much more than appreciation of property. With TIF funds, you can offer the developer reimbursement of costs to put a water or sewer line into a development by using TIF funds.

A man stated they live on Pineview Drive. The letter says we are within 750-feet. Where is it the boundary? Mr. Kanallakan showed them a copy of the map and where it is in relation to Pineview Drive. He explained unless your property is within TIF district, and you received a certified letter, the TIF is not going to affect your property. This is just providing notice to you. It is not to suggest that every property on this map, in this district will be developed or redeveloped.

Shirley Lodes asked how TIF funds are distributed. Mr. Kanallakan responded how the funds are used is 100% up to the city's discretion. First they look at does the development need the financial assistance. The city evaluates the project and the needs of the development. Ms. Lodes asked is it mostly for infrastructure. Mr. Kanallakan replied yes, most of it is infrastructure. Ms. Lodes asked is there any notice given to surrounding residents when these funds are being used. Mr. Kanallakan explained there is no notification if the property is being developed within the current zoning classification. If zoning classification needs to be changed, then notification is sent out.

A resident who lives on Lincoln Lane stated the ditches in front of my yard always fills up when it rains. Does TIF cover things like that? Mr. Kanallakan replied yes. Drainage was one of the things that was noted as issues within this area.

A citizen asked what the end date of TIF #3 is. Mr. Kanallakan reported if the city proceeds with adopting this, then the first budget year would be 2025-2026, so the final year would be 2048-2049. Another person asked is there a certain amount of funding the city is looking for with this TIF. Mr. Kanallakan replied there is no cap; however, sometimes municipalities will decide to end a TIF early.

One person noted the city talked about extending Cally Lane, years ago. Is that something in this plan? Mr. Kanallakan replied I do not know. Another person asked how much money is in the TIF Fund, right now. Mr. Kanallakan responded I not know that amount right now. There were bonds taken out to support infrastructure put in with the hospital project, which are being repaid with funds. The exact amount in there or available, I do not know. Someone asked if money is collected within a specific TIF district, does those funds stay within TIF. Mr. Kanallakan stated yes; however, if districts are touching, the funds can be moved from one to another.

Gary Crosby noted that any new money that goes into a district where due to the development of those districts fire, police, or EMS are impacted directly. How does that effect the essential services of fire and EMS? We just cut EMS and fire services because of costs. Could TIF funds be used for those services? Mr. Kanallakan replied they could be eligible for capital costs and statue does allow for TIF money, if it is determined that it is because of TIF development. Mr. Crosby inquired there is nothing specifically that excludes funds from being used. Mr. Kanallakan responded if they had increased costs due to development of that area within TIF, which impacts those services, then they could be eligible.

A representative from Trouw Nutrition stated our company is a TIF beneficiary. There was a \$12M investment made by our company, which allows us to increase our volume. The infrastructure improvements to the roadway could not have been done without TIF funding. We are part of larger organization. It was very important to our parent company that we had the support of the community to make this happen. Mr. Kanallakan added it is important for the city to allow companies to expand their businesses. It is about providing economic development with these districts.

Someone asked if you received a certified letter, does that mean the city foresees purchasing your property in the future. Mr. Kanallakan replied there is by no means commitments for repurposing property or rehoming of residents in this.

Mayor Hemann asked what happens next. Mr. Kanallakan responded, if everything stays on track, the city council would vote on adopting the district at their meeting on June 3.

A citizen asked why these properties. Mr. Kanallakan explained the city identified the areas of potential development or redevelopment, as well as properties that have needs. He added we cannot put properties that are not in city boundaries into TIF, so that creates the shape of the district. It was asked if the city knows of people interested in purchasing or develop these parcels. Mr. Kanallakan replied he does not have the information.

A resident stated there is a lot of traffic in the area out by Walmart. When rains it floods. Would TIF funds work to resolve that? Mr. Kanallakan responded it is common use of TIF funds to address storm water drainage and roadway improvements.

Councilwoman Bellm made a motion to adjourn. Motion seconded by Councilman Napper. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried. Meeting adjourned at 6:28pm.

Kevin B. Hemann, Mayor

Barbara Bellm, City Clerk