



Economic Development Commission

**Wednesday, November 28, 2018
Council Chambers Room**

Commissioners Present

James Kucienski, Chairman
Patrick McCoy, Vice Chair
Rivak Albazi
James Berger
Myles Berman
Peter Dyer
Tim Garcia

Commissioners Absent

Maureen Ehrenberg
Joe Spagnoli

Staff Present

Steve McNellis, Community Development Director
Robert Merkel, Interim Village Manager/Finance Director

Others Present

Barry Bass, Village President
Georjean Nickell, Village Trustee
Jesal Patel, Village Trustee

1. Call to Order/ Quorum Declaration

Noting that a quorum of seven members were present, the meeting was called to order by Chairman Kucienski at 8:00 AM.

2. Minutes Approval

Chairman Kucienski asked the Commission if any edits were to be made to the November 1, 2018 meeting minutes.

Hearing no corrections, Chairman Kucienski called for a motion to approve the minutes. Commissioner Berman moved and Commissioner Berger seconded the motion. There was a consensus to approve the minutes, with an abstention by Vice-Chairman McCoy.

3. Economic Incentive Request from Loeber Motors

Chairman Kucienski welcomed Mike Loeber, President of Loeber Motors, and his representatives, and thanked them for attending the meeting to present the request for the Porsche dealership to the commission, a request which will be voted upon at a later date. He then addressed the commissioners stating that this meeting with Loeber Motors is geared toward an informal and introductory discussion to help understand the vision Loeber has for the property and why they are requesting an incentive. Discussion on the more technical details should wait until the next meeting when the Village consultant has completed his analysis of Loeber motors request. Chairman Kucienski then asked for Community Development Director, Steve McNellis, to provide some background information on this project.

Director McNellis provided the commission some background history of Loeber Motors time in the Village of Lincolnwood. He noted the dealership came to the Village in 1984 and expanded from there. In 2006, when acquiring Porsche, they received an economic incentive package. He noted that the commission would be familiar with that agreement because it was the one discussed in relation to the recent Zeigler proposal. He then invited Mike Loeber to provide the EDC with a summary of his request.

Mr. Loeber reiterated their history with the Village and how Porche's sales have expanded from approximately 90 vehicles a year to over 300, and with the expansion for which the economic incentive request is being sought, they could see 400 or more in sales. He explained that further expansion and renovation is viable because of an incentive Porsche gives to dealerships. However, that incentive only applies to dealerships with facilities that are 100% compliant with their standards. The incentive is called a Supplemental Facility Allocation (SFA). The SFA provides a 20% increase in cars supplied to the dealership. The initial plan was to move the Porsche dealership downtown, per the manufacturer's desire, but the risk to do so, and costs involved, were too high for Mr. Loeber, therefore, he decided to reinvest in the current Lincolnwood location.

Mr. Loeber then presented his preliminary request. He said that the project will involve a \$7,500,000 investment to rebuild and renovate the Porsche storefront to get the SFA, as well as the acquisition of an adjacent property (7125 Lincoln Avenue) for (primarily indoor) vehicle storage. Their plan is to close on that property on January 3rd or 4th of next year. He described some extraordinary costs including \$1,500,000 for the acquisition of 7125 Lincoln, \$600,000 in electrical upgrades for new all-electric cars, and \$50,000 in stormwater system upgrades. Their timeline is to complete the project by the end of 2019 but he has some "cushion" to go into 2020. Mr. Loeber noted that with the current economic incentive agreement they have gotten back \$1,500,000 of the \$5,000,000 cap. For this project they will request that this agreement be extended for 15 years, increase

the cap to \$7,000,000, and a recommendation for them to receive a Cook County Class 7c tax abatement for the property at 7125 Lincoln Avenue. Before opening up for questions Mr. Loeber noted, in addition to other economic benefits to the Village, by this project coming to fruition they will have to rebrand the location as “Porsche Lincolnwood” instead of “Loeber Porsche.”

Vice Chairman McCoy started the discussion by inquiring to why it is so difficult to move brands. Mr. Loeber noted that when attempting to move brands one needs to both find a brand that is within no more than two miles of the current location and that doesn't come within 10 miles of a similar dealership.

Chairman Kucienski asked how many more cars they would sell if the project is completed. Mr. Loeber indicated that over a 12-month period they have sold over 400 vehicles so with a 20% increase in vehicles supplied the goal will be to sell 500 cars. Commissioner Dyer inquired as to what kind of cars would be allocated to them in the SFA and when the all-electric car will launch. Mr. Loeber explained that the SFA allocation will be determined by a percent of cars sold across the country and not their personal preference. As for the new, all-electric car it is expected to launch in 2020. Chairman Kucienski asked if it would be a two door or four-door vehicle. Mr. Loeber said that it would be a four-door and then passed a model of the car around to the commissioners.

