AGENDA

1. CALL TO ORDER / DECLARATION OF QUORUM

2. APPROVAL OF MEETING MINUTES OF JUNE 26, 2013

3. ITEMS FOR CONSIDERATION
   A. Financial Assistance for Now We’re Cookin’

4. ITEMS FOR DISCUSSION
   A. Autobarn Expansion of Operations to 222 Hartrey Avenue

5. COMMUNICATIONS
   A. Announcements/Updates from EDC Members
   B. Real Estate Transfer Tax Report
   C. Monthly Economic Development Communication

6. ADJOURNMENT

Next Meeting: Wednesday, August 28, 2013

Order of Agenda Items is subject to change. Information about the Economic Development Committee is available at http://www.cityofevanston.org/government/special-council-committees/economic-development-committee/index.php. Questions can be directed to Johanna Nyden at 847.448.8014. The City of Evanston is committed to making all public meetings accessible to persons with disabilities. Any citizen needing mobility or communications access assistance should contact the Community and Economic Development Department 48 hours in advance of the scheduled meeting so that accommodations can be made at 847-448-8683 (Voice) or 847-448-8064 (TYY).
I. Call to Order / Declaration of Quorum
A quorum being present, Chair Rainey called the meeting to order at 7:35 p.m.

II. Approval of the Meeting Minutes of May 22, 2013

Ald. Tendam moved to approve the minutes of the May 22, 2013 Economic Development Committee meeting, seconded by Ald. Rainey.

Ald. Rainey moved to amend the minutes to reflect the Committee's praise of the merchants associations’ collaboration and creativity, and the importance of their ideas.

The minutes of the April 24, 2013 meeting were approved unanimously, as amended, 6-0.

Ald. Grover arrived at the meeting.

Chair Rainey asked everyone present to introduce themselves. Besides the Committee members and staff, some of those present included Tim Peterson of Squeeze Box Books & Music and the Chicago Dempster Merchants Association, Nell Frank of Now We’re Cookin’, Betty Hayford of the League of Women Voters, Jessica Feldman and Emma Smith of the Law Observer, Bill Smith of the Evanston Round Table, Bob Seidenberg of the Pioneer Press, Gina Speckman of the North Shore Visitors Bureau, Paul Giddings of Folkworks Gallery and Tom Fogerty and Debbie Evans of the Peckish Pig, Rhonda Collins, among others.

III. Items for Consideration
Great Merchants Grants
Chicago-Dempster Merchants Association (CDMA)
Meagan Jones, Interim Economic Development Coordinator, explained that at the May 22, meeting, the Committee requested that CDMA revise their request for funds based on web development and advertising. They are requesting $7,500 for
purchasing way-finding signs in compliance with the City’s template, ad for the sidewalk sale and support for the association members.

Tim Peterson of Squeeze Box and CDMA explained the grant as follows:
- $6,500 for banners and signage for way-finding as soon as the City chooses a template, to direct shoppers to the shops on the west side of the tracks, that need attention;
- $1,500 for advertising for the sidewalk sale in conjunction with downtown Evanston. Collaborating with Downtown Evanston allows them to advertise in the CTA and local newspapers, which they could not afford otherwise; and
- $1,500 for a booklet of co-operative advertising.

Ald. Burrus moved to recommend approval of the $7,500 grant, seconded by Ald. Holmes.

Seth Freeman suggested the associations put out bids together to possibly get a better price for landscaping, advertising, and signage, etc. He said he likes the association’s collaboration with Downtown Evanston.

Chair Rainey agreed, noting that the City-wide brochure was a success.

Johanna Nyden, Economic Development Coordinator, said the associations were able to do a combined bid for the planters. The association heads meet once a month so she will try to combine more.

The Committee voted unanimously 7-0 to recommend approval of the $7,500 grant for CDMA.

Ald. Burrus requested that next year the association considers installing a bike rack as part of their plan/grant request, to which Mr. Peterson heartily agreed.

Howard Street Business Association (HSBA)
Meagan Jones explained that the HSBA is requesting $9,000 for plantings, LED tree lights and business district advertising.

Barbara Carlson from the Howard Street Animal Hospital and HSBA explained that they want to continue what they started and that the area has an improved look. They are trying to show that they have shopping and they want to advertise the way the Main & Dempster Districts do.

Ald. Burrus moved to recommend approval of the grant of $9,000 to the Howard Street Business Association, seconded by Ald. Tendam.

The Committee voted unanimously 7-0 to recommend approval of the grant.

Chicago’s North Shore Convention and Visitors Bureau Request for Funding
Gina Speckman explained that the Bureau is a certified destination for marketing by the Illinois Bureau of Tourism, which allows the organization to receive government funding. They also receive funds through municipal memberships and business
memberships. They recruit meeting planners to the area for trade shows. They measure the number of leisure visits through Smith Travel Research which keeps data of the 24,313 sleeping rooms in Evanston. Leisure visits to Evanston have increased over last year. Ms. Speckman explained that tourism is a key to economic development so the State of Illinois has increased their budget by 24% over last year. Prospect Heights has been added to their list of cities because two hotels that have Northbrook in their name pay taxes to Prospect Heights, which has added 50,000 to their revenue this year. They expect another, smaller increase in state funding next year.

Ms. Speckman explained that the Evanston Historic Center is a great resource for attracting leisure visitors and the brochure is being redesigned with a map on it so people can self-tour. They have collaborated with Downtown Evanston for the sidewalk sale.

Chair Rainey suggested that Evanston is designated where one side of the brochure is a photo of Evanston.

Ald. Grover noted regarding the B&B requests that have come up that historical/cultural tourism is a growing industry. Ms. Speckman agreed, saying people do not want to shop or go to sports events; they want a unique experience in non-chain restaurants and unique cultural experiences. She said the tours must occur regularly in order to get tourists, not the other way around, but the tours must be promoted.

Lori Summers asked whether there is an Evanston History pamphlet available to tourists to which Wally Bobkiewicz, City Manager, replied that there is not a self-guiding one. Ms. Summers said she looks for self-guided walks when she travels.

At Mr. Freeman’s inquiry, Ms. Speckman explained that dues are paid based on a formula which is proportional to the hotel revenue based on the number of rooms in 2007. Of their $1.25 million budget, half comes from the State of Illinois.

Ald. Grover moved to recommend approval of the funding of $65,564 to Chicago’s North Shore Convention and Visitors Bureau

IV. ITEMS FOR DISCUSSION

Now We’re Cookin’ Update

Nell Funk, *Now We’re Cookin’* founder, led a tour of the facility, at which the meeting was held. She explained:

- She rents space in three segments to small startup food entrepreneurs
- Cooking and training is done at the site for companies such as Gotta be Crepes, Chef Lee and Brookvale that produce granola, chocolate sauce, Whitestar cheese, custom sausage and scones
- The site houses storage, freezers and a 3 minutes cycle dishwasher/sanitizer
- Loading is done through the garage
- Storage will be their main concern in the future
- They have a cleaning crew
Ms. Funk summarized *Now We’re Cook’in’s first year accomplishments operating with city funds*. Ms. Funk explained that supportive incubator space for food entrepreneurs is lacking in the marketplace; they are artists and often lack marketing and business skills. They have three entrepreneurs and executives on their board of advisors. She said last year’s funding paid for:

- Hiring of an incubator manager
- Client survey in order to line up with national business incubators
- High speed dishwasher/sanitizer

Their goal: to enable entrepreneurs and to become known as the premier food service incubator of Chicago and to provide:

- Mentors
- Connections
- Vendor Services
- Training
- Encouragement
- Market exposure

- Move customers to their own locations
- Plan to add a suite of services on top of sharing their kitchen

Future plans include:

- Enhance services
- Provide access to financing
- Shelf access to grocery stores
- Pitch sessions
- Royalty charges of 1-3% of gross income
- Build revenue stream
- Being 100% self sustaining; requested 60% in 2013, requesting 40% in 2014
- Replace part time manager who left in April, who’s skills must include a broad business knowledge and strong connections; corporate executives generally do not have an affinity for this type of job

*Now We’re Cook’in’ has 25-35 active clients, training programs and seminars; 40% of non-farm vendors of Evanston Farmers Market; 8 business owners are Evanston residents. They are working to better track clients after they leave and to make a dent in the 33% whose businesses close. They collaborate with the City of Evanston and the Kellogg School of Business, who has matched student teams with entrepreneurs and focused on launch strategies. Their website allows clients to log in and access resources, services, billing and a kitchen schedule. Kitchen time is billed at $26/hr; storage, by the shelf; cheaper storage is on the 2nd floor. They hope to provide a full school year of programs. Current programs include:

- Business Plan Writing
- Bootcamp
- Introduction
- Farmers Market Success
- Packaging
- Volume Techniques
- Video Marketing
Entrepreneurship & Growth Companies Update
Paul Zalmezak, Economic Development Coordinator, explained that Evanston is a “startup community” and listed its nine attributes:

- Leadership
- Intermediaries
- Networking Density
- Government
- Talent
- Support Services
- Engagement
- Companies
- Capital

Mr. Zalmezak quoted Brad Feld about government’s role:
1. That the role of government is to support entrepreneurs, not create them.
2. Government should “use the bully pulpit to stimulate the agenda versus investing directly in entrepreneurs.”
3. Emphatically “ask the entrepreneurs what they need!”

Mr. Zalmezak presented the 5 key elements of the plan:

1. Business Retention and Expansion
   - Retention and Expansion is the foundation of our entire economic development strategy!
   - Staff will continue its outreach to company founders and executives
   - Organize networking events for Evanston’s existing entrepreneurship network.
   - Support/“embed in” entrepreneurship-oriented activities such as RISE!, Inventure, Now We’re Cookin’, Startup Evanston, etc.
   - Annual Budget: estimated $0 (staff time) / up to $5,000 for events

2. Entrepreneurship and Professional Development Programs
   - Detail: Competitive funding to private sector to propose a series of entrepreneurship programming
   - Purpose: a retention and workforce development initiative to develop training programs and events desired by broader local businesses and startup community. Could include business/investor pitch days, coding training, general professional development, etc.
   - Next Steps: Survey business community, draft an RFP, consider a Mayoral appointed review panel of business owners / entrepreneurs / experts to assist in the review. Clearly define the program. Marketing and outreach.
   - Annual Budget: estimated $50,000

3. Northwestern University
   - Detail: Continue outreach to NU faculty, faculty startups, and student led startups (Kellogg, McCormick, INVO, etc)
   - Purpose: Relationship building, opportunities for business retention/expansion, and information sharing
   - Next Steps: Continue periodic meetings.
   - Annual Budget: estimated $0 (staff time)
Mr. Bobkiewicz noted the importance of Mr. Zalmezak’s endeavor to improve the City’s relationship with NU as we compete with Chicago to recruit graduates of the medical and journalism schools.

4. **Office Retrofit and Expansion**
   - **Detail:** Devote a portion of the existing Economic Development fund used for business attraction/retention activities to assist growth companies and startups retrofit and/or expand office space. (Using ED and TIF funds as designed (i.e. build out/jobs) but marketing it / targeting it to the desired end user.
   - **Purpose:** Traditional office space often lacks design aesthetic or technology/systems requirements appealing to startups. Cost to modify may be prohibitive. Capital for expansion for new start up difficult in early stage. City assistance offsets cost.
   - **Next Steps:**
     1. Research / conduct interviews to determine the types of retrofits preferred or how best to help early stage expansion when funds are limited
     2. Determine if low interest / deferred payment loans for this activity are feasible for startups / growth companies.
     3. Define program elements/specifics
   - **Annual Budget:** estimated $50,000 to $100,000 / TBD

5. **Early Stage Independent Professional / Startup Community Hub at Library**
   - **Details:**
     - Create an early phase business resource hub focused on supporting individuals at the earliest stage of starting up with focus on repackaging a number of existing business resources, training, and market research database services.
     - Create private break out rooms and integrative conferencing / technology outfitted conference room in redefined space on 3rd Floor for members of Evanston's broader startup community.
     - Provide a collaborative supportive environment for home based businesses, early phase freelancers, and amateur entrepreneurs
     - Create a motivation for freelancers and home based businesses to connect with the City and participate in business programming, encourage growth in Evanston.
     - Ultimately to provide the basic resources to launch an idea into an entity – and hopefully graduate into Co-Lab, TIC, Creative Coworking, Now We're Cookin', etc.

