

Special Meeting Minutes of the  
Gurnee Park District Board of Commissioners  
September 16, 2014

The Board of Commissioners participated in a special joint meeting called by the Village of Gurnee on September 16, 2014 at 5:30 p.m. at Gurnee Village Hall, 325 N. O'Plaine Rd., Gurnee. Commissioners present: Libby Baker, Jim Goshorn, Vicki Paddock, Michelle Klemz and Gerry Crews. Commissioners absent: none. Also present: Susie Kuruvilla, Executive Director; Mike Szpylman, Supt. of Business; Scott Crowe, Supt. of Recreation; Jeff Reinhard, Supt. of Parks; Jennifer Gilbert, Marketing/PR Manager; and Suzanne Gage, Administrative Assistant.

The purpose of the meeting was to hear a presentation and discussion of location selection of a research and manufacturing facility in Gurnee, called AKHAN Semiconductors.

Minutes prepared by the Village of Gurnee are attached.

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James G. Goshorn, President

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Michelle Klemz, Secretary

**MINUTES OF THE SPECIAL MEETING  
OF THE GURNEE VILLAGE BOARD**

**GURNEE VILLAGE HALL  
SEPTEMBER 16, 2014**

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**Call to Order**

Mayor Kovarik called the Concurrent Special Meeting of the Gurnee Village Board, Gurnee Economic Development Committee, Woodland School District 50, Warren Township High School District 121, Gurnee Park District, and Warren Township to order at 5:32 p.m. She stated the Village will start with its roll call, then allow the other taxing bodies to conduct roll call.

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**Other Officials in Attendance**

Melinda Bush – State Senator 31<sup>st</sup> District – Illinois Senate, Terry Link – State Senator 30<sup>th</sup> District – Illinois Senate, Aaron Lawlor – Board Chairman – Lake County Board, Sandy Hart – County Board Member 13<sup>th</sup> District – Lake County Board, Steve Carlson, County Board Member 7<sup>th</sup> District – Lake County Board, Ryan Waller – Assistant County Administrator – Lake County, Michael Stevens – President and CEO - Lake County Partners, Susie Kuruvilla – Executive Director - Gurnee Park District, Jeff Reinhard – Superintendent of Parks – Gurnee Park District, Mike Szpylman – Superintendent of Business - Gurnee Park District, Scott Crowe, Superintendent of Recreation – Gurnee Park District, Jennifer Gilbert – Marketing/Public Relations Manager - Gurnee Park District, Suzanne Gage – Administrative Assistant – Gurnee Park District, Dr. Joy Swoboda – Superintendent – Woodland School District 50, Dr. Mary Perry Bates - Superintendent – Warren Township High School District 121, Carol Rogers – Assistant Superintendent of Business Services and Operations – Warren Township High School District 121, Gerald Rudd – Highway Commissioner – Warren Township, Patrick Muetz – Village Administrator – Village of Gurnee, Bryan Winter – Village Attorney – Village of Gurnee, Fred Friedl – Fire Chief– Village of Gurnee, Kevin Woodside – Police Chief – Village of Gurnee, Sandra Campbell – Deputy Police Chief – Village of Gurnee, Erik Jensen – Assistant to the Village Administrator – Village of Gurnee, Christine Palmieri – Human Resources Director – Village of Gurnee.

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**1. Roll Call**

Gurnee Village Board:

Present: 5 - Hood, Wilson, Park, Garner, Ross  
Absent: 1 - Balmes

Gurnee Economic Development Committee:

Present: 7 - Henderson, Sula, Martin, Garrity, Welton, Thorstenson, Waddell-Moenter  
Absent: 2 - Elbrecht, Deney

Woodland School District 50:

Present: 5 - Vondracek, Juarez, Schrantz, Hall, DeMonte  
Absent: 2 - Little, Barnabee

Warren Township High School District 121:

Present: 7 - Anderson, Grum, Conway, Campbell, Munda, Walz, Biondi (via speaker phone)  
Absent: 0

Warren Township  
Present: 2 – Simpson, Semmerling  
Absent: 3 - Gill, Radke, Echtenacher

Gurnee Park District  
Present: 5 – Goshorn, Crews, Klemz, Paddock, Baker  
Absent: 0

**2. Scheduled Business (for discussion purposes only, no action to be taken)**

- a. Presentation and discussion of location selection of research and manufacturing facility.