Commissioner Dyer then asked what kind of improvements their investment will entail for the new building (7125 Lincoln). Mr. Loeber said that they will redo the asphalt, remodel the interior, and put up a lot of green vegetated screening. Because the new building will be for storage the goal will be to make it functional and then screen it so it's not noticeable. Vice Chairman McCoy asked if anything that they will be doing will require any variances. Director McNellis indicated that any variances would be limited if any at all because it is already a PUD. The process would be to amend the current PUD which could include any modification that would be necessary.

Commissioner Dyer asked for details on what electrical upgrades will be needed. Mr. Loeber explained that the major electrical upgrade is to include a fast charging system. He said that these changes would require a huge consumption of electricity. He also said that he has not yet talked to ComEd about logistics. Commissioner Dyer and Vice Chairman McCoy both expressed concern that there may not be sufficient infrastructure. Director McNellis said that these are legitimate concerns, but the Village would be willing to reach out to ComEd with Loeber Motors to find a solution. Director McNellis added that Loeber is seeking a Cook County Class 7c tax abatement which would be similar to Ziegler for the warehouse building.

Commissioner Berman inquired to the status of any economic analysis thus far. Director McNellis said that they are still working with Loeber Motors to get all the information to Kane McKenna, the Village's consultants, to finish that analysis. Moreover, the commission will have all the economic analysis for the next meeting. Chairman Kucienski reiterated that there will be sufficient time to look over the economic analysis which will come at the next meeting as well as having Mr. Rychlicki, Village Consultant, at the meeting to ask more pointed questions. He then addressed Mr. Loeber by saying that he was glad to have them stay in the Village. Director McNellis said that the next step, after today's meeting, will be taken at the December 19th meeting.

Commissioner Dyer asked if Loeber Porsche expects to keep running while the construction is going on. Mr. Loeber said he will have to keep open while the construction is ongoing. This will require that he utilize their other business frontage on Touhy for Porsche, but it will be the quickest and easiest solution.

Commissioner Berman then asked the EDC if they wanted to consider including a clawback or target conditions on the economic incentive package. Director McNellis indicated that there are similar provisions already in the current agreement which will hold over because their request is an extension. Vice Chairman McCoy asked if, since the initial agreement, there have been provisions of the previous agreement that failed to work as envisioned and would warrant changes in this agreement. Director McNellis indicated that this agreement was the foundation for the recent Ziegler agreement and so it would make sense for them to look at the Ziegler agreement as a model. Commissioner Berman noted that the Ziegler agreement is not precedential. Director McNellis agreed but its recency and basis may provide the EDC with an idea of what the Village considers best practices. Director McNellis responded further by stating that Village staff would review Agreement language with the Village Attorney, taking into account the best practices for the Agreement, rather than simply relying on the Zeigler Agreement. Mr. Loeber addressed some concerns with the idea of a "clawback" provision. His concern was if there was an economic slowdown that hurt their opportunity for success in certain years that they don't get punished for the slowdown. Director McNeills then clarified that the clawback provision they were discussing had to do with any potential closing of the dealership before the incentive package had elapsed. Mr. Loeber apologized for the misunderstanding and noted that he had no intention of leaving. Hearing no further comments or question Chairman Kucienski thanked Mr. Loeber for his time, and reiterated this request would be coming back before the EDC with a more-detailed analysis at an upcoming meeting.

4. Cook County Class 6B Property Tax Abatement Incentive Request for 6430 North Hamlin Avenue (Lola Valentina)

Chairman Kucienski introduced the next item to the commission as something that should look familiar. Earlier this year the EDC had approved this exact request for a different prospective tenant. Because that project fell through, the EDC will need to reconsider the current request for the new applicant. He then asked Director McNellis to provide more detail on the current request. Director McNellis reviewed the requirements needed to obtain a Cook County Class 6b Tax Abatement Incentive noting that because the property itself met the requirements last time, the Village should not be concerned about the property meeting the requirements this time. As for the “industrial purposes” requirement, it was confirmed by the Assessor’s office that the current applicant is eligible. He noted that the Village must expressly state that it “supports and consents to this Class 6b Application and that it finds Class 6b necessary for development to occur on the subject property.” He then described some of the improvements that Lola Valentina, applicant, proposes to complete including interior and exterior renovations. Director McNellis then invited Ms. Valentina and her team to provide more insight into the company.

Scott Davis, Attorney for Lola Valentina, discussed the business as growing to 5 employees and looking to expand to about 25 in three years. The renovation work they will do is a rehab of the interior and exterior of the structure to match the business brand. He then invited Ms. Valentina to describe her business. She said that she is a pattern designer that creates unique event branded features like tablecloths and place settings. Her company works directly with event planners to create these custom textiles and place settings. Then they discussed how opening the business would increase the revenue coming from the lot even after the incentive. Currently, it is generating \$3.60 per square foot in taxes and after the occupation and with the Class 6b incentive, it will generate \$4.79 per square foot in taxes.