   **Conference Rooms / Collaboration Rooms Purpose:**
   - Enhances private market offerings
   - Becomes a shared resource for the community by absorbing the high capital costs individual co-working spaces, incubators, or independent entrepreneurs unable to make alone
   - Sometimes co-working, incubator, and coffee shop entrepreneurs need privacy or a professional environment.

   **Library Hub Next Steps:**
   - Define program and operation costs
• Define capital costs (i.e. flex space, moveable walls, rolling furniture, smart board, video conferencing, 3D printers, etc.)
• Determine if there is a modest revenue model for conferencing / collaborative space usage
• “Build the network” begin surveying, brainstorming session with broader community about interest. Lead with program, space will follow.
• Potential tie-ins to Teen Loft and new maker space in development at library
• Research best practices
• Budget: Operations and Capital Budget TBD

The Committee expressed excitement about the new plan.

Karen Danczak Lyons of the Evanston Public Library said the Typewriter Room has been turned into the Seminar Room and its doors opened June 18, 2013, and 11 group and 24 hours of meetings have been held or booked. She said by expanding its profile, the library can help businesses grow by teaching business plan skills and other classes. She is hoping to expand the programs to the weekends and provide online, hands-on training. Mr. Bobkiewicz said the City will base its model on need, which is better for helping people than writing a check; this plan invests in resources in key ways instead of leveraging existing resources. He explained that the plan was devised in response to the Committee’s challenge to help entrepreneurship in Evanston.

Chair Rainey asked what the criteria would be for who could be helped. Ald. Holmes asked whether the plan includes marketing or outreach because she attended an event at a church a year ago where 35 entrepreneurs attended that no one knew about. Mr. Freeman commented that this could attract entrepreneurs to Evanston.

Mr. Zalmezak will present a more refined budget at the August meeting. Mr. Bobkiewicz said this is a major change to how the City works with entrepreneurs, being more directly involved with them and involving partners. He asked for the Committee’s feedback whether this is the direction they would like to take for the next several years.

Mr. Freeman said he still wants to continue giving grants, to which Mr. Bobkiewicz replied that he wants to do both, but with a more integrated approach. Mr. Zalmezak suggested improving the Library’s exposure by integrating it into the Edge website. Mr. Bobkiewicz added that it must be conveyed that at the Library, people will be exposed to very business-savvy resources.

IV. Adjournment

Ald. Burrus moved to adjourn the meeting, seconded by Ald. Tendam.

The Committee voted 7-0 unanimously to adjourn the meeting.

The meeting was adjourned at 9:32 p.m.

Respectfully submitted,
Bobbie Newman
Memorandum

To: Chair and Members of the Economic Development Committee

From: Paul Zalmezak, Economic Development Coordinator

Subject: Financial Assistance for Now We’re Cookin’ Culinary Service Center incubator program expansion

Date: July 18, 2013

Recommendation:
Staff supports a recommendation from the Economic Development Committee to the City Council to provide an Economic Development Partnership Grant of $60,933 to Now We’re Cookin’ (NWC) for the period September 1, 2013 through December 31, 2014 to assist with the implementation of the formal food business incubator program.

The proposal will enable NWC to broaden its visibility in Evanston and is aimed at 1) improving the success rate of businesses operating within their facility; 2) differentiating NWC and Evanston from Chicago-based “shared-kitchen” space; and 3) assisting the startup and growth of culinary businesses within Evanston.

NWC’s proposal is aligned with the key economic development principles in the adopted 2013 Economic Development Plan, including: 1) entrepreneurship support through events connecting investors and startups; 2) encouraging growth of businesses that increase Evanston’s quality of place characteristics; 3) supporting creation of new retailers through incubation and other means; 4) linking employment opportunities to workforce development partners.

Funding Source:
Staff recommends using funds from the Economic Development Fund’s Economic Development Partnership Contribution Account (5300.62659). The approved Fiscal Year 2013 budget allocated $290,500 to this account. To date, a total of $99,282 has been obligated from this account.

Background:
Chef and owner Nell Funk opened Now We’re Cookin’ in July of 2007 at 1601 Payne Street. At its inception, Now We’re Cookin’ was a unique entity in that it was one of only
three shared kitchen spaces in the Chicagoland area (one of which- Logan Square Kitchen – closed in 2012). Today Now We’re Cookin’ is the only facility that also offers training courses, a broad range of seminars, mentoring, and event space.

Currently, over 60 people are employed by the 35 companies operating in Now We’re Cookin’s shared-use kitchen space. Since its opening in 2007, a total of 82 businesses have used their shared-kitchen, of which approximately 16% of those businesses have grown into larger production facilities or their own spaces. Now We’re Cookin’ is looking to increase this success rate by formalizing their incubator model which will provide up-front training, on-going education, and stronger support services – specifically geared towards the “business side” of the culinary world.

In July 2012, City Council approved a $35,050 Economic Development Fund grant for the period August 1, 2012 through December 31, 2012 to assist with the expansion of the NWC shared-use kitchen and its transition to a formal food business incubator. The agreement with the City committed NWC to complete the following activities:

- Hire a part-time incubator manager, to coordinate new client screening, training, client support, mentoring and service expansion
- Provide expanded training for entrepreneurs – including contracting for on-line training modules, materials preparation, and presenter fees
- Expand the storage space and create a dedicated food product packaging area
- Purchase dishwasher equipment to improve the efficiency of the facility
- Upgrading and expanding NWC website to become a virtual community and resource center for Incubator participants.

To date, NWC has utilized $29,396 of the approved $35,050 funding. Because the building owner leased the space proposed for the packaging and storage room, the remaining balance of $5,550 for the packing and storage room expansion has been deferred until the space becomes available again. Please refer to the summary table on page 4 of NWC’s 2013 proposal, attached.

**Project Overview**
Based on NWC’s first year experience with the incubator program, NWC has identified a need to increase staff time, contributions from mentors and experts, and events to support member entrepreneurs to address the increasing demands of the incubator participants. NWC’s proposed uses of funds reflects the need to for staff time to work closely with incubator participants, advisory board, and mentors in addition to marketing the program to raise the profile to attract potential investors.

The total cost of the proposed program through December 31, 2014 is $120,667 as summarized in the Sources and Uses table below. The proposed city investment of $60,933 represents 50.5% of the total sources of funds. NWC’s revenues from kitchen
rentals, training/seminar fees, incubator member royalties, and outside investment are the additional sources.

The City’s participation in the early stage of the incubator program formation will likely raise the profile of NWC as it furthers conversations with outside funders and pursues additional fundraising activities. Furthermore, NWC predicts the number of businesses it will serve will grow from approximately ten businesses initially, to 40 as the program matures, as a result of the City’s initial investment. NWC predicts they will be self-sustaining in late 2015 as the incubator program stabilizes and marketing efforts pay off. NWC will return in Fall of 2014 for a final request for funding of approximately $30,500 to complete the three year partnership with the City of Evanston. This is important as it reflects the owner’s approximately 50% stake in the business model and also provides a clear exit date for the City.

### Now We're Cookin' Incubator Sources and Uses of Funds

**September 1, 2013 - December 31, 2014**

<table>
<thead>
<tr>
<th>Sources</th>
<th>Total</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Evanston</td>
<td>$60,933</td>
<td>50.5%</td>
</tr>
<tr>
<td>Now We're Cookin'</td>
<td>$59,733</td>
<td>49.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$120,667</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses</th>
<th>Total</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incubator Manager Salary</td>
<td>$80,000</td>
<td>66.3%</td>
</tr>
<tr>
<td>Program Development</td>
<td>$28,667</td>
<td>23.8%</td>
</tr>
<tr>
<td>Incubator Marketing</td>
<td>$12,000</td>
<td>9.9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$120,667</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

NWC proposes the following execution goals for the 24 month agreement:

- Finalize hiring of incubator manager by August 15th
- Offer up to six seminars per quarter and a quarterly pre-launch Food Business 101 training
- Further develop and implement a marketing campaign specific to promote the food incubator activities (ongoing)
- Provide a written quarterly report to staff tracking client and incubator performance data, including:
  1. Initial Contact/Entry Date
  2. Client training program participation dates
  3. Kitchen rental (start/end dates)
  4. Number of Employees (initially and upon leaving NWC)
5. Sales growth during tenure
6. Location after NWC
7. Length of time to reach cash break even
8. Length of time in business after NWC
9. External financing obtained (yes/no, and if “yes,” when and total)
10. Training / Seminar / Networking Events Delivered
11. PR and Media Activity
12. Profiles of Companies in the Incubator
13. Summary of quality/satisfaction survey results from seminars, events, training sessions, etc.

Public Benefit
The activities of the NWC incubator model directly follow key economic development principles and offer a unique opportunity for culinary businesses in Evanston and the surrounding communities. Now We’re Cookin’ anticipates larger contributions to the Evanston business community over the next two to three years including:

- NWC incubator clients who transition to “second-stage” wholesale and retail culinary business enterprises in Evanston (i.e. job creation, sales and property taxes)
- Increase Evanston’s profile as an entrepreneurial “hot spot” that nurtures the entrepreneurial spirit.
- Potential increase in the number of “made in Evanston” culinary products and the resulting marketing and promotional opportunities for Evanston.
- Increased bonds with the Evanston business community creating an incentive to remain in Evanston upon graduation

Recommendation
Staff is seeking a recommendation from the Economic Development Committee to the City Council to provide a grant in the amount of $60,933 for the period September 1, 2013 through December 31, 2014 to Now We’re Cookin’, subject to the following conditions:

1. Funding shall be in the form of a grant to be dispersed on a reimbursement basis within 10 days of receipt of quarterly report verifying project deliverables according to the draw schedule below.

<table>
<thead>
<tr>
<th>Now We're Cookin' Draw Schedule</th>
<th>End of Quarter</th>
<th>Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Draw Date</td>
<td></td>
<td></td>
</tr>
<tr>
<td>September 30, 2013</td>
<td>3rd Quarter</td>
<td>$4,692</td>
</tr>
<tr>
<td>December 31, 2013</td>
<td>4th Quarter</td>
<td>$14,075</td>
</tr>
<tr>
<td>March 31, 2014</td>
<td>1st Quarter</td>
<td>$14,075</td>
</tr>
<tr>
<td>June 30, 2014</td>
<td>2nd Quarter</td>
<td>$14,075</td>
</tr>
</tbody>
</table>
2. Now We’re Cookin’ staff will be responsible for submitting reports to staff on a quarterly basis (as summarized earlier), and may be asked to periodically present updates to the Economic Development Committee. Staff will periodically distribute the quarterly reports to the Economic Development Committee and/or City Council.

3. Now We’re Cookin’ shall facilitate city staff access to client companies to discuss opportunities for retention and the promotion of economic development in the City.

4. Related to condition 3, above, NWC shall notify the City as early as possible of any business looking to expand their business to a location outside the incubator.

5. NWC shall acknowledge that the programs, events, and general operations of the incubator portion of the business, has been funded, in part, by the City of Evanston.

6. Funding is also dependent upon Now We’re Cookin’ implementing a performance evaluation system to determine the level of satisfaction with the program.

Attachments
-Now We’re Cookin’ proposal dated July 17, 2013.
Feedback from Entrepreneurs participating in Now We’re Cookin’ Incubator activities:

- “[helped me] turn complex myriad of ideas into [a] focused plan for improving/growing . . .”
- “gave me the confidence to move forward with my ideas. The contacts and ideas I leave [training] with are invaluable to the future of my business.”

Proposal Summary:
The purpose of this proposal is to request a continuation of the financial partnership started last year between City of Evanston and Now We’re Cookin’s Food Business Incubator. Under this arrangement, the City would continue to fund one-time costs and a declining portion of the incremental annual incubator costs. The proposed additional funding of $54,840 (Sept. 2013 – Dec. 2014) and $36,560 (2015) for a total of $91,400 brings the City’s total participation to $126,450 over the 3 years mid-’12 through mid-’15. This is a fixed commitment – no further funding would be requested beyond 2015 as the Incubator is projected to be self-financing.