Mayor Kovarik started off by welcoming everyone to the meeting, including State Senator Melinda Bush, County Board Chairman Aaron Lawlor, State Senator Terry Link, and County Board Representatives Sandy Hart and Steve Carlson . She also recognized executive leaders in attendance, including Dr. Joy Swoboda – Woodland School District 50, Susie Kuruvilla – Gurnee Park District, Patrick Muetz – Village of Gurnee, and Dr. Mary Perry-Bates – Warren Township District 121.

Mayor Kovarik continued to say the concurrent meeting was a first for the Village, as is the opportunity that is available to the community. She said that participation from all the taxing bodies present is necessary to turn this opportunity into reality. She stated there would be a detailed overview of the opportunity, followed by Senator Bush and Chairman Lawlor discussing the importance of it for the area. Mayor Kovarik will then speak about the financial details of the local incentive package the Village is asking each entity to consider and approve.

She then introduced Adam Khan, a Woodland and Warren Township High School graduate and principal and president of AKHAN Semiconductor. She stated he is paying it forward by giving Gurnee the chance to be the world headquarters of a new technology.

Mr. Khan started off by thanking everyone in attendance. He then provided a summary of AKHAN Semiconductors which is a fab-lite semiconductor company specializing in diamond semiconductor technology. He stated it was founded in 2012 in Hoffman Estates, IL. Since being founded, it has commercially partnered with Argonne National Lab and has recently been able to launch its Miraj Diamond™ Platform, an energy-efficient diamond semiconductor platform. He stated this product line addresses the needs of automotive, avionics, defense, telecommunications and the greater power electronics markets.

He continued to say that semiconductors drive nearly 1/3 of global domestic product. Currently over 95% of semiconductors are silicon-based. He stated silicon is reaching its physical limitations. He continued to say a large amount of energy consumed by electronics is due to cooling needs. In addition, 50 million tons of e-waste is generated each year, which is expected to increase. He stated diamond has strong potential to be a successor technology to silicon. It conducts heat five times better than copper, and twenty-two times better than silicon. Diamond also has superior performance capability and can be much thinner and smaller than silicon counterparts.

Mr. Kahn continued to say that major analysts predict unless the United States

secures the high power diamond device market, Europe or Japan will control the entirety of diamond technology market by 2020. AKHAN is well established to be the only domestic contender and global leader in diamond device market, while Argonne National Lab is a well recognized authority in diamond (carbon) materials research.

Mr. Khan stated that AKHAN, in conjunction with Argonne, has been able to develop diamond devices one thousand times thinner and one million times higher density compared to silicon. He stated AKHAN has also been able to directly integrate diamond onto processed material like glass and silicon. This ability results in to better current technology without requiring a huge shift in base material.

Mr. Khan stated northern Illinois has unique advantages compared to other areas, including two national laboratories in state, eight top tier universities working on similar technology, and established industry stake holders. He stated AKHAN would like to relocate to northern Illinois, which would include all of its employees and assets.

AKHAN is seeking relocation to a larger facility, specifically in Gurnee, Illinois, with plans to double the size of business in the next three years. Mr. Khan stated that earlier today the state of Illinois agreed to \$3.5 million in tax incentives and grants. He stated he expects to invest \$15 million into operations, creating demand for jobs and capital expenditures. Currently they estimate fifty jobs will be created to start, with an estimated 250 high quality jobs created within a three year period. He stated locating here will likely attract other tech companies.

Mayor Kovarik then invited State Senator Melinda Bush to speak.

Senator Bush stated both her and Mayor Kovarik knew this project had tremendous potential and immediately reached out to the Illinois Department of Commerce and Economic Opportunity (DCEO). She stated the result of this effort is \$3.5 million from the State. She continued to say investments are needed to grow the economy, which this project will do. Lake County would be the first site of commercial diamond semiconductor production anywhere in the world. She continued to say a unified front, as demonstrated by the participants at this meeting, shows that Illinois is open for business. She concluded by stating she looks forward to partnering with all the agencies present in an effort to bring AKHAN to Gurnee.

Mayor Kovarik then invited Lake County Board Chairman Aaron Lawlor to speak.

Chairman Lawlor started by thanking Mayor Kovarik for her leadership, and Senator Bush and Adam Pollett with DCEO for their efforts at the State level. He stated competition has changed and the way entities handle new challenges must change. This is symbolized by the concurrent meeting taking place tonight. Chairman Lawlor then stated we must continue to invest in our infrastructure and workforce to remain competitive. He stated he has heard that business owners are worried about access to young talent. Leadership Lake County is working to address these concerns. He stated this project allows the County to expand its portfolio to include additional high tech jobs and advanced manufacturing. He concluded by stating that with everyone coming today, we are adapting and offering incentives necessary to bring this project to Lake

County.

