

Special Meeting Minutes of the
Gurnee Park District Board of Commissioners
June 11, 2013

Board Vice President Libby Baker called a special meeting of the Gurnee Park District Board of Commissioners to order at 6:05 pm. The roll was called. Commissioners present: Libby Baker, Vicki Paddock, Gerry Crews, and Michelle Klemz. Commissioners absent: Jim Goshorn. Also present: Susie Kuruvilla, Executive Director; Adam Simon, Park District attorney; Jeff Reinhard, Supt. of Parks; Scott Crowe, Supt. of Recreation; Mike Szpylman, Supt. of Business; Jennifer Gilbert, Marketing Manager and Suzanne Gage, Administrative Assistant. 74 individuals signed the attendance record.

Libby Baker reviewed the guidelines for participation in the meeting. She then used a PowerPoint presentation to discuss the details of the acquisition. Director Susie Kuruvilla discussed the funding of the facility. A statement was read from Board President Jim Goshorn, who was unavailable because of his work. It was noted that Attorney Adam Simon would be the timekeeper during the meeting. Each board member made a statement regarding the acquisition prior to opening the meeting for visitor comments. Visitors were asked to keep comments to three minutes.

Dr. John Hutton, Superintendent of Gurnee School District #56 – stated that he is also a member at Gold's Gym. He is here on behalf of the community as a community leader. He supports the acquisition 100%. He said, "One of the things we are all trying to do as community leaders is to provide the best services we can. We want Gurnee to be a place that people choose to live. We want to be a community of choice, not the alternative, default choice. There are a lot of wonderful things in the community and this will be one more thing that attracts people to Gurnee. People vote with their feet and they will come here if there are good services and this is a community that people see as something that will enhance their quality of life." He complimented the board for putting themselves "out there". It is easy to do nothing and avoid criticism but it's a great opportunity. Any good idea needs to be balanced against the cost because if it meant that taxpayers would be paying more money, then it would not be a good idea but he likes the financing method that has been chosen. He felt it is a "win-win" and congratulated the board on a great idea.

Suzanne Simpson, Warren Township Supervisor, 17801 W. Washington St. Gurnee – stated that she was representing Warren Township and also as President of Warren Special Recreation Association. She stated that Gurnee Park District is a Gold Medal-winning park district. That is not an easy thing to achieve. Part of the application process involved evaluation of financial soundness and future planning. She commended the board for going above and beyond. "We forget as taxpayers what our governmental entities mean as far as adding value to our property. To see a facility of this size go under and be empty would be a travesty for the surrounding neighborhoods. It would devalue property values. The park district director serves as treasurer on the board of WSRA and she stated that Susie is very frugal with money. Gold's Gym currently is the only facility that WSRA special needs children and adults can qualify to participate in Special Olympics in swimming. It is very imperative to keep it in our community and keep it open and active. The park district has done an outstanding job in planning to finance it." She has no doubt that the district has done its due diligence on financing and she supports it 100% as does the Town Board and WSRA.

David Balthazor, 1655 Nations Drive, Gurnee. – He stated that he is the owner/operator of Day at the Beach Tanning, located in the Gold's Gym building. He stated that he met with the Director last week. She expressed that he is no longer welcome in that building. His statement is in reference to the District's position regarding his business. As a potential buyer of the building, the district was made aware that this is a commercial building with existing tenants. Tenants have leases in place that are binding. Each lease has content that deals with the sale, foreclosure or bank takeover of the property. These binding contracts came with the purchase of the building. His lease has been in place since 2006 and he has options until 2016. Why is the district's position that the tenants must leave the facility? "What legal basis do you proclaim that excludes you from the contract obligations that you have with the tenants currently in place? The District could be exposing itself to a wrongful eviction with legal ramifications to that. The district cannot trample on the legal rights of the current tenants that were in place prior to the purchase agreement of the Gold's Gym building." He hopes that the District would have some consideration of how it is impacting the four businesses in that building. He is a successful small business that is

being given no alternative and he finds that shameful. He hopes the District takes into consideration the impact on four business and four families that are making a living out of that building.