Year 1 (2012): $35,050 (100% of total incremental costs 6 mo 2012) - FUNDED
Year 2 (2013-14): $54,840 (60% of total incremental costs)
Year 3 (2015): $36,560 (40% of total incremental costs)
$126,450 TOTAL PROPOSED Three Year COMMITMENT

The Incubator - operated out of Evanston’s own shared-use commercial kitchen space – is designed to nurture a community through which passionate entrepreneurs launch exciting food businesses in the City of Evanston and beyond. Formally launched on during the first quarter of this year, it has already demonstrated its success through a broad range of activities that add great value to local start-up food businesses. With a program poised for rapid growth, Now We’re Cookin’ invites the City of Evanston to continue its partnership in this exciting endeavor.
Our original goals remain our focus:

1. To improve the success rates of businesses who start operations at Now We’re Cookin’,
2. To strongly differentiate Now We’re Cookin’ from Chicago-based competitors in the “shared-kitchen” space, and
3. To have greater overall impact within the local business community - specifically by assisting in the start-up and growth of businesses that remain in Evanston over the longer term.

Based on the last 6 months experience, we know that quality staff time spent on marketing, developing Partnerships, constituency management (Board, Mentors, resource connections, etc) and consulting with the Incubator members / prospects are the activities which will accelerate the progress of the Incubator through 2014. Building and managing relationships is a time-consuming task requiring focus and consistency. Thus the primary incremental costs are Staff time and this is the largest portion of the requested funds. Infrastructure costs (rent, utilities, maintenance, and overhead) will continue to be supported by Now We’re Cookin’.

**Poised for Growth:**

During the summer of 2012, the City of Evanston committed $35,050 to support the development of Now We’re Cookin’s food business incubator services.

The Agreement with the City committed us to complete the following activities:

- Hiring a part-time *incubator manager*, to coordinate new client screening, training, client support, mentoring and service expansion
- Providing *expanded training* for entrepreneurs – including contracting for on-line training modules, materials preparation, and presenter fees
- *Expanding storage space and creating a dedicated food product packaging area*
- *Purchasing equipment* that will improve the efficiency and flexibility of the facility
- *Upgrading and expanding our website* to become a community and resource center for Incubator participants

The following chart provides a summary of our accomplishments against these items and proposed next steps:
<table>
<thead>
<tr>
<th>2012 Proposal</th>
<th>Progress</th>
<th>Next Steps</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Packaging Space:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase 1: Packaging room and storage expansion.</td>
<td>DEFERRED due to Landlord renting out adjacent space.</td>
<td>Revisit plan with landlord as the adjacent loading dock lease runs out.</td>
</tr>
<tr>
<td>Phase 2: Rent adjacent loading bay</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Commercial small-ware dishwasher:</strong></td>
<td>Install new equipment in storage/wash room.</td>
<td></td>
</tr>
<tr>
<td><strong>Incubator Part-time Staff:</strong></td>
<td>Hire a part-time person to work 15-20 hours a week who will oversee incubator activity.</td>
<td>COMPLETED: Hired Allison Forrer as part-time Incubator Manager starting Oct 2012 (shetendered her resignation 3/15 to take full time position with Share our Strength) In process of rehiring. Increasing emphasis on Client consulting and Partnership development.</td>
</tr>
<tr>
<td>Build an improved website</td>
<td>COMPLETED (portion funded by City):</td>
<td>Build the public-facing site and tie this to our client-facing portal.</td>
</tr>
<tr>
<td><strong>Website and Marketing</strong></td>
<td>Working with CoilSprings, an Evanston-based business, to complete client-facing features:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Also contracted with an exciting firm to help integrate and expand our online marketing and social media programs.</td>
<td>Grow an enhanced set of PR and marketing strategies to greatly increase the inflow of possible seminar, training, and client incubator clients.</td>
</tr>
</tbody>
</table>
Training and Skill-Building:

Provide business training courses for start-up food entrepreneurs, and topical seminars for current and prospective businesses.

Completed and Ongoing:

- Introduced an updated version of Food Business 101 to be held quarterly.
- Introduced a monthly 2-hour Introduction to Entrepreneurship session.
- Rolled out ongoing Seminar Series

Expand Seminar series.

Expand collaboration with Kellogg

Integrate Mentors and other experts into training program

Host regular Evanston food entrepreneur networking

Recap of Expenditures and City Payments: In summary, we have been making excellent progress in delivering our Incubator Program. The reception has been very enthusiastic, and we have been talking with a strong flow of aspiring entrepreneurs who have an interest in participating in the program. The contribution of the City of Evanston to the ramp-up has been a significant factor in our ability to drive this Program forward.

<table>
<thead>
<tr>
<th>Incremental Costs for Incubator Transition</th>
<th>Proposal 2012 (5 mo)</th>
<th>NWC Pmts 9/1/12-3/31/13</th>
<th>City Payments To Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Payment</td>
<td></td>
<td></td>
<td>$20,050</td>
</tr>
<tr>
<td>Retrofit of existing loading bay to enable pkg space</td>
<td>$1,800</td>
<td>Deferred to early '14</td>
<td></td>
</tr>
<tr>
<td>Packaging tables and storage cages</td>
<td>$3,500</td>
<td>Deferred to early '14</td>
<td></td>
</tr>
<tr>
<td>Commercial Small-wares Washer (installed)</td>
<td>$4,500</td>
<td>$4,346</td>
<td>$4,346</td>
</tr>
<tr>
<td>Website Upgrade (portion dedicated to Incubator)</td>
<td>$5,000</td>
<td>$5,750</td>
<td>$5,000</td>
</tr>
<tr>
<td>Incremental Utilities (principally heat for storage room)</td>
<td>$250</td>
<td>Deferred to early '14</td>
<td></td>
</tr>
<tr>
<td>Incubator Manager</td>
<td>$15,000</td>
<td>$14,375</td>
<td></td>
</tr>
<tr>
<td>Training Materials/Presenter Costs</td>
<td>$2,500</td>
<td>$3,000</td>
<td></td>
</tr>
<tr>
<td>Incubator Marketing</td>
<td>$2,500</td>
<td>$2,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Project Costs:</strong></td>
<td><strong>$35,050</strong></td>
<td><strong>$29,470</strong></td>
<td><strong>$29,396</strong></td>
</tr>
</tbody>
</table>
Because we had to defer the packaging space build-out, we did not fully draw against the City’s initial commitment. While both selection of Website firm and Incubator Manager took time to complete, pushing the timing back 1 quarter from our initial estimate of completion by year-end 2012, we believe we have effectively executed against our contractually commitment for the first phase of City support.

As for results, it is slightly early to report on all the data points we proposed, but here is aggregate data for the first 6 months:

<table>
<thead>
<tr>
<th>Data Point</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Initial Contact</td>
<td>120 businesses contacted NWC about space/training since August 1, 2012</td>
</tr>
</tbody>
</table>
| - Training program Participation| 10 businesses completed Food Business 101  
13 businesses completed Introduction to Food Entrepreneurship  
22 businesses participated in Seminars/work Sessions (+ 20 Kellogg students + 30+ other food entrepreneurs from the area in Networking session) |
| - Kitchen Rental (start, end)  | 12 new renters since Oct 2012                                                                                                      |

The impact of our marketing program is showing up in the **20% increase in to-date “high season” kitchen rentals** (April through July). We continue to see a good flow of prospective entrepreneurs, and to experience about a 20% conversion rate (turning prospects to kitchen clients). It is our goal to increase that conversion percentage as we go through 2013, based on the higher-value add we deliver and having success stories from our program.
**Foundation for Success:**
Now We’re Cookin’ opened its doors in July of 2007 in a 5,000 square feet of space in the Dr. Hill neighborhood (Evanston’s fifth ward) in north central Evanston. During our six years of operation, the shared kitchen has grown successfully – from hosting seven companies the first year to over 35 in the last fiscal year. During that time, of the 82 businesses which have used our space, 29 have moved on while the rest of the businesses remain active at some level here in Evanston (see Chart in Attachments).

That success rate – 18% growing sufficiently as to outgrow Now We’re Cookin’’s space or to feel established enough to take on their own space – demonstrates the rationale for our business incubation model. Our analysis reflects the experience that is dominant among incubator models across industries: we can significantly increase the success prospects of our client base by providing up-front training, ongoing education, and stronger support services. This has ramifications for business spin-out into the Evanston community, for local job creation, and for utilization of local vendors and service suppliers, as well as for the continued success of Now We’re Cookin’.

We are closely tracking clients to ensure that those with store-front and independent facility aspirations consider Evanston as their location of choice and look forward to working with Economic Development staff to facilitate their transitions. This year, we have seen a significant increase in entrepreneurs who are Evanston residents and intend to do everything we can attract as many Evanston business owners as possible.
In the fall of 2012, Now We’re Cookin’ hired a part-time food business incubator manager thanks to the initial financial support from the City of Evanston. As part of her work, the Incubator Manager conducted two short research projects to inform the framework for the new Food Business Incubator.

1) To ensure that the proposed programming meets the needs of local food businesses, Now We’re Cookin’ conducted a survey of its food business client base.

2) Second, Now We’re Cookin’ conducted a benchmarking study of other food business incubation programs across the country.

While we have been developing our Incubator services, we have observed that Venture Capital funds have finally started to reach across from the tech world into the food and packaged products world. The Appendix includes a partial list of recent deals. This movement not only reflects the general trends of growth in the artisanal, local and healthy food spaces, but reinforces our belief that this is the right time to get a significant Food Business Incubator off the ground in the Chicago area. It is our intention to leverage the funding provided by the City to help raise the profile of our efforts, attract additional funding and Partners, and to thereby attract THE next great food companies coming out of the Chicago market.

Proposal for 2013:
As we have worked our plans to date, it has become clear that increasing the flow of Incubator Members will require increased staff time, active contributions from Mentors and other technical experts, as well as frequent Community events to give Members the support and connections needed to progress their business rapidly. Reflecting this learning, we have adjusted our budgets to take into consideration the need to more aggressively work with all constituencies – from our Advisory Board and Mentors to our Members and the resources we
know about/have vetted. Total incremental expenditures needed to successfully drive the Incubator Program are projected to be up slightly from that projected last summer but we believe this additional staff time devoted to network and constituency development will pay big dividends.

**Estimated costs** in 2013 through 2015 are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Incubator Manager (25 - 30 hrs/wk)</td>
<td>$60,000</td>
<td>$36,000</td>
<td>$60,000</td>
<td>$24,000</td>
</tr>
<tr>
<td>Program Development (training/seminar</td>
<td>$25,000</td>
<td>$15,000</td>
<td>$18,000</td>
<td>$7,200</td>
</tr>
<tr>
<td>speakers, materials, Partner development,</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>legal costs, etc)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incubator Marketing (on-line PR program,</td>
<td>$10,000</td>
<td>$6,000</td>
<td>$8,000</td>
<td>$3,200</td>
</tr>
<tr>
<td>materials, social media assist)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL INCREMENTAL PROJECT COSTS:</td>
<td>$95,000</td>
<td>$57,000</td>
<td>$86,000</td>
<td>$34,400</td>
</tr>
</tbody>
</table>

To meet the Now We’re Cookin’ portion of the expenses, we will have a combination of growing revenues from kitchen rentals and training / seminar fees supplemented with Incubator Member Royalties (% of Gross Revenue which is a requirement for participation) and outside funding, the “raise” of which is already underway with several high profile experienced Chicagoland food entrepreneurs. The City’s participation is a significant point of leverage in our discussions and we see it as constructively enhancing our efforts to complete the fund-raising in a timely manner.

It remains our goal to nurture businesses which will become independent operations within Evanston. Examples of businesses we are currently working with include a commercial aquaponics group anxious to locate in Evanston, a local allergen-free/vegan baker moving in the direction of a storefront bakery, and a prospective juice bar owner.

We are also working hard to develop an Evanston **food entrepreneurs community** by hosting networking sessions specifically for that group. Our first event, linked with the Kellogg worksession on March 9th, was a big success based on the feedback we received, and we look forward to hosting this gathering at least once every 6 weeks. Growing those local connections will help all the entrepreneurs and only serve to strengthen their local businesses.
In conjunction with our efforts to develop the infrastructure that can best support our clients, we have begun structuring formal **Partnerships** with technical service providers – organizations like Northland Laboratories in Northbrook which has agreed to provide discounted analysis and testing services for our clients through a co-branded program. We are excited to see these Partnerships developing and – *with the right time and attention* – believe they will quickly begin to significantly enhance the overall Incubator Program and our ability to demonstrate the value we add for our clients.