- b. Presentation and discussion of request for public participation in providing incentives and/or tax relief.

Mayor Kovarik then reviewed a PowerPoint presentation that discussed the need for local incentives. She thanked Adam Pollett and the State of Illinois for its participation, but stated the Village and State cannot carry it alone. She continued to say the State, County and Village are committed to developing an incentive package to allow AKHAN to locate in Gurnee. Mayor Kovarik stated this project represents an opportunity for Gurnee to become a new leader in technology.

She said the AKHAN Board has tentatively approved Gurnee as the corporate headquarters, subject to a local incentive package. Over the years, the Village has worked to help bring the equalized assessed value to over \$1.03 billion, which benefits all taxing bodies. The Village has used incentive agreements to help build this equalized assessed value, including agreements with Gurnee Mills, Macys, Keylime Cove Resort, and three car dealerships. The Village also contributes to Visit Lake County which brings visitor dollars to Gurnee. Mayor Kovarik then reviewed the State incentive package which includes a \$3.0 million EDGE Tax Credit, \$500,000 investment to help offset relocation costs, and \$40,000 investment to train new hires. She stated AKHAN has requested assistance to purchase the property and relocate employees, it will cover the costs related to the technology to manufacture the diamond semiconductors.

Mayor Kovarik then reviewed the specific request from our local taxing bodies, which includes: District 50, District 121, Lake County, Gurnee Park District and Warren Township; to abate 50% of the facilities' property tax for 5 year period, Lake County to contribute a maximum of \$500,000 of sales tax over 5 years and the Village to contribute a maximum of \$1.5 million of sales tax over 5 years. She stated the County and Village sales tax agreements will be performance-based. Mayor Kovarik stated this incentive package totals \$2.3 million. Combined with the State's incentive package, the target number has been reached. She concluded by stating she would like consensus and support for participation. This would be followed by drafting the formal agreements and scheduling them for a future governing board meeting vote. She stated Lake County Partners and the Village will assist with drafting these agreements as needed. Mayor Kovarik stated that she herself, Senator Bush or Chairman Lawlor would make themselves available to attend governing board meetings.

Sergio Rivera asked if there was a location for the proposed site.

Mayor Kovarik responded that the 120,000 sq. ft. building is located at 1020 Lakeside Drive in the Tri-State Parkway.

**Questions/  
statements:**

**Sergio Rivera  
Business Owner  
Momcorn**

Karen Thorstensen asked about the ability of future expansion if needed.

**Karen Thorstensen  
Gurnee Economic**

Founder and CEO Adam Khan stated that several properties have already been looked into with the goal of staying in Gurnee.

Terry Hall asked if 1020 Lakeside Drive is currently occupied.

The Mayor clarified stating it was announced one year ago that the building

**Development  
Committee**

would be vacated and the company would be completely closing down their operation.

**Terry Hall  
Board Member  
Woodland 50**

Mr. Khan stated that their move will be done in stages as the space becomes available and would like to start producing as soon as possible.

Chuck Smith asked if there is an option on the property.

The Mayor stated there is a letter of intent.

**Chuck Smith  
Attorney  
Warren Township**

Mr. Smith asked how long the commitment is to Lake County in light of the five-year investment of tax dollars.

Mr. Khan stated that as a part of their commercial partnership with Argonne National Laboratory, they have agreed to substantially manufacture their technology domestically and will not be going overseas anytime soon. They are looking to remain in the area a minimum of ten years as is indicated in the in the Intergovernmental Agreement with the state.

Mr. Smith asked what the employment commitment is to Lake County labor, specifically fair share to unions and residents. Mr. Khan stated that information has been itemized in the state's Department of Commerce and Economic Opportunity application.

Mr. Garrity asked where the company stands as it relates to immediate production, hiring upon relocation to Gurnee.

Mr. Khan stated the company is currently in production phase and is seeking to relocate existing employees and assets to the Gurnee facility.

**Tim Garrity  
Gurnee Economic  
Development  
Committee**

Mr. Rivera asked if the company is currently selling the semiconductors.

Mr. Khan replied yes.