Ken Arnold, 2034 Liberty Lane, Gurnee – He stated that he probably lives the closest to Gold’s Gym and he has also been a precinct committeeman for a number of years. He is here for the public interest, not for self interests or selfish interests. “A decade ago the public said ‘no’ to two referendums for the Hunt Club Leisure Center and the board at that time went around the will of the public. They rammed it down the throats of the public with the same arrangements of using operating funds and claiming it was painless, there would be no increase in taxes and it would be self-sustaining.” He stated that he could FOIA district records and could probably guarantee that the current facility is not self sustaining, that the true ascribed expenses are more than the revenues. Obviously Gold’s Gym is having problems in this economy as well. He said we have a white elephant as predicted and we don’t need a second one without looking and being careful. He is not saying no under all circumstances but asked that the process of democracy be followed. Bring it to the people. “\$10+ million dollars – if it’s a good deal now, it will be even better in the spring primary where this question can be posed.” He will be fully supportive of the answer of the people. “He is not afraid of the public and neither should the board be. There are potential results of not doing this – more homes foreclosed than otherwise, distrust and contempt of government. These are serious times with neighbors being thrown out of their homes. Before any action, his criteria is ‘should one Granny Smith be thrown out of her home because of this government action?’” That is the perspective the board should take. This property is being taken off the tax rolls and not kept in the private sector paying taxes. What should happen? Take it to the people. Be deliberate and prove out that there are no alternatives, that the property has been pursued and offered to others. That’s what the board needs to do to prove this to the public that yes, it is a worthy alternative. Then he would say “yes, it is the only thing the community can do”.

Jerry Kolar – 3641 Highland, Gurnee – He stated that in 2011, the assessed value on this property was \$2,295,890 and market value was \$6,886,000. In 2012, assessed value dropped to \$2,160,433 and market value went down to \$6,481,946. The district is going to pay \$9.1 million. That’s over \$2,618,000 more than its fair market value. The district is paying too much. The district does not pay property taxes. In order to recoup that, it will take 32 houses with an average value of \$200,000 to pay the \$168,000 that this building generates in taxes every year. The district should re-evaluate its position. Granted that the residents will not have to pay taxes, someone is going to have to pay for it and he doesn’t think the building is worth the money. “The building is in deplorable condition and you are going to spend \$1,400,000 for repairs.”

Gerda Strathmann, 2710 Adelaide Ave., Waukegan – She has been a Gold’s Gym member for a long time. She pays \$19/month for life. Three membership rates were mentioned. She questioned if you pay extra for group exercise classes or are they included. She also asked if there is a senior rate.

Jay Stein, 1154 Laurel Lane, Gurnee – He commented that he is a financial advisor with a major brokerage firm for over 22 years. He feels he is better versed than others looking into the finances. He stated that the building is in foreclosure. “If the bank is coming to us, yes, we want to provide for the needs of the community but if the district lets it sit for a year, it could be gotten for perhaps \$5 million. No one is knocking on the door to buy this building. What happens if this business doesn’t provide the revenues projected? Look at other communities in Chicago that are building projects and promising the world to the public. That’s fine but maybe a lot of people will have moved out in 5-10 years. Will our taxes go up if it runs a half million or million dollar deficit every year? Do we have Gold’s Gym financials? It’s obviously in foreclosure and taking a loss every year. What makes us think we can do it better?”

Karen Finkel, 416 Magnolia, Gurnee – She stated that her membership is \$19/mo and it will be raised to \$50/mo. If the gym isn’t making money now with current rates and it is open to everyone not just Gurnee residents, how do we think people will use it at the higher rates? There are corporate discounts at \$30, some have senior rates, some are paying \$100 for the entire family. She knows there will be improvements but it’s a great gym already. People who go there love it and they love the classes. She cannot afford another \$30/month and how many others will feel that way too. Gym members are loyal but if rates are raised a lot, she doesn’t know if it will be successful.

James Warda, 2218 Sanctuary Ct., Gurnee– He supports the plan because you can drive more membership and increase retention by increasing the quality of the gym. He has been a member for a long time. He stated that “the quality of the gym has degraded over time. First they lost towels, then turned off every other light, then turned off the water in the men’s bathroom. The treadmills are extremely dangerous.” He definitely supports somehow finding a place for the current tenants. They have been loyal tenants and part of the experience for a very long time. That is the right thing so whatever the district can do to make that happen will send a strong message. However, he definitely supports it and so does his wife.

Attorney Simon noted that the meeting is being recorded and all questions asked will be recorded and the board will follow up at a future meeting to provide supplemental information.

Bob Johnson, 4520 W. Hill Ave., Waukegan – He stated that the existing businesses have deals with leases and he is sure that have invested a lot of money in their businesses. Assuming that the deal goes through, a deal is a deal and the district needs to support these people who have businesses in Gurnee.

Mike Logue 7187 Presidential Dr. Gurnee– Is there a contingency plan if the current owner can’t honor his commitments through the time of the purchase? Can he sustain it until that time? It was stated that the District is going to grandfather those who are members now who don’t live in the community, but will that be forever or do they pay a higher rate at renewal?