Finally, but importantly, we continue to aggressively develop our ties with the **Kellogg School’s entrepreneurship program**. This “town-and-gown” relationship has evolved into an active, full school year program for engaging students with our entrepreneurs, and we anticipate multiple branches developing from the coming year’s work (from work sessions, to internships, stronger intellectual capital available to our entrepreneurs well as broader use of NU resources such as the Law Clinic) We are working closely with Linda Darragh to structure the ongoing activity.

**Progress Tracking and Reporting:**

**Tracking proposed last year**

1. **Proposed Incubator Client Tracking Data**
   To measure the success of our incubator operation, we are proposing to maintain tracking of clients coming through Now We’re Cookin as shown in Appendix 1. Additionally as we bring new clients into the Incubator, we will be getting them to commit to providing the following detail for a 5 year period:
   - Employee Numbers (start, upon leaving NWC)
   - Sales Growth (start, upon leaving NWC)
   - Location after NWC
   - Time to reach “fully loaded” cash break even
   - Time in business after NWC
   - External Financing Obtained (Y/N, when)

2. **Proposed Incubator Activity Data:**
   In addition to the proposed Client data, we have agreed with Economic Development to provide quarterly data on
   - Training / Seminar / Networking Events Delivered
   - PR and Media Activity
   - Profiles of Companies in the Incubator

*We thank you for your consideration and appreciate your support.*

**APPENDIX 1:**

**CLIENT TRACKING DATA:**
### Now We’re Cookin’ Client Summary (Since mid 2007)

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Client Companies</td>
<td>82</td>
</tr>
<tr>
<td>Current Clients</td>
<td>32</td>
</tr>
<tr>
<td>Closed/Out of Business</td>
<td>14</td>
</tr>
<tr>
<td>Left to open in own space (or take advantage of Cottage Industry law)</td>
<td>8</td>
</tr>
<tr>
<td>Merged/Acquired</td>
<td>1</td>
</tr>
<tr>
<td>Moved to Expand – (i.e to larger space or co-packer)</td>
<td>6</td>
</tr>
<tr>
<td>Temporary Use (pre-open restaurants, between space bakers, overflow, etc)</td>
<td>14</td>
</tr>
<tr>
<td>Undetermined</td>
<td>4</td>
</tr>
</tbody>
</table>

- **Total Client Companies**: 82 clients who have used kitchens over 5 years of operation.
- **Current Clients**: 32 very active clients; others sporadic users.
- **Closed/Out of Business**: 14 clients.
- **Left to open in own space (or take advantage of Cottage Industry law)**: 8 clients, e.g. Sweet Attila’s Bake Shop in Rodger’s Park, Rowie’s in Park Ridge, Lawrence Deans in Wilmette; Cottage: Crust, Heika’s Treat, Sheekar.
- **Merged/Acquired**: 1 client, Green Bag Lunch.
- **Moved to Expand – (i.e to larger space or co-packer)**: 6 clients, e.g. E. g. Pie, Scottie the Mondlebread Man, Mrs. M’s cookies, The Rice Table, Defloured, Tamale Foodie, Penny Pastry.
- **Temporary Use (pre-open restaurants, between space bakers, overflow, etc)**: 14 clients, e.g. 27 Live, Cookie Bar, FarmLogix, Fresh Takes Kitchen, Latitude 2, Klay Pot, Hoosier Mama Pies, Flora Confections.

### APPENDIX 2:

**VC/ANGEL FUNDING ACTIVITY IN FOOD SPACE**

<table>
<thead>
<tr>
<th>Company</th>
<th>Biz Description</th>
<th>Amount</th>
<th>Funders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hampton Creek Foods</td>
<td>plant-0based egg ingredients</td>
<td>$3MM</td>
<td>Khosla, Founders Fund (PayPal execs)</td>
</tr>
<tr>
<td>Unreal</td>
<td>candy - low suger, nothing artificial</td>
<td>$10MM ++</td>
<td>Khosla,Bill Gates, Matt Damen, Raptor Consumer Partners</td>
</tr>
<tr>
<td>Lyrical Foods</td>
<td>non-dairy cheese</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nu-Tek Salt</td>
<td>potassium-chloride salt substitute</td>
<td></td>
<td>Khosla</td>
</tr>
<tr>
<td>Beyond Meat</td>
<td>chicken substitute</td>
<td></td>
<td>Twitter founders</td>
</tr>
<tr>
<td>Sand HillFoods</td>
<td>“fake” meat</td>
<td></td>
<td>Khosla</td>
</tr>
<tr>
<td>ChowNow</td>
<td>online restaurant ordering</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good Eggs</td>
<td>Marketplace for farmers and chefs</td>
<td>undisclosed</td>
<td>Harrison Metal Capital, Baseline</td>
</tr>
<tr>
<td>Farmigo</td>
<td>Marketplace for farmers and chefs</td>
<td>$10 MM</td>
<td>TechStars</td>
</tr>
<tr>
<td>Kitchensurfing</td>
<td>hirin of private chefs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plated</td>
<td>ready-to-make dinner kits</td>
<td>$1.3MM (convertible debt)</td>
<td></td>
</tr>
<tr>
<td>Soylent</td>
<td>liquid shakes</td>
<td>$750,000</td>
<td>Crowdhoster</td>
</tr>
<tr>
<td>Modern Meadow</td>
<td>lab-grown meat</td>
<td>$2MM</td>
<td>Khosla</td>
</tr>
<tr>
<td>Revolution Foods</td>
<td>school lunches</td>
<td>$30MM</td>
<td>debt + equity DBL Investors, Oak Investment Partners, Catamount Ventures, New Schools Venture Fund, the Westly Group and Physic Ventures.</td>
</tr>
<tr>
<td>Food Genius</td>
<td>analyzes restaurant menu data to predict food-industry trends</td>
<td>$1.2 MM</td>
<td>Hyde Park Venture Partners and Hyde Park Angels; others include New World Ventures, the I2A Fund, Amicus Capital</td>
</tr>
<tr>
<td>Happy Family Company</td>
<td>baby and kids organic foods</td>
<td>undisclosed</td>
<td>acquired by Danone</td>
</tr>
<tr>
<td>Little Duck Organics</td>
<td>a kid's snack maker</td>
<td>$890,000</td>
<td>crowdfunded through CircleUp</td>
</tr>
<tr>
<td>18 Rabbits</td>
<td>a granola maker</td>
<td>$500,000</td>
<td>crowdfunded through CircleUp</td>
</tr>
<tr>
<td>Melt</td>
<td>butter alternative maker,</td>
<td>$1M</td>
<td>crowdfunded through CircleUp</td>
</tr>
<tr>
<td>Rhythm</td>
<td>kale chip maker,</td>
<td>$765,000</td>
<td>crowdfunded through CircleUp</td>
</tr>
</tbody>
</table>

**APPENDIX 3: Training and Seminars Delivered since last year**

**INCUBATOR TRAINING AND SEMINAR ACTIVITY 2013**

<table>
<thead>
<tr>
<th>Training or Event</th>
<th>Start Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction to Entrepreneurship</td>
<td>1/14/2013</td>
</tr>
<tr>
<td>Farmers Market Panel Seminar</td>
<td>1/26/2013</td>
</tr>
<tr>
<td>Food Business 101</td>
<td>1/29/2013</td>
</tr>
<tr>
<td>Introduction to Food Entrepreneurship</td>
<td>2/11/2013</td>
</tr>
<tr>
<td>Packaging and Labeling Panel Seminar</td>
<td>3/5/2013</td>
</tr>
<tr>
<td>NWC Incubator/Kellogg Launch Event</td>
<td>3/9/2013</td>
</tr>
<tr>
<td>Introduction to Food Entrepreneurship</td>
<td>3/18/2013</td>
</tr>
<tr>
<td>Introduction to Food Entrepreneurship</td>
<td>4/2/2013</td>
</tr>
<tr>
<td><strong>Board/Mentor Meeting</strong></td>
<td>4/26/2013</td>
</tr>
<tr>
<td>Introduction to Food Entrepreneurship</td>
<td>4/30/2013</td>
</tr>
<tr>
<td>Food Business 101</td>
<td>5/7/2013</td>
</tr>
<tr>
<td>Volume Production Techniques Seminar</td>
<td>5/9/2013</td>
</tr>
<tr>
<td>Introduction to Food Entrepreneurship</td>
<td>6/5/2013</td>
</tr>
<tr>
<td>Event</td>
<td>Date</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Introduction to Food Entrepreneurship</td>
<td>7/8/2013</td>
</tr>
<tr>
<td>Get Found on the Web - video marketing Seminar</td>
<td>7/15/2013</td>
</tr>
<tr>
<td>Food Business 101</td>
<td>8/1/2013</td>
</tr>
</tbody>
</table>
To: Chair and Members of the Economic Development Committee

From: Wally Bobkiewicz, City Manager
Johanna Nyden, Economic Development Coordinator

Subject: Discussion of Potential Relocation & Expansion of Autobarn

Date: July 19, 2013

Recommended Action:
There is no recommended action at this time. The matter of financial assistance in support of the expansion of Autobarn is before the Economic Development Committee for discussion.

Funding Source:
It is contemplated that this project could be funded through a combination of property tax savings through Cook County’s Class 7b incentive program, extension of the existing sales tax sharing agreement, and/or funding in the form of a grant or loan through an expanded tax increment financing (TIF) district (Howard/Hartrey). Since the project costs are currently an approximation, specific funding amounts and sources have not yet been considered.

Summary:
This memorandum provides background information on the Autobarn Evanston dealership (“Autobarn”), a summary of the proposed expansion plans contemplated, and potential options for economic development assistance to aid in accomplishing the expansion plans. Autobarn estimates that the projects over the next two years are going to cost approximately $8.5 million in rehabilitation and construction costs and property purchases. Autobarn is also in development of identifying the benefits to the City in the event of financial assistance; programs include job creation and apprenticeships as well as increased sales volume of vehicles.

Autobarn Background & History in Evanston
Autobarn opened 21 years ago at 1012 Chicago Avenue. At that time it was one of a small handful of car dealerships that remained in Evanston. Over the years, Autobarn has expanded from 1012 Chicago Avenue to adjacent Chicago Avenue properties and has added additional franchises to the Autobarn brand. As of today, they are the sole remaining car dealership in Evanston.
In the early 2000s, Autobarn purchased property in Skokie on Oakton with the intention to relocate the entire dealership to accommodate the need for a larger footprint. The City of Evanston intervened to stop this move from Evanston. As a result of this intervention, the City entered into a sales tax sharing agreement with Autobarn to support expansion into the recently vacated Toyota dealership at 1015 and 1033 Chicago Avenue. This facilitated the expansion of the Volkswagen dealership as well as brought a Mazda franchise from Skokie to Evanston.

**2005 Sales Tax Sharing Agreement**

The 2005 sales tax sharing agreement was developed to offset the costs associated with rehabilitation of the former Toyota dealership on Chicago Avenue to facilitate the Autobarn expansion. The agreement was set that the City and Autobarn would share equal parts of a "base amount" of $291,500 and that any incremental sales tax generated over that base amount would be reimbursed to Autobarn until the total rebate to Autobarn had reached the greater of $1,350,000 or 15% of total eligible project costs (but in no event was this amount to exceed $1,500,000). The full agreement is provided as an attachment to this memorandum. The 2013 fiscal year marks the completion of this sales tax sharing agreement. Over the course of the agreement, $1,350,000 was reimbursed to Autobarn.

**Current and Future Plans for Autobarn Expansion and Improvements**

Autobarn has plans for improvements both at the Chicago Avenue facilities as well as an additional new facility at 222 Hartrey Avenue. Autobarn recently acquired and remodeled 1001 Chicago Avenue to accommodate the expanding needs of the certified pre-owned car sales business. Plans are underway to update and expand the Mazda dealership as well as update the Volkswagen portion. Both of these are located in Chicago Avenue facilities.