Chairman Kucienski asked how large of an investment they plan on making on the property. Mr. Davis indicated that the investment would be between \$220,000 and \$250,000. Ms. Valentina explained that part of that investment would be to increase the green (landscaping) space, and she provided images of plants which would populate the storefront. Moreover, she explained the interior renovation will incorporate an open design. There was discussion amongst the EDC Commissioners regarding the landscaping and the extent to which the stipulation on the previous 6b consent, which required a minimum of \$10,000 in exterior investment, should be applied. There was agreement the same stipulation should apply here.

They were then asked about their current location and scope of business. Ms. Valentina explained they are currently in Evanston in a start-up office but are outgrowing that location. They have three employees currently, but after the move to Lincolnwood they expect to have five for additional manufacturing and logistics, and then will grow from there. The textiles they produce will be bought outright because each design is custom for the customer. Other more durable place settings will be rented. Commissioner Berman asked how many competitors Ms. Valentina has and how long has she been doing this. She said that the customization for event spaces is unique to her and that there is no one else doing this. She also stated that she has been doing this for eight years. Chairman Kucienski noted the novelty of this business and how the nature of the business may be a more beneficial project than the previous one because Ms. Valentina's business will generate sales tax revenue.

Vice Chairman McCoy inquired as to who will be the property owner. Mr. Davis indicated that the property owner will be Ms. Valentina's parents, and she will be leasing from them. Vice Chairman McCoy indicated that the Village should take steps to make sure if the lessee changes that they don't also receive the tax abatement automatically. Director McNellis noted that the covenant will protect the Village from a change in lessee. Commissioner Albazi and Commissioner Garcia both wanted to confirm that if there was a change in lessee that they would be required to go through this process again. Director McNellis confirmed that they would be required to go through the process again.

Hearing no additional discussion, Chairman Kucienski called for a motion to recommend to the Village Board the provisions outlined above. Commissioner Albazi moved that the Economic Development Commission recommends to the Village Board that it support and consent to this Class 6b Application and that it finds Class 6b necessary for development to occur on the subject property with the condition that they enter into a binding covenant that prevents the transfer of the Class 6b designation to an occupant other than as proposed today and that improvement to the exterior façade and landscaping be an investment representing at least \$10,000 in value. Commissioner Garcia seconded the motion. The Motion was approved by a roll call vote, as follows:

Ayes: Albazi, Berger, Berman, Dyer, Garcia, Vice Chairman McCoy, Chairman Kucienski

Nays: none

5. Review of 2019 Meeting Dates

Director McNellis then addressed the EDC regarding the proposed meeting dates for 2019. The two meeting dates which were proposed to move from the standard fourth

Wednesday of the month to the third were in March for spring break and December for Christmas. The other date which the commission was asked to consider was the November meeting which was listed as the day before Thanksgiving, which staff believed may be problematic given holiday travel.

Chairman Kucienski proposed that they move the November meeting from the 27th to the 20th and asked for input on that change. Hearing no dissent Chairman Kucienski asked if there was a motion to approve the meeting calendar with November meeting date being changed from the 27th to the 20th, and all other dates as proposed in the staff's proposed meeting date calendar. Commissioner Berger moved for approval and was seconded by Vice Chairman McCoy. The 2019 meeting schedule was approved by consensus.

6. Reports

Development Updates

Director McNellis provided the EDC with updates on the progress of projects in the Village. He noted that the District 1860 preliminary PUD was approved, and the New Lincoln TIF economic incentive request is under negotiation. It is anticipated it will be on the Village Board's agenda for consideration for approval in January, 2019.

Director McNellis also provided an update on the Zeigler economic incentive request. After the EDC recommendation went to the Village Board, Zeigler requested that the "escalator" changing the base every five years be removed and an updated agreement, with other minor revisions, was subsequently approved. They are working on the site plan and building design for the proposed new Cadillac building on Cicero Avenue and the schedule has been accelerated, with construction now anticipated by summer of 2019.

Regarding the office building at 7250 Cicero, Director McNellis reminded the EDC it was originally planned to be demolished for a Hyatt Hotel but there is a new owner, who will renovate and modernize the existing building to accommodate Class A office space.

7. Other Business

The Commission discussed how to encourage private investment in amenities such as bike racks and electric vehicle charging stations for new developments. The EDC discussed the possibility of partnerships with the Village to further the character of the Village. Director McNellis stated he can take a look at this concept and add it as an agenda item for EDC consideration sometime early next year.

8. Public Forum

No report was discussed.

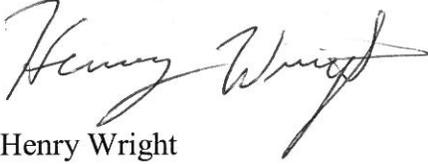
9. Prospective Businesses Forum

No business was discussed.

10. Adjournment

Commissioner Dyer moved for adjournment and was seconded by Vice-Chairman McCoy. By consensus, the meeting was adjourned at 9:26 am.

Respectfully submitted:



Henry Wright
Community Development Intern