**Sergio Rivera  
Business Owner  
Momcorn**

Stephen Park asked what percentage of the new facility would be research and development verses headquarters and production.

**Stephen Park  
Trustee  
Village Board**

Mr. Khan stated that 80% would be used for engineering and scientific jobs with the remaining 20% used for corporate support and administration. He also stated they would like to allow university entrepreneurs the opportunity to utilize their one-of-a-kind equipment at a very low rate further enabling their inventions and to spur innovation in the area. As part of this effort, they would also offer use of their tech incubator services. The Mayor stated there isn't a tech incubator lab in the Gurnee area and further stated that Adam Khan has received letters of intent from eight very prestigious universities who would take advantage of the facilities and whose entrepreneurs could, quite possibly, launch future business in Gurnee.

Mr. Park further stated he is pleased with AKHAN Semiconductor and it is the type of operation that makes the most sense for economic development.

Terry Hall asked Mr. Khan to share what inspired him at Woodland and Warren Township High School to pursue the scientific field and if he if would be willing to return to the schools and inspire students.

**Terry Hall  
Board Member  
Woodland 50**

Mr. Khan stated his father is an engineer and in addition to the quality of life and cost of living, he envisions engineers relocating to Gurnee because it's a wonderful place to grow up, offers many amenities, and is a very educated area.

Dick Welton stated in 1973, as well as today under Mayor Kovarik's administration, the Village worked hard to build a balanced community where people can live, work, shop, and play and where businesses can thrive. This is evidenced by Adam Khan's return back to the Village.

**Dick Welton  
Gurnee Economic  
Development  
Committee**

John Anderson stated this is a fabulous opportunity for the Village and would like an opportunity for their "Project Lead the Way" students to work with this endeavor.

**John Anderson  
President  
WTHS District 121**

Terry Waddell-Moenter asked how local communities will be tapped regarding employment and benefit from AKHAN's relocation to Gurnee.

**Terry Waddell-  
Moenter  
Gurnee Economic  
Development  
Committee**

Mr. Khan stated several community engagement efforts are planned in an effort to showcase that Gurnee is the hub of the diamond semiconductor industry.

**Jim Goshorn  
President  
Gurnee Park District**

Jim Goshorn stated he is in favor of the relocation and asked if a company like DeBeers, who controls the diamond supply, would pose a risk to the five-year plan as outlined by Mr. Khan.

Mr. Khan stated that DeBeers is a well-known jewelry-grade diamond company not solely focused on diamond semiconductors. By comparison, DeBeers' material is called single crystal diamond at a cost of \$1,000 per square centimeter versus AKHAN's nanocrystalline diamond at a cost of \$20 per square centimeter which makes AKHAN much more cost competitive in the industry. AKHAN is the only diamond company which can be directly integrated with existing silicon electronics.

**Gerry Crews  
Commissioner  
Gurnee Park District**

Gerry Crews asked what other revenue does the Village envision through this effort that can be explained to the residents and taxpayers other than the taxpayers investing \$20,000 per employee.

The Mayor stated that potential growth has to be envisioned when presented with new and innovative technology. She further stated there will be sales tax involved from some of the devices that will be produced in Gurnee that will benefit both the Village and County and would have a ripple effect as it relates to the attraction of businesses to relocate in Gurnee, ancillary business, and new residents that will invest in the community.

Senator Melinda Bush echoed the Mayor's comments stating that this is tremendous opportunity for Lake County, state of Illinois and the country to expand in this arena. She further stated this is a project that's worth the investment in the future of not just our children, but in this area.

**Stephen Park  
Trustee**

Stephen Park commented on the \$20,000 investment per 250 employees stressing those employees would be highly skilled commanding very good salaries and are on the cutting edge in an industry that is in a growth mode. He further stated the investment would affect property tax with huge potential; disposable income would allow people to build new homes; entrepreneurs would build new businesses and create new investments; new residents would purchase goods, services, and entertainment in the Village and contribute to

**Village Board**

each of the entities affected by AKHAN's relocation to Gurnee.

The Mayor concluded by stating the opportunity to position the community, as well as the opportunity to land cutting edge, world changing technology is worth the investment.

She asked each Board President to work with their members to come to a consensus.

**Adjournment**

It was moved by Trustee Park, seconded by Trustee Wilson to adjourn the meeting.

**Voice Vote:    ALL AYE:    Motion Carried.**

Mayor Kovarik adjourned the meeting at 6:36 p.m.

**Andrew Harris,  
Village Clerk**