Currently, at the center of Autobarn’s plans is the shift of the storage of vehicles, some service, and other office functions to 222 Hartrey Avenue. At this location, Autobarn proposes to utilize a currently vacant industrial property just north of the Target Center on Howard Street. Autobarn currently has a contract to purchase the property for $2.55 million. When purchased, Autobarn intends to rehabilitate the property to include offices, interior and exterior vehicle storage, additional shop and repair space, and space to maintain records. In order to convert to this use, extensive work will need to be done to the parking lot and the building will need to be brought into building code compliance as well as modified to accommodate the specific uses envisioned at the site. The proposal provided by Autobarn is an attachment to this memorandum. That document elaborates on the details of the work that will be done at this property.

**Economic Development Assistance:**

**Extension of Sales Tax Sharing Agreement:** Sales tax sharing agreements are historically utilized to provide an incentive for a user to produce larger incremental tax revenue through sales. Sales tax sharing provides an additional income source to businesses that are often used to offset debt payments created by a loan on a large
rehabilitation project or other general ongoing operating costs. Autobarn is seeking an extension of the 2005 sales tax sharing agreement. At this time, Autobarn proposes utilizing similar terms (keeping 2003 as the “base year” and split between Autobarn and the City, with incremental taxes going to the Autobarn). The change the seek for the potential renewal is no ceiling in the total collection amount made available to Autobarn, but rather a sunset to the agreement end after 10 years. Autobarn presents that this will keep overhead costs down and will help make necessary investments to existing facilities on Chicago Avenue, thereby increasing overall sales of the dealership.

**Inclusion in the Howard/Hartrey Tax Increment Financing (TIF) District:** Currently 222 Hartrey Avenue sits directly outside of the existing Howard/Hartrey TIF District (Map of existing district is included in this packet). This TIF district was created in 1992 to support the transformation of the former industrial facility to the shopping center it is today. The center has maintained tenant stability since the early 1990s and still has all the same tenants as when the Center was originally developed. The TIF district is scheduled to expire in tax year 2015, with last collection in 2016. Staff has engaged Kane McKenna and Associates to investigate the feasibility of expanding the boundary of the TIF district to include this long vacant parcel and building. Funds could be made available for rehabilitation costs associated with the project if inclusion in the district is determined to be feasible.

The FY2013 budget for this TIF district is $3,765,011, which included debt service payments and $1,900,000 in capital improvements and potential property acquisition, and the declaration of a $1,000,000 surplus. The beginning balance is approximately $4,200,000 and has a projected ending balance of approximately $1,500,000. The Howard-Hartrey TIF Fund Summary from the FY2013 budget is attached to this memorandum.

**Cook County’s Class 7b:** The Cook County Assessor offers an incentive program for projects that would not otherwise be economically feasible without the incentive. Similar to other County incentive programs, Class 7b reduces the level of assessment of a property for 12 years. Included in this packet is the Eligibility Bulletin regarding 7b that provides more information on this incentive.

The incentive is available to “real estate used primarily for commercial purposes” which is defined as, “Any real estate used primarily for buying and selling of goods and services, or for otherwise providing goods and services, including any real estate used for hotel and motel purposes.” Based on an initial review it appears that this project and the current condition of the property make it eligible for participation in this program. The incentive is granted to the property owner through an application process. Similar to other Cook County programs, Class 7b is approved by the Cook County Assessor. The only role the City would have in this application is to provide a resolution from City Council indicating support for the reduction in assessment.

**Attachments:**
- Background and Proposal from Autobarn
- Resolution 48-R-05 and Existing Sales Tax Sharing Agreement with Autobarn
- FY 2013 Budget – Howard-Hartrey TIF Debt Service Fund Summary (p. 178 FY2013 Budget)
- Existing TIF Boundary Map (Howard-Hartrey)
- Cook County’s Class 7b Eligibility Bulletin
June 24, 2013

City of Evanston
2100 Ridge Avenue
Evanston, IL. 60201

To The Evanston City Council and to whom it may concern;

I opened the Autobarn Evanston on July 1st, 1992 with a Volkswagen and an Oldsmobile franchise. At the time, our only building was located at 1012 Chicago Avenue. At the time of our business opening, other dealerships in Evanston were: Buick at 1033 Chicago Avenue, Subaru at 1015 Chicago Avenue, Chrysler /Plymouth/Jeep further north on Chicago Avenue where Whole Foods is located now, Toyota on Ridge and Nissan/Isuzu on Chicago Avenue south of Main. During the intervening years, all of the franchises listed have either closed or moved away, except Volkswagen (which we continue to own) and Nissan, which we purchased in 2005 from Rob Paddor as he was leaving Evanston with his Subaru franchise. Additionally, we brought Mazda back to Evanston (relocating the dealership from Skokie) when we purchased it from Old Orchard Mazda in March of 2000.

Unlike the other dealerships listed, we have remained in Evanston, and purchased several pieces of Evanston real estate over the past twenty years that reinvested revenues in our town. We acquired 1001 Chicago Avenue in 1993. Though sold in 2007, we bought it back in 2011 and are just completing a $1.5 million renovation. It is now the Pre-Owned Sales Center for our Evanston Nissan Dealership. 1012 Chicago Avenue was purchased in 1992, as our original piece; in 2010 we completed a $3 million renovation as the new home for Nissan. We bought 1034 Chicago Avenue in 1996 and completed the current building, which serves as the Volkswagen Pre-Owned Sales Center, in 1998. In 2001 we acquired 1033 Chicago Avenue/520 Greenleaf. Following our $2.5 million renovation in 2007, it became the home of Autobarn Volkswagen. 1015 Chicago Avenue was purchased in 1999. In May 2008 the new Autobarn Mazda Retail Revolution was completed at 1015, costing $3 million. We have outgrown our Sales and Service/Parts departments and are currently in the planning stage of building an addition that will nearly double the size of the sales, parts and service area.
An unusually large portion of our revenue in Evanston has always gone to Rent/Real Estate Taxes/ Construction or Rehabilitation from 1992 right through to today. Several years ago, we entered into a Sales Tax Sharing Agreement with the City of Evanston where we received a quarterly rebate for 50% of the municipality’s portion of the sales tax generated by our sales; This has proven to be a vital element of our revenue stream; we have used it historically to offset Real Estate Tax expense. On a general level the Sales Tax sharing agreement has helped us to maintain our business and continue to grow revenue. This presentation will outline our request for a new, expanded sales tax sharing agreement going forward, along with our plans and suggestions as to how we can remain a vital part of the Evanston Business Community while prospering and growing for the next many years.

What follows is a detailed examination of:
- Our operations today: the problems and opportunities
- Involvement in Community
- Our future plans
- Growth potential
  - Sales revenue
  - Sales Tax Sharing Request
  - Expansion of the Mazda Dealership (1015 Chicago Ave)
  - Expansion in to 222 Hartrey Avenue:
    - Initial Site Re-Development and Construction
    - Floor plans with a conception of how the space will layout
    - Vehicle storage & display: Interior and Exterior
    - Consolidation of the wholesale parts and detailing departments
    - Photo Studio
    - Corporate Offices & Document Storage
  - Request for Tax Increment Financing (TIF)
- Job creation
  - Sales
  - Clerical
  - Other
  - Total projected new jobs once the project is complete
- Request for an Electronic Campus Sign

Sincerely,

Richard Fisher
847.951.3360

1015 Chicago Avenue ■ Evanston, IL. 60202
The Autobarn of Evanston: A Review of Our Operations Today -
The Problems and Opportunities

At a 2013 pace of $100M in sales, we are one of Illinois' largest dealership operations; an improbable fact I'm sure you'll agree. We sell and deliver, on average, about 350 New and Pre-owned vehicles monthly - and Service about 2000. We employ 156 people either full or part-time. As of this writing, we are Illinois' #1 Ranked Mazda Dealership, in the top 5 with Volkswagen, and with Nissan we are improving (!) - although we are Chicagoland's Largest seller of the all-electric LEAF. Evanston is a perfect location for the sale of Environmentally Conscious vehicles, and in our line-up we have not only LEAF, but all of Volkswagen's clean-diesel models along with Mazda's all-new line-up of Sky-Activ fuel-efficient vehicles. We have great brands here for the times, and we can certainly experience solid growth in sales volumes this next few years should we be able to provide a workable infrastructure for the organization and containment of that growth.

Our problems can be separated into 3 categories.
A. Problems that we cause for our neighbors.
B. Inventory storage: Where do we put the cars??
C. Make-ready capacity at times of inventory influx.

Problems that we cause for our neighbors
Our main dealership buildings back-up to dense residential areas. The front of our main dealerships are on a very busy street. Consequently (and historically) parts deliveries in the middle of the night, exterior paging systems, car deliveries on Chicago Avenue and employees driving too fast in the surrounding area have conspired, at times, to annoy our usually understanding neighbors. The volume of business that we must do in order to survive in this location with fixed overhead such as ours, dictates that we seem always to be trying to force 10 pounds of stuff in to a 5 pound bag. An off-site location to address indoor pre-owned vehicle storage, our vehicle get ready (cleaning, bumper painting, paintless dent repair and light mechanical work) would not only take the pressure off our Chicago Avenue operations but would allow for legitimate growth.
Inventory storage: Where do we put the cars?
A perennial problem with the Autobarn of Evanston has been New and Pre-Owned vehicle storage. Tremendous frustration a few weeks ago with storage lots so full that up to seven (!!) new cars had to be moved in order to access a single car - led me to be driving around in Skokie and Lincolnwood looking for storage lots and or buildings. I didn’t dream that a site so suitable for our needs may exist in Evanston, but having discovered 222 Hartrey - evidently it does. We believe that we can (outdoor) store nearly 600 new vehicles and (indoor) store over 400 pre-owned vehicles at the Hartrey site, house our wholesale parts operation, as well as handling 100% of our incoming vehicle inventory drop-off, get-ready, and our entire administrative/payroll/HR/file-storage functions -- including allowance for significant growth in the coming years.

Make-ready capacity at times of inventory influx:
The nature of our business means that in a given week, the three dealerships may purchase 50-75 pre-owned vehicles for re-sale. Thirty or forty of these vehicles arriving on the same day not only causes havoc on Chicago Avenue, but negatively affects our Service Departments’ ability to efficiently service local customers. As we have grown our pre-owned vehicle volume - (see attached chart) - this problem has become worse. An influx of new vehicles delivered from the manufacturers has the same effect, as we struggle to complete the Pre-Delivery Inspections which each new vehicle requires. Between mechanical, detail, paintless dent repair, bumper-painting and photography, we plan over thirty new stalls at the 222 Hartrey site: more than enough to handle today’s business and growth - with room left for future expansion.

The Autobarn Evanston Pre-Owned vehicle Sales 09 to Present:

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>1409</td>
</tr>
<tr>
<td>2010</td>
<td>1956</td>
</tr>
<tr>
<td>2011</td>
<td>1837</td>
</tr>
<tr>
<td>2012</td>
<td>1957</td>
</tr>
<tr>
<td>01/01 to 05/31/2013</td>
<td>1039</td>
</tr>
<tr>
<td>Tracking for 2013</td>
<td>2494</td>
</tr>
</tbody>
</table>
Involvement in the Community

The Autobarn has been part of the Evanston Community for 21 years. We would like to believe that over those years we have established ourselves as reasonably well-respected “fellow citizen” in the community.

In the past we helped Turin Bicycles with the annual Evanston Grand Prix Bike Race. Through our sponsorship we helped financially, donated our manpower for the entire event and supplied the pace cars for all the races.

Four or five years ago we donated a new Mazda Tribute to Evanston Police Department; this vehicle can still be seen doing Crossing Guard Duty at ETHS to this day. (Which brings me to a small gripe: why oh why are Evanston Parking Services all driving around in brand-new Ford Escapes? The CX5 gets the best fuel mileage in this segment, with the lowest emissions; the Escape the worst. Worse still, I’m now seeing a good number of brand-new Ford Focuses being driven around by the same department; that car has way less local content than our VW Jettas! Very frustrating. Couldn’t we have at least bid on this business as Evanston’s only car dealerships?)

We have also been the main sponsor for YEA Day, helping financially as well as donating our manpower and meeting space for whatever they request. This relationship has been steady for over 5 years and this year helped earn us the Evanston Arts Committee 2012 Arts and Business Leadership Award.

Recently we have donated a 2013 CX5 to the 311 Center to use as a roving billboard. For the next year this vehicle will be driven around the Evanston area participating in local events to help develop awareness of this very important service.

