

**JOURNAL OF THE PROCEEDINGS OF THE CLOSED SESSION
OF THE CITY COUNCIL OF THE CITY OF PARK RIDGE, ILLINOIS
Held April 19, 2004 CALLED TO ORDER BY Mayor Michael S. MaRous
At 9:55 p.m.**

Purpose of Meeting: To discuss a matter of land acquisition 2C(5) / Real Estate /possible litigation 2 C (11)/ Personnel 2 (C) 1

On roll call, the following answered present.

Ald. Tinaglia, Crampton, DiPietro, Benka, Bell, Bateman, Beaumont, Frimark, Anderson, Disher, Parker, Cox, Friel, Mayor Michael S. MaRous

Absent: None

Staff Present: City Treasurer Carl Brauweiler, City Clerk Betty Henneman, City Manager Tim Schuenke, Police Chief Jeffrey Caudill, Assistant City Manager Juliana Maller, City Attorney Everett Hill, Deputy Clerk Nancy Strempek, Director of Community Development Randy Derifield.

Land Acquisition on Busse Highway:

Mayor MaRous reviewed the history of the proposed purchase of the property by the city. He said that on or about March 30, 2004, Chief Caudill, City Manager Schuenke and Owen Hayes (who works for McLennan as the agent for the sale) inspected the property across from the Public Works Service Center on Busse, Park Ridge, IL. There appeared to be implied representation that the ownership was still the American College of Foot and Ankle Surgeons. The property was listed for \$1,385,000. The Council then voted to make an offer for \$1,150,000 with 45 days due diligence. On April 9, 2004 while the contract was being drawn by Attorney Hill, the Police Chief was directed to check Community Development Department for a recent transfer on the same property. He found that the property was purchased on April 1, 2004 by Owen Hayes and his wife for \$950,000. The Chief contacted him and further investigation followed.

Mayor MaRous spoke of license laws in Illinois, and that there are issues that appear to be violated. Mr. Hayes is a member of the Economic Development Corporation and on other committees in our community. Based on his request, the City Manager's, and the EDC's, Mr. Hayes was asked to step down from the committee and not participate on any city committees until further investigation.

The Mayor suggested the city make an offer just above the purchase price for the property. If the offer were rejected, he would make the recommendation that the city condemn the property if we want it, however, we should not let this problem stop us from acquiring the property.

City Manager Schuenke commented that Mr. Hayes never advised him, Chief Caudill, Deputy Chief Swoboda, or Commander Bostrom, that he was the owner of the property. Mr. Hayes implied that McClemon was brokering the property and that he was working for the realtor as the agent.

The Aldermen asked more detailed questions.

Ald. DiPietro said the EDC indicated to the Procedures & Regulations Committee that they would work with the City Attorney on an ethics statement for their commission.

The Aldermen discussed their obligation to turn Mr. Hayes in to the Office of Banks and Real Estate regardless of what they do.

City Attorney Hill said he was not 100% sure at this point that there were technical violations; however, after investigating, he would proceed in one week with a letter to the Office of Banks and Real Estate.

Mayor MaRous stated that in his opinion if we want to buy the building we should proceed and this issue should not influence our decision.

Mayor MaRous asked for a consensus that based on Attorney Hill's review, we file a complaint with the Office of Banks and Real Estate on behalf of the city if there is merit to the allegations.

On voice vote the motion passed.

Ald. Disher recused herself from voting since she was a friend of the Hayes family.

The Aldermen discussed waiting and looking for other sites in town before pursuing this property in light of the circumstances. The Aldermen discussed the city's integrity, perception of residents, city goals, and responsibility regarding this issue.

Mayor MaRous asked for a vote that the city proceed with a written contract for \$975,000 to purchase the property.

On a show of hands the vote was 7-7.

The consensus failed.

Land Acquisition:

Mayor MaRous spoke of the property at the soccer store (Barry property in Target Area 2). He said we authorized the City Manager to negotiate with ownership at the last closed session and to offer \$850,000 which has been counter-offered. Barry's would accept offer of \$1.2 million if we would assist in 3 other property concerns which needed the city's review, however, it was agreed that we cannot trade zoning variation for money in the purchase.

City Manager Schuenke suggested we allow Director Derifield to do research and find out what is allowable. If we cannot satisfy the ownership we should offer \$1.2 million and proceed to condemnation.

Mayor MaRous confirmed this is the consensus of the Council's remarks.

Litigation / Peotone:

Mayor MaRous reviewed the events to date regarding the recent publication that SOC entered into an agreement with LCOR, and our city did not have the opportunity to vote. The Finance Committee has a letter prepared by Attorney Hill which discusses more aggressive action.

City Manager Schuenke said he spoke with the Mayor of Elk Grove a few months ago, saying the City of Park Ridge wanted their money back. Senator Jackson has said that as soon as the airport is built we would get it. The city believes there is a legal argument to be made that the city should be at the table when there are meetings on this subject.

City Attorney Hill suggested a Letter of Demand to Elk Grove, Bensenville, LCOR, Jesse Jackson and copy Joe Karaganis to try to obtain our money.