Matt Towson, 5221 Acacia Court, Gurnee – He stated that he supports the project but also supports the business owners currently there. He would like the board to consider retaining the hours at 5am – 10pm most days. He also would like the pool to be open at 5am with a lifeguard.

Gina Warda, 2218 Sanctuary Ct., Gurnee– She wanted to stress and ask the board to take into consideration the group classes and to consider the current instructors and calendar. The classes are the nucleus of Gold’s. Please keep it as close to the way it is as possible. It is so important and has had a huge impact on her family and her life.

Dick Welton – 1420 Garnet Ct. Gurnee– He noted that he is a proud, 70-year resident of the Village and former mayor. He supports the project and the due diligence and past record of the park district. He believes that the project, in the center of the community, is an unusual opportunity. It will help to keep us one village. He asked the board to do what’s right for everybody and not just a few. When he became mayor in 1973, the Village had \$25 million in assessed valuation. Today the Village assessed value is \$1,200,000,000 and with that we have the very best in taxing body services, second to none, especially the park district, which is world class.

Lenore F., 36376 Traer Terrace, Gurnee – She stated that she is a “copper” member meaning they prepaid for membership for a number of years. That agreement includes everything in the facility, there are no limits. This is personal and selfish on her part but she works for a federal health center and has access to other gyms but she wants the classes. She feels that the needs of the existing members and what is being used needs to be addressed. There is only a handful with this type of membership and stated that apparently they don’t count, but she wants her voice heard.

Vicki Wells, 2726 Theresa Ave., Waukegan – She too has a guaranteed renewal rate and she understands that rates must change but she asked the District to honor their contracts until they terminate. She is also a member of Waukegan Park District field house but remains a member of Gold’s because she uses the group classes and would like anything possible done to maintain those classes as they exist now.

Erin Thompson, 1496 St. James Court, Gurnee –She works at the Federal Health Care Center and takes care of veterans who are obese. She covers weight management groups there and sees the consequences of obesity later in life. She has been a Les Mills instructor for 13 years. Les Mills’ programs are extremely important to keep our nation healthy. She sees it with her participants, many losing 30-50 pounds because of this programming. She asked the district to consider the fidelity of the program and continue with the Les Mills program because it will be a moneymaker in the long run and people get addicted to these classes.

Amy Cusak, 34068 Wooded Glen Drive, Grayslake – She stated that she has worked at Gold’s as a group fitness instructor for 8 years. They have doubled the classes over the years, especially the Les Mills classes. Classes are one of the things that has held the gym together It is not just Les Mills but the instructors that teach that and all of the classes.

Melanie Dillon, 37 Burnett, Lake Villa – She stated that she has been a Gold’s member for six years and she has been through many clubs, including Centre Club and the Y. What attracts her, her family and her friends to drive a distance are the instructors and quality of the classes at Gold’s. She doesn’t use the machines but has used the pool. She was happy that it will be maintained. Her 87-year old mother has a membership and has done water aerobics there. Her children attend also. In other facilities, there are only a few days a year when kids can use the facility. At Gold’s, kids are welcome and they have programming. The child care that they provide offers activities and other clubs don’t. She passes a lot of health clubs on the way to Gold’s and does not think there are other communities in the area that she gives \$100/month to except for Gurnee. She asks that the District keep that in mind. As a non-resident, she appreciates that the District is considering grandfathering current members.

Eugene Neal, owner/operator of Dedication Fitness- He stated that he is one of the building tenants and that they have impacted many people. He just assessed a young man weighing 323 pounds and over 40% body fat. If the tenants are evicted he won’t be able to service individuals like that who need help. Each of the tenants contributes to the community that is Gold’s Gym. He knows that the revenue has dropped and he believes it is because of how the business has been maintained. The culture in the building is a gold mine. Maintaining the integrity of the people and the family that is there currently is important.

Jerry Kolar, 3641 Highland, Gurnee – He stated “send it to referendum.”

Lynnette Sweeney, 965 Norman, Gurnee – She stated that she was speaking for punch card holders. It is not an official membership and people who have them use them for different things. She asked the district to reconsider and honor the punch cards. She spent \$400 on hers two months ago and she won’t be able to use all the punches by October. She doesn’t have that money to throw away. She asked to honor that and “when it’s gone, it’s gone”. She would consider membership after that. The option to sell punches is not user friendly and would be difficult. She thought she’d have use of the card for another year.

Ruth Reid – 3317 Bristol Rd., Waukegan –She stated that she appreciated the hard work that went into this. She is concerned because her family has been members since 2002. They have a family membership now. This would greatly increase their price. She asked the board to consider offering a membership price that is close to what they have now.