We sit on the Automotive Advisory Committee at ETHS. We are working on an Intern Program with the Automotive Department, as well as a future Richard Fisher Dealerships (RFD) ‘Hire & Train’ Program for ETHS Graduates not opting for college.
We were recently the title sponsor for Lincoln Elementary School's annual fund raiser at Dawes House, and look forward to more involvement with this great (- and tastefully renovated!) local elementary school.

Richard Kirkpatrick, our General Manager, can be found at Evanston's Farmers Market most Saturday mornings around 7 am with one of our green vehicles - answering questions from local residents about environmentally conscious vehicles.
Our Future Plans

The epicenter of our plans for the future of our business is that we want to be in Evanston. The following physical plant changes/additions must take place in order to ensure our efficient success and satisfy the manufacturers with whom we hold franchises.

**The Autobarn Evanston Total**
222 Hartrey facility which details are addressed later in this presentation.

**Volkswagen**
White Box facia and interior re-design will be required at 1033 and 1034 Chicago Avenue within the next 24 to 36 months.

**Nissan**
Renovations completed at 1012 and 1001 Chicago Avenue mean that we are in compliance with Nissan facilities (although not yet for required storage) for the foreseeable future.

**Mazda**
Included later in this presentation are our initial plans to increase the size of our sakes, service and parts facilities at 1015 Chicago Avenue while adding a rooftop garden.

I believe that a combination of these actions to improve our physical plants will allow us to realize the revenue growth outlined here and to realize our dream of not only staying in the Evanston community but becoming a more meaningful member of Evanston’s business community, now and for the future.

The estimated costs for mandatory manufacturer updates to Chicago Avenue Campus and our proposed Hartrey project.
## Our Future Plans

<table>
<thead>
<tr>
<th>Property/Dealership</th>
<th>Proposed Budget</th>
<th>Funded By</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nissan</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1001 Chicago Avenue Purchase</td>
<td>$1.4 million</td>
<td>Applicant</td>
<td>Complete</td>
</tr>
<tr>
<td>1001 Chicago Avenue Rehab</td>
<td>$1.5 million</td>
<td>Applicant</td>
<td>Complete</td>
</tr>
<tr>
<td><strong>Mazda</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1015 Chicago Avenue Expansion</td>
<td>$1 million</td>
<td>Applicant/ Tax Sharing</td>
<td>Late 2013</td>
</tr>
<tr>
<td><strong>Volkswagen</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1033, 1034 Chicago Avenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>520 Greenleaf - Rehab</td>
<td>$2.5 million</td>
<td>Applicant/ Tax Sharing</td>
<td>2014-15</td>
</tr>
<tr>
<td><strong>Corporate/Vehicle Storage</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>222 Hartrey Avenue Purchase</td>
<td>$2.55 million</td>
<td>Applicant/TIF/ Tax Sharing</td>
<td>2013</td>
</tr>
<tr>
<td>222 Hartrey Avenue Re-Development</td>
<td>$2.40 million</td>
<td>Applicant/TIF/ Tax Sharing</td>
<td>2013</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$11.35 million</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Sales Tax Sharing Request

The sales revenue rate through April 2013 indicates a pace of $100M - but the pre-tax net profit year-to-date through April remains at less than 1%; precariously close to break-even. We will prepare a full and separate presentation for the City on our Sales Tax sharing request to be ready by July 15. From a 50,000 foot view, we will be requesting a ‘renewal’ of our recently-ended agreement, using 2003 as the ‘base year’, but this time requesting a 10-year term without a ceiling. I believe that we will be able to offer solid and sensible reasons for this request.

Our thinking in requesting this time period is that we know that fixed overhead expenses will reduce substantially in 10 years as we pay down the debt; I make this statement to illustrate that the request for sales tax sharing and the length of the request really is linked to the survival and prosperity of our company and not personal enrichment.

The other enormous challenge that we along with all other small businesses that employ more than 50 people in America face is the enormous increase in healthcare expenses caused by the Healthcare Reform Act that begins January 2014. Our projected increased expense at an employee count of 150 to 200 is $300 to 400 thousand dollars annually.

Our request is a simple one, because I feel that we need a sales tax sharing agreement on an ongoing basis in order to survive. A ten year agreement to share sales tax revenue earned by our company with the city of Evanston at a rate of 50%, over the 2003 base year, starting in September 2013.
Sales Revenue: Projected Growth

2009
VW/Mazda $60,895,186
Nissan $14,533,278
T 75,428,464.00

2010
VW/Mazda $68,390,282
Nissan $20,318,270
T 88,708,552.00

2011
VW/Mazda $73,204,098
Nissan $23,272,210
T 96,476,308.00

2012
VW/Mazda $75,469,840
Nissan $26,757,892
T 102,227,732.00

2013 First 1/3
VW/Mazda $26,364,735
Nissan $11,294,492
T 37,659,227.00

2013 Projection
T 105,000,000.00
3%
Projected Growth

2014 Projection
T 117,600,000.00
12%
Projected Growth

2015 Projection
T 123,500,000.00
5%
Projected Growth

2016 Projection
T 130,000,000.00
5%
Projected Growth

Growth

2010
VW/Mazda $68,390,282
Nissan $20,318,270
T 88,708,552.00

2011
VW/Mazda $73,204,098
Nissan $23,272,210
T 96,476,308.00

2012
VW/Mazda $75,469,840
Nissan $26,757,892
T 102,227,732.00

2013 First 1/3
VW/Mazda $26,364,735
Nissan $11,294,492
T 37,659,227.00

2013 Projection
T 105,000,000.00
3%
Projected Growth

2014 Projection
T 117,600,000.00
12%
Projected Growth

2015 Projection
T 123,500,000.00
5%
Projected Growth

2016 Projection
T 130,000,000.00
5%
Projected Growth

Growth
## Surrounding Municipalities

Many surrounding municipalities have gone to great lengths to attract auto dealerships in to their communities. Some of them with very attractive long-term tax sharing and TIF related programs. These incentives are usually reinvested in to the day to day management and upkeep of the business.

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Population (2011)</th>
<th>Dealerships in the Community</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evanston (1,600)</td>
<td>74,785</td>
<td>The Autobarn Volkswagen, Mazda, Nissan</td>
</tr>
<tr>
<td>Glencoe</td>
<td>8,700</td>
<td>Fields Infinity, BMW, Volvo, Chrysler/JEEP/ Carmax</td>
</tr>
<tr>
<td>Glenview</td>
<td>44,888</td>
<td>Brendemann Ford, Lexus, Glenview Mitsubishi, Jennings Chevrolet, Volkswagen, Loren Hyundai, McGrath Audi</td>
</tr>
<tr>
<td>Lincolnwood</td>
<td>12,646</td>
<td>Grossinger Buick, Cadillac, GMC, Chevrolet, Hyundai, Toyota, Scion, Kia, Loeber Porsche, Mercedes Benz, Smart Sprinter</td>
</tr>
<tr>
<td>Morton Grove</td>
<td>23,373</td>
<td>Athans Motors, Castle Honda, McGrath Acura, McGrath Audi*</td>
</tr>
<tr>
<td>Niles</td>
<td>29,939</td>
<td>Golf Mill Ford, Star Nissan</td>
</tr>
<tr>
<td>Northbrook</td>
<td>33,200</td>
<td>Autohaus on edens Mercedes Benz, Foley Cadillac/Rolls-Royce/Bentley, Northbrook Toyota Scion</td>
</tr>
<tr>
<td>Skokie</td>
<td>65,066</td>
<td>Evanston Subaru, Martin Nissan, Sherman Dodge Chrysler Jeep</td>
</tr>
<tr>
<td>Wilmette</td>
<td>27,706</td>
<td>Imperial Motors Jaguar</td>
</tr>
</tbody>
</table>

* Moving to Morton Grove.
Expansion of the Mazda Dealership
Project Description - 1015 Chicago Avenue

The Autobarn dealership in Evanston is comprised of several buildings and properties along both the east and west sides of Chicago Avenue from Lee Street to Greenleaf Street. From the south on the east side is the 1001 building, which houses the Nissan pre-owned autos and recently received an exterior face-lift with a metal panel system and signage, to compliment the Nissan building across the street.

The 1015 building has been developed to its current configuration over several years. The metal service building on the east side of the site along the alley was added to in 2006. It is a three story structure housing the showroom and service entry on the first floor, customer lounge and service offices on the second floor and general administrative offices on the third floor. Projected sales are now requiring expansion of the showroom as well as the service center.

Service Bays and Parts Department
An expansion of the service bays to the north is planned to increase the existing bays area by 3550 square feet, or an addition of about 75% of the existing service bay footprint. This addition will be a structural extension of the existing open span continuous beam frame system, adding three 17 foot structural bays. The frames will be extended to the east lot line, allowing the inclusion of a new in-house car wash along the alley for easy access to and from the alley and parking area to the north.

The expansion will allow for reconfiguring of the service bays from the existing six to ten. New foundations will be required for these new bays in the new extended section, and re-configuration of existing bay foundations will be required at the existing areas for repositioning (although this is yet to be evaluated in detail for balancing costs with operation and efficiencies). The new section and the areas requiring re-configuration in the existing will receive new hardened and concrete slabs over well compacted gravel and sand-bed substrate with vapor barrier. Slabs will be sealed with a penetrating silane or siloxane sealer.

The present south-most service bay on the east side will be removed for the addition of tool storage and tire service rooms. These will be painted concrete masonry partition construction to approximately nine foot height, matching the existing parts area partitions, with light gauge steel framed drywall ceilings. The existing parts department service counter and entrance will be expanded to the north, allowing re-configuration of the parts area for increased capacity.
New Service Entrance and Expanded Showroom

The western addition will also be expanded, pushing the service entry to the north about 35 feet, allowing the showroom area to expand into the existing service entry area and out approximately 15 feet to the west. Finishes for these areas will be purposely background, primarily painted steel and metal and stucco wall finishes consistent with the Mazda themes and allowing the cars to be the focus. Ceilings will be exposed construction, painted. The floors, however will be a stone or porcelain tile, sealed.

The exit stair from the second floor will also be relocated north, extending the present corridor across the new service entry roof. Skylights over this corridor will also serve as a light monitor, allowing natural lighting into the service bays.

Exterior

The steel frame will be clad with the standard pre-engineered building cladding components on the north and east elevations and the roof. Insulation will be R-19 with R-11 liner system and 2" R-5 thermal blocks. Two skylights will be incorporated in the new roof area, and one retrofit to the existing roof area. The existing overhead door will be relocated to the new north wall location and two new overhead sectional doors will be provided for the car wash entry and exit. The existing fluted metal cladding and the black painted stucco on the existing west and north elevations of the showroom/service entry will be extended to clad the expanded portions of these elevations. Overhead doors will be added at the service entry to match the existing service doors, which will be reused for the showroom entry.

The green sign band will extend around the roof edge to wrap the north end of the building and will integrate with a metal clad planter element, providing depth for the roof garden over the new service entry. This will be an intensive type roof garden with 6-8 inch planting medium over root barrier, drainage board, and insulation over a concrete deck with hot fluid applied asphalt roof membrane. Metal panels will screen mechanical equipment also located on the roof. A skylight with insulated tinted glass will be located above the western bay expansion above the showroom entrance doors.

Site

The requirement for separate entries for the service and showroom will necessitate rework of the curb cuts and drives at the street. A planting strip will be incorporated at the west edge of the parking area, and resurfacing and re-striping of the parking lot will be necessary. Modification of the fence at the alley side with new gates to accommodate the car wash traffic will also be required.
Expansion of the Mazda Dealership
Front and Side Elevations - 1015 Chicago Avenue
NOTE:
8' HIGH WALL W/ 58 PLYWOOD PLATFORM ON TOP
15 TREADS @11"
7" RISERS

EXPANDED SERVICE
SHOP
3550 SQUARE FOOT
ADDITION

NEW CAR WASH
Mazda building service bay expansion
the Autobarn Evanston
2013
sohl.architect, llc
Expansion of the Mazda Dealership
Showroom Expansion - 1015 Chicago Avenue
Expansion of the Mazda Dealership
Rooftop Garden - 1015 Chicago Avenue
Expansion: 222 Hartrey Avenue

Existing Building
The existing building is a one-story brick building with a two story partial section on the west of a total of approximately 121,000 square feet. The building previously housed office and light manufacturing and is currently vacant.

The total site area is approximately 270 square feet, approximately 100,000 of which is building coverage. Ninety degree parking is located on the south along the length of the building with the exception of the loading dock at the west end. The majority of the parking lot to the west of the building is asphalt in need of repaving. A landscaped area faces Hartrey Avenue to the east.

Zoning is General Industrial (12) with Commercial (C1) to the South, and Residential (R2) to the East. Sure Drive is a private drive on the south and contains a 20 ft wide utility easement. On the north side is railroad property, which is wooded. A 6 ft utility easement runs along the north property line.

Site Improvements
Site improvements will include resurfacing of the parking lots, installation of security fencing and automatic gates and installation of new security lighting as well as building exterior lighting for accents and security. Some of the existing catch basins will require rebuilding of the rims. Some entry sidewalk paving replacement is anticipated along with customer entrance improvements and code required accessibility provisions.

The main parking area will be for storage to accommodate approximately 500 new cars. This area will include landscaped islands as well as a landscaped perimeter, providing partial visual screening from the street. New high pole mounted LED fixtures will provide efficient security lighting and will employ cutoffs as necessary to prevent off-site light bleeding and glare.

Existing landscaped areas near the entry and facing the residential area to the east will be upgraded along with the planting areas at the parking area along the south elevation of the building.

Building Exterior
The existing building exterior walls are masonry with insulated aluminum windows. The south elevation is brick faced and incorporates design features of the Miesean era with exposed steel structure elements and brown-black window framing. Generally, the exteriors will remain, however, modifications to the south elevation to incorporate the showroom anticipates the addition of some limited amounts of new glassy areas, which will reflect the same architectural style.
Expansion: 222 Hartrey Avenue

Building Exterior
The existing building exterior walls are masonry with insulated aluminum windows. The south elevation is brick faced and incorporates design features of the Miesian era with exposed steel structure elements and brown-black window framing. Generally, the exteriors will remain, however, modifications to the south elevation to incorporate the showroom anticipates the addition of some limited amounts of new glassy areas, which will reflect the same architectural style.

The steel elements of the façade have some minor rusting and will require hand tool or blast cleaning, re-priming at these areas and painting. The brick in limited areas shows some signs of water intrusion resulting in displacement and small amounts of spalling. This should be investigated further and remedied to prevent long term damage. Some of the copings are damaged and require repair. Many of the sealants have failed and will require replacement.

The vehicular ramps for access to upper level car storage (see interiors below) will be constructed on the west side of the building from the south façade, back approximately four bays. This will adopt the steel and brick in-fill vocabulary of the building and present a unifying wrapping of this architecture around the corner. It will be all steel construction with a waterproofed concrete ramp and roofed.

All exterior walls will be insulated to an approximate U value of 0.064 in accordance with the 2012 Illinois Energy Conservation Code (IECC). Existing aluminum windows presently are glazed with insulating glass and should be serviceable to remain. Along the west half of the north elevation are single glazed steel windows that have outlived their useful life and will be removed for insulated masonry in-fill.

The existing roofs are built-up and single ply. The preliminary evaluation suggests a combination of reroofing and recovering may be required. Where reroofing is required, single ply adhered roofing will be installed over R-25 rigid plastic insulation, tapered to slope to drains. Lighting studies will be undertaken in design phases to evaluate the installation and location of skylighting to be incorporated throughout.
Re-Development of 222 Hartrey Avenue
Site Plan
Re-Development of 222 Hartrey Avenue
First and Second Floor Plans
Expansion: 222 Hartrey Avenue

Core and Service Spaces
The existing main mechanical room is the location of existing incoming services and will be utilized for new mechanical and electrical equipment and/or existing equipment that will be reused.

The existing building is fully sprinklered and this system will only be altered as required for head relocations. All services throughout the building, which are not to be reused, are to be abandoned and removed.

The existing stairs to the second floor are in good condition and anticipated to require only cleaning and painting.

The existing elevator to the second floor and mezzanine is outdated and will be replaced with a new 4000 lb holeless hydraulic for moving supplies between the ground floor and the mezzanine and for general personnel access.

The dock currently has two 50 foot bays to accommodate long trucks. As the automotive dealer use does not utilize the type of delivery and shipping needs of the industrial uses anticipated for this existing building and the underlying zoning, the Autobarn will be proposing to service this facility with a single 35 foot bay.
Expansion: 222 Hartrey Avenue

VEHICLE STORAGE & DISPLAY: INTERIOR AND EXTERIOR

**Interior Parking**
Approximately 70% (85,000 SF) of the building will be devoted to pre-owned car storage. 65,000 SF on the first floor will house approximately 240 cars and an additional 75 cars will be housed on the 19,000 SF second floor. The new two-way ramp to the second floor will be constructed on the west end of the building for access to this level.

Ceilings will be open existing construction with all new lighting. It is anticipated that the addition of skylights coupled with daylighting controls in accordance with the IECC will provide efficient and effective lighting. Floors will be elastomeric traffic topping or sealed concrete.

**Exterior Parking**
The main parking area will be for storage to accommodate approximately 500 new cars. This area will include landscaped islands as well as a landscaped perimeter, providing partial visual screening from the streets.
Expansion: 222 Hartrey Street

CONSOLIDATION OF DETAILING DEPARTMENT
Approximately 9,600 SF will be devoted to consolidation of the Autobarn automotive repair, detailing and mechanical inspections. These spaces will be located in the south-center section of the ground floor and will include:

- Ten Detail bays:
- Six paintless dent repair bays
- Four bumper spray bays

Generally these will have similar finishes to the vehicular storage areas, but will incorporate structural foundations as required for lifts; power, water, air and ventilation requirements for the specific program services, and task appropriate lighting.

Parts and equipment storage for the repair and detailing will be accommodated on the 6000 SF mezzanine level space above this area.

Servicing both the vehicle storage and the repair and detailing operations will be an in-house car wash, operated with reclaimed rainwater.

Included with the repair and detailing area will be a photo shoot facility. This high 1500 SF space will be sparse and flexible with specialty lighting for high quality photography sessions.

PHOTO STUDIO
Included with the repair and detailing area will be a photo shoot facility. This high 1500 sf space will be sparse and flexible with specialty lighting for high quality photography sessions.
Expansion: 222 Hartrey Avenue

CORPORATE OFFICES & DOCUMENT STORAGE

Approximately 11,000 SF of offices and 4,800 SF of file storage will be located at the southeast portion of the ground floor. These areas will be demised in full height drywall partitions as required for fire separations and offices will be ceiling height partitions. It is the intent to preserve the existing wood paneled lobby at the east entrance as well as the office areas at the southeast corner.

Reuse of the existing suspended ceilings in these areas will also contribute to the project sustainability goals. Lighting will be retrofit or replaced for higher efficiency and coupled with daylighting controls and task lighting. Skylighting here will also be considered for improved efficiency and employee benefit.

Near the showroom, at the south elevation, a brightly lit employee lounge will feature porcelain “stone” flooring; wood and tile wall finishes, and stone countertops on wood cabinetry.

Floors will be carpet or resilient as program requires. Toilet rooms will be completely gutted and renovated to include new fixtures and finishes.
## Request for Tax Increment Financing (TIF) for 222 Hartrey Avenue

<table>
<thead>
<tr>
<th>Proposed Budget</th>
<th>Funded By</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Cost of Property</td>
<td>$2.55 million</td>
</tr>
<tr>
<td>Rehabilitation and Equipment</td>
<td>$2.4 million</td>
</tr>
</tbody>
</table>

The proposed rehabilitation of 222 Hartrey includes in the initial (rough) budget some $400,000 in equipment and hard items such as furniture, fixtures, lifts, filing and office equipment. Actual rehabilitation costs of the building is an estimated $2 million.

Through this document we are applying for Tax Increment Financing in the amount of $4 million with the city of Evanston. We are flexible as to the period of this agreement.

We are also requesting an Illinois 6B or 7B Real Estate Tax Agreement, fixing Real Estate Taxes at a pre-agreed level for 12 years.
## Job Creation

<table>
<thead>
<tr>
<th>Category</th>
<th>MAZDA EXPANSION</th>
<th>HARTREY EXPANSION</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>SALES</td>
<td>04</td>
<td>06</td>
<td>10</td>
</tr>
<tr>
<td>CLERICAL</td>
<td>05</td>
<td>05</td>
<td>05</td>
</tr>
<tr>
<td>OTHER</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Detailers</td>
<td></td>
<td>06</td>
<td>06</td>
</tr>
<tr>
<td>Porters</td>
<td>01</td>
<td>04</td>
<td>05</td>
</tr>
<tr>
<td>Paintless Dent Removal</td>
<td></td>
<td>02</td>
<td>02</td>
</tr>
<tr>
<td>Photographers</td>
<td>01</td>
<td>01</td>
<td>01</td>
</tr>
<tr>
<td>Wholesale Parts</td>
<td>03</td>
<td>03</td>
<td>03</td>
</tr>
<tr>
<td>Light Paint and Body Repair</td>
<td></td>
<td>03</td>
<td>03</td>
</tr>
<tr>
<td>Technicians</td>
<td>04</td>
<td></td>
<td>04</td>
</tr>
<tr>
<td>Service Advisors</td>
<td>01</td>
<td></td>
<td>01</td>
</tr>
<tr>
<td>Parts Counter</td>
<td>01</td>
<td></td>
<td>01</td>
</tr>
<tr>
<td>Parts Wholesale Drivers</td>
<td>01</td>
<td></td>
<td>01</td>
</tr>
<tr>
<td><strong>EXISTING</strong></td>
<td></td>
<td></td>
<td>156</td>
</tr>
<tr>
<td><strong>TOTAL PROJECTED NEW JOBS</strong></td>
<td>12</td>
<td>30</td>
<td>197</td>
</tr>
</tbody>
</table>
### Annual Tax Collected by Evanston from the Autobarn

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Evanston Real Estate Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012 (first installment only)</td>
<td>478,275.80</td>
</tr>
<tr>
<td>2011</td>
<td>869,592.38</td>
</tr>
<tr>
<td>2010</td>
<td>992,013.27</td>
</tr>
<tr>
<td>2009</td>
<td>849,218.24</td>
</tr>
<tr>
<td>2008</td>
<td>815,841.04</td>
</tr>
<tr>
<td>2007</td>
<td>754,994.87</td>
</tr>
<tr>
<td>2006</td>
<td>603,919.53</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,363,855.13</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Evanston Retail Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
</tr>
</tbody>
</table>
REDEVELOPMENT AGREEMENT

THIS REDEVELOPMENT AGREEMENT (this “Agreement”) is made and entered into this ___ day of ____, 2005, by and between the CITY OF EVANSTON, Illinois, an Illinois home rule municipal corporation (the “City”), and Autobarn Motors, Ltd. an Illinois corporation incorporated on July 15, 1992 (“Developer”).

RECITALS:

WHEREAS, the City, pursuant to Section 10 of Article VII of the Constitution of the State of Illinois, is authorized to contract or otherwise associate with individuals in any manner not prohibited by law or ordinance; and

WHEREAS, 65 ILCS 5/8-11-20 (the “Statute”) authorizes municipalities to enter into economic incentives agreements in order to encourage the development or redevelopment of land within their corporate limits; and

WHEREAS, Developer is the owner of an automobile dealership located at 1001, 1012 and 1034 Chicago Avenue in Evanston doing business as the Autobarn Mazda of Evanston and Autobarn Volkswagen of Evanston and has been in operation for approximately 12 years, as depicted in Exhibit A attached hereto and made part hereof; and

WHEREAS, the dealership has generated for calendar year 2003; $291,500 in sales tax; and

WHEREAS, Developer has purchased approximately 5.3 acres of real estate located at 3450 West Oakton Street in Skokie, Illinois and has announced an intention to relocate a major portion of the automobile dealership including sales and service to said community; and

WHEREAS, said relocation will result in a substantial reduction in sales tax revenue to the City of Evanston; and

WHEREAS, Developer has expressed his willingness to remain in the City of Evanston if the City agrees to rebate a portion of any incremental Sales Tax (as hereinafter defined) received by the City that are generated by any redevelopment of certain property; and

WHEREAS, the Property at 1015 and 1033 Chicago Avenue and 520 Greenleaf (the “Property”) currently operated as an automobile dealership known as Evanston Toyota will be closed and will cease all operations as of November 1, 2005 and thereby will no longer contribute to the sales tax base of the City, which real estate is legally described and depicted in Exhibit B attached hereto and made part hereof; and
WHEREAS, Developer has expressed a desire to purchase and redevelop the Property for the purpose of relocating and expanding a portion of its existing automobile dealership; and

WHEREAS, the City has adopted Ordinance No. __________, a copy of which is attached hereto and made a part hereof as Exhibit C, authorizing the City Manager to execute a redevelopment agreement for the Automobile Sales Center; and

WHEREAS, Developer desires to redevelop an automobile sales center area on the Property; and

WHEREAS, such automobile sales center will include a relocated Volkswagen and a Mazda dealership; and

WHEREAS, the parties agree that extraordinary costs associated with the acquisition and redevelopment of the Property require certain incentives from the City, and the incentives that will be offered to offset these extraordinary costs shall be in the form of rebates from the City’s portion of local sales taxes generated on the Property; and

WHEREAS, the City desires to increase sales tax revenues, property tax revenues, retain existing businesses, diversify the tax base, create new jobs, and provide for the general enhancement of the tax base of the City for the benefit of the City and other governmental entities; and

WHEREAS, the City has determined that providing financial assistance in the form of such rebates is a proper exercise of its home rule powers; and

WHEREAS, the City, in reliance on the representations of the Developer, has prepared certain sales tax projections, copies of which are attached hereto and made a part hereof as Exhibit D, setting forth certain potential real estate and sales tax revenues to the City and Certain other governmental bodies; and

WHEREAS; pursuant to the Statute, the City Council of the City of Evanston have made the following findings with respect to the Property and the Project;

A. The Project is expected to retain and to create job opportunities within the City;

B. The Project will serve to further the development of areas adjacent to the Property;

C. Without this Agreement, the Project would not be possible;

D. The Developer meets high standards of credit worthiness and financial strength;

E. The Project will maintain the neighborhood commercial base of the City;
F. The Project will protect and enhance the sales tax base of the City; and

G. This Agreement is made in the best interest of the City.

WHEREAS, the Developer represents and warrants that the Project requires economic assistance from the City and but for the undertakings of the City as set forth in this Agreement, Developer would not acquire the Property, construct the Project and would relocate to Skokie, and

WHEREAS, the City has agreed, pursuant to the terms of this Agreement, to provide certain sales tax sharing provisions in order to insure the economic feasibility of the Project which will have the benefits described above.

AGREEMENTS:

NOW, THEREFORE, in consideration of the foregoing Recitals, the covenants, terms and conditions hereinafter set forth and other valuable consideration, the receipt and sufficiency of which are acknowledged, it is mutually agreed by the parties hereto as follows:

Section 1: Defined Terms

“Automobile Sales Center” means……..


“Base Year Sales Taxes” means an amount equal to the sales tax revenue generated by the Property during the Base Year.

“City’s Tax Revenue Share” means any and all Retailers Occupation Taxes, Retailers Service Occupation Taxes, Retailers Use Tax, Retailers Service Use Tax, or any other “sales tax” or successor tax that may be enacted by the City, the State of Illinois or any governmental agency or body created under the laws of the State of Illinois and located within the State of Illinois which City is able to verify by reference to the documents described in Section 10 hereinafter as being assessed, accruing or arising as a result of retail operations on or about the Property during the term hereof and received by the City from the State of Illinois or such other governmental agency or body created as aforesaid.

“Eligible Project Costs” means costs incurred by the Developer for the, which include cost of site purchase, site improvements, base shop space work, exterior work, exterior lighting, roof improvements, HVAC, base tenant improvement work, demising walls, clean-up, parking lot, signage, utilities, environmental, façade, and landscaping

“Legal Requirements”: means all applicable Federal, State or local statutes, codes and ordinances.
“Maximum Rebate” means the larger of $1,350,000 or 15% of the Eligible Project Costs but not to exceed $1,500,000.

“Maximum Reimbursement”: means the incremental revenue received by the City in sales tax dollars from the project after the maximum rebate has been received by the Developer.”

“Project Commencement” means the date on which the first permit for construction of the Project is issued by the City.

“Project Completion” has the meaning given it in Section 4A below.

“Revenue Year” means the twelve month period commencing on the first day of the calendar month immediately following Project Completion, and each twelve-month period thereafter.

Section 2. Recitals. The parties hereby agree that the Recitals set forth hereinabove are incorporated herein by reference, as if fully set forth herein.

Section 3. Developer Responsibilities.

The Developer’s responsibilities shall include the following:

????? at and will be known as the Autobarn Evanston Re-Habilitation Project:
1033 Chicago Avenue, Evanston
1015 Chicago Avenue, Evanston

1033 Chicago Avenue building: (New Volkswagen Store). We will demolish much of the first floor interior and rebuild to VW specifications per attached design. The one story portion of the building to the south will be refaced largely with glass. Exterior will be completely refaced with new glazing, doors, and stucco. Approximate cost: $750,000.

1015 Chicago Avenue Building (New Mazda Store). We will add a three story addition to the front of the building while utilizing the existing service building. New portion of building will comply with Mazda Design Standards (‘Retail Revoltion’) as per attached drawings. Exterior elements will be added around the building such as ‘Drive Center’ on North side of new addition, all al new corrugated metal siding, doors and glazing will be incorporated throughout. Approximate Cost: $1,200,000.

520 Greenleaf: Re-facing of exterior, new garage doors, glazing and lighting. Approximate cost: $100,000.

of the demolition of part of the ........Chicago Avenue property and the upgrade of a portion of the ..........Chicago Avenue property; (the “Project”) in accordance with that certain site plan dated ......... 2005, prepared by ......... Architects, Inc. which is attached hereto as Exhibit E (the “Site Plan”) and Developer’s Project Budget attached hereto as Exhibit F (the “Project Budget”); and
A. Developer agrees to obtain all necessary City approvals and to commence construction of the Project within 15 days after its receipt of the permits described below but no later than November 30, 2005, and then diligently pursue the Project in substantial conformance with the Site Plan dated ................., 2005 prepared by ...............Architects, Inc. and Developer’s Project Budget. Developer will acquire property no later than November 1, 2005. Developer shall use best efforts to obtain a certificate of occupancy for the Automobile Sales Center on or before February 28, 2006.

B. In consideration for the City’s assistance, which assistance is provided by this Agreement, and without which Developer could not acquire and construct the Project, Developer specifically agrees as follows:

1. For the term of the agreement as herein defined, the Property shall be maintained on the public real estate tax rolls and that the use thereof will not be changed so as to eliminate or reduce the sales tax revenue generated from the Property to an amount less than the sales tax generated for calendar year 2003.

2. That any document of conveyance from the Developer its successors or assigns shall contain the following restrictive covenant or deed restriction which shall run with the land:

“For a period of the term of the agreement the Property shall not be removed from the public tax rolls and the use ("automobile sales center") thereof shall not be changed so as to eliminate or reduce any sales tax revenue generated from the Property without the prior express written approval of the City (which approval shall be in the sole discretion of the City).

3. The Developer or his successor shall be obligated to maintain an automobile sales center as described herein. Any violation of the foregoing covenant shall constitute a material breach and upon the occurrence of such, the then current owner of the Property and the Developer shall (jointly and severally if more than one party) be obligated to refund to the City an amortized refund of the actual monies received. Such amortization shall be calculated as follows:

<table>
<thead>
<tr>
<th>Rebate Received x Years of Operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term of Agreement</td>
</tr>
</tbody>
</table>

4. That during the period of time that the Developer is receiving a sales tax rebate the Developer agrees that if any action is undertaken to reduce the Real Estate Property taxes for said property, such action shall not seek a reduction lower than assessed valuation than the assessed valuation as of January 1, 2005.

5. It is acknowledged by the parties hereto that the City has specifically relied upon the agreement by Developer contained in this Section 3B as an inducement both to providing assistance to the Developer in procuring financing for the Project and to
executing this Agreement. It is, therefore, specifically agreed by the Developer as follows:

a) That this section or a summary thereof shall be contained in the Memorandum of this Agreement which shall be recorded in the Office of Recorder of Deeds of Cook County.

b) Before commencement of construction of the Project as described herein, Developer, at its expense, shall secure or cause to be secured any and all permits, documents or plats which may be required for the construction of the Project by City Ordinances, and any other governmental agencies having jurisdiction over such construction, development or work, or such portion of the work being performed, including, without limitation, any applications and permits, documents or plats which may be required to be obtained from any local, federal or state environmental protection agency, the Metropolitan Water Reclamation District of Greater Chicago, or from any other agency which may have or exercise any jurisdiction of any type whatsoever in connection with the Project. Developer shall apply for a permit for the work on or before November 1, 2005. The City shall not oppose any such application pending for permit before another governmental body or agency, provided such application is consistent with all Legal Requirements. The City shall provide all proper assistance to Developer in securing such permits and shall promptly issue all permits required to be issued by the City, and agrees to sign other permits, documents or plats which require execution by the City, provided such permits, documents or plats comply with all Legal Requirements (as defined herein). Except as provided in this Agreement, the costs of the Project and all improvements on the Property shall be borne and paid for by the Developer or its tenants.

Notwithstanding anything to the contrary herein, Developer agrees that the Construction of the Project shall conform to any and all City ordinances, resolutions and regulations in effect at the time this document is executed ("Legal Requirements").

Developer further agrees to satisfy all applicable City ordinances and requirements, including but not limited to subdividing or resubdividing the Property (to the extent applicable), in the event of sale of any portion of the Property.

Section 4. City Responsibilities.

A. In consideration of Developer’s redevelopment of the Project as described in the Recitals hereof, the City agrees to reimburse Developer for a portion of its Eligible Project Costs (as defined in Section 4A) from a portion of the City’s Tax Revenue Share (as defined below). Each Revenue Year (as defined below), the City’s Tax Revenue Share will be allocated to the City and Developer based upon the allocation specified in Section 3C below.

B. As used herein, the following terms have the following meanings:

C. Distributions of the City’s Tax Revenue Share to the City and Developer shall be in the order and priority set forth below and shall be paid at the time and in the manner set forth in Section 4B.
1. For each revenue year, the City and the Developer shall share equally the sales tax revenue received equal to the Base Revenue Year.

2. The Developer shall receive all incremental sales tax until such time as the Developer has received a minimum of $1,350,000 or 15% of total Eligible Project Costs but in no event greater than the maximum of $1,500,000.

The disbursements hereinafter set forth shall be prorated on a daily basis for any partial Revenue Years (as defined herein). Notwithstanding anything to the contrary herein contained, the City shall have no obligation to disburse to Developer any portion of the City’s Tax Revenue Share accruing or arising after the Expiration Date (as defined in Section 23 hereof). An example of the foregoing allocation provision is attached hereto as Exhibit G.

Section 5. Developer’s Responsibilities and Use of City Sales Tax Reimbursement.

A. Eligible Project Costs. All monies paid to Developer by the City pursuant to this Agreement shall be utilized by Developer for the payment of or reimbursement for the actual aggregate identified extraordinary costs (the “Eligible Project Costs”), which include cost of site purchase, site improvements, base shop space work, exterior work, exterior lighting, roof improvements, HVAC, base tenant improvement work, demising walls, clean-up, parking lot, signage, utilities, environmental, façade, and landscaping. In no event will the monies paid by the City to the Developer exceed the Maximum Reimbursement.

The following shall be conditions precedent to the City's obligation to pay any monies to the Developer:

(a) The Developer shall not, in the sole determination of the City (reasonably exercised), and without the prior consent of the City, have made any adverse material changes to either the scope of the Project or to the Project Budget or the Site Plan;

(b) A certificate of occupancy for the Automobile Sales Center shall have been issued (issuance of said certificates of occupancy shall hereinafter be referred to as “Project Completion”); and

(c) The Developer shall have provided the City with the following:

(1) a certified copy of the final Project Budget;

(2) lender or title company disbursement statement as of Project Completion;

(3) certified copy of Developer’s mortgage and construction loan agreement for the Project

The City shall have sixty (60) days after receipt of these documents within which to verify the sufficiency of