



October 4, 2023

Board of Directors  
Historic Downtown Long Grove Business Association (“**HDLGBA**”)  
(c/o Ryan Messner)  
308 Old McHenry Road  
Long Grove IL 60047

RE: Village of Long Grove Downtown SSA #3 (“**SSA #3**”) and  
SSA #3 Implementation Agreement (the “**Implementation Agreement**”)

Dear Members of the HDLGBA Board of Directors:

On Tuesday, September 26, 2023, the President and Board of Trustees (the “**Village Board**”) of the Village of Long Grove (the “**Village**”) voted to release to the HDLGBA the tax receipts from the aforementioned SSA #3. The vote of the Village Board was notwithstanding the fact that the HDLGBA has not fulfilled the submittal requirements of Section 2.D of the Implementation Agreement.

### **Background**

In 2005, the Village adopted Ordinance No. 2005-O-35 establishing SSA #3. SSA #3 was established to promote tourism within the Village’s Historic Downtown area, which is essentially coterminous with the SSA #3 boundaries. After establishing SSA #3, the Village entered into an agreement (the “**Original Implementation Agreement**”) with a predecessor entity of the HDLGBA (the “**Predecessor**”) pursuant to which the Predecessor received the SSA #3 tax proceeds for use in promoting tourism in SSA #3. Under that Original Implementation Agreement, the Predecessor was also charged with providing an annual update of the special tax roll for SSA #3.

In 2017, the Village determined that the Predecessor was not calculating the special tax roll in strict conformity with the SSA #3 establishing ordinance. After discussions between Ryan Messner and then-Village Manager Dave Lothspeich, the Village agreed to undertake the public notice and hearing procedures required to amend the SSA #3 ordinance and the methodology for calculating the special tax roll. Following such notices, hearing, and related procedures, the SSA #3 establishing ordinance was amended so that the special tax roll would be calculated pursuant to the methodology informally approved by the Predecessor and its members. This amendment

was adopted as Ordinance No. 2018-O-31 in November 2018 (the “**Amended SSA #3 Ordinance**”). ***This is the only amendment ever enacted for SSA #3.***

After the Original Implementation Agreement expired and the Amended SSA #3 Ordinance was adopted, the HDLGBA and the Village mutually negotiated the terms of the Implementation Agreement. The Implementation Agreement was approved by the Village and HDLGBA in January 2020, and such agreement has remained unchanged. Importantly, the Implementation Agreement includes in Section 2.D a variety of submittals that HDLGBA is to provide the Village to allow the Village to maintain appropriate oversight of the use of the SSA #3 tax revenues (the “**Required Submittals**”). Unfortunately, the HDLGBA has consistently failed to deliver to the Village the Required Submittals. As a result, the Village Board determined earlier in 2023 to withhold the SSA #3 tax receipts until the Required Submittals have been provided.

### **The Village Board Action and Next Steps**

At the September 26, 2023 Village Board meeting, certain representatives of the HDLGBA appeared before the Village Board requesting release of the SSA #3 tax moneys.<sup>1</sup> After much discussion, the Village Board voted (a) to release the SSA #3 tax receipts to the HDLGBA, (b) but doing so was ***not*** an acceptance of the materials provided by HDLGBA in lieu of the Required Submittals, and (c) HDLGBA and Village representatives will meet to discuss possible amendments to the Implementation Agreement, with recommendations for any changes being presented to the Village Board by March 1, 2024.

In furtherance of the Village Board’s vote, I am enclosing herewith **Village check # 51257 in the amount of \$136,325.71** which represents the current balance of moneys in the Village’s SSA #3 fund. The Village is hopeful that these moneys will help ensure that the HDLGBA’s good works in conducting festivals and other activities for the benefit of the Downtown and greater Long Grove community can continue unabated. We understand that, following the winter holiday season, the HDLGBA and Village representatives will meet to assess whether and in what ways the Implementation Agreement can be amended to ensure that the Village meets its fiduciary responsibilities relating to SSA #3 and the tax moneys therefrom without unduly burdening the HDLGBA.

Sincerely,

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Art Osten, Jr.  
Interim Village Manager

p.s. Historical and legal information was provided by Village Attorney Vic Filippini.

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<sup>1</sup> During the Village Board meeting, HDLGBA purported to recount various events and requirements related to SSA #3, the Implementation Agreement, and the Required Submittals. Many of those statements were plainly erroneous, and this background is provided to ensure that the HDLGBA has accurate information going forward.