James Tan, 6991 Bradley, Gurnee –He stated that he was a member of the last Strategic Plan Advisory Committee. He commended the board for addressing the initiatives as outlined. He said to the larger community; there is a reason why this group and management team has been touted for excellence. The group has vision. He has every confidence that the district will make good decisions for the gym and for the business owners as well. People feel that they will do the best that they can. The addition of the indoor pool and the additional programs will be wonderful for the community and he commended the Board.

Cynthia Even, 230 N. First St., Gurnee – She and her family have been members of Gold’s Gym for many years; they have a \$99 membership for a family of four. Her boys are overweight and she takes accountability for that and is working on it. She is not in the financial position to be able to add her children for an additional \$24.99 each. She supports this and is happy that they are not losing the gym entirely. She is not against it and can probably afford it for herself but she needs to take care of her children’s weight problems before herself. She hopes the district can take into account the tenants and their business, families and their income. Group classes and the instructors have helped her lose weight. Everything in place there has made the gym like another family.

Helen T., Waukegan – She stated that she has been a member for 13 years. She stated that “when they were remodeling the gym, they offered us a deal to freeze our membership and they promised that if they sold the gym it would be honored.” She asked if her price would be honored. She pays \$19/month but if it goes to \$40, she would have to reconsider. She only goes two or three days per week.

Da'velle McGee, 63 Lancaster Circle, Gurnee – He has worked at Gold’s Gym since 1999; he is one of the original employees and works at the front desk. He supports the facility moving forward. He hopes it will secure positions and that it opens positions for others interested in the fitness industry.

Linda Jackson – 1292 Kathleen Court, Antioch – She worked at Gold’s Gym from 2007 until recently. She taught kids exercise classes. Many kids in her classes are obese. Many children had never done a pushup or a crunch. They were made fun of in school or bullied. There was much satisfaction in seeing kids achieve fitness goals- be able to participate in gym or touch their toes. She doesn’t know what the intentions are with continuing kids’ classes but it is very rewarding and she hopes the district will look into it. She said it has been an honor to work with the children. “Children are the future; if you don’t want obese adults, you don’t want obese children.”

Raul Gonzalez, 1422 Sherwood Court, Gurnee- He has been a Gold’s member since 2004. He knows everyone by face; they are like family and he brings his children there. He enjoys the time he is there. He hopes that the district keeps the programs. They help his kids. He stated “it seems like it will be more money out of everyone’s pocket. He lives in Gurnee but it doesn’t seem fair to people who come from outside the Village as prices get raised and they lose an opportunity with friends they’ve made over the years at Gold’s.”

Shannon Stolcers, 6186 Brittany Court, Gurnee – She stated that she has worked at Gold’s for 10 years in child care and in the office. She stated that they are family; the instructors, the businesses and the members have a great connection, have been together a very long time and she doesn’t want to see that change. She asked to ‘please do what you can to maintain that’. Her daughter was on the Blue Devil Swim Club for seven years and she knows how GPD operates and knows the district is very strong and very family oriented. She asked that we please keep that cohesiveness between the gym and the district.

Jim McCormack – 2021 Lawson, Gurnee – He stated that he is 100% biased for GPD because he has three family members employed at GPD. Two are his children who went from using the facilities as youngsters to now teaching kids at GPD. He said that from 1977-1983 he ran five health clubs. Times have changed in the health business. Back then, it was about selling a membership because 97% of members quit. Only 3% stayed and worked out 2-3 times a week. Owners cut prices, didn’t put money into a club and in 6-7 years, it closed. “\$20/month is a fantastic price. Unfortunately if you lose three of those but have one person paying \$60, it evens out the deal.” He does have concerns that it is a big undertaking but he believes the park district can handle it and can make it work. He listened to the people who are passionate about those who work there now. He would like to see symmetry there. As far as people who are tenants – they benefit and have the same health and fitness philosophy as the park district is trying to do here; figure out a way to keep them. He is behind the park district because they have not failed him in 27 years.

Kathie Brady, 2819 N. Southern Hills Drive, Wadsworth – She stated that she has been a member for long time. The instructors are absolutely fabulous and the classes as well. They are like family, as others have said. Even though it is getting run down, they still continue to go because of the instructors and the classes.

There were no other comments. Vice President Libby Baker said that the board will consider all of the comments and feedback. She thanked everyone for coming.

A motion to adjourn was made by Vicki Paddock, seconded by Gerry Crews. All voted aye and the meeting adjourned at 7:20 p.m.

James G. Goshorn
Board President

Michelle Klemz
Board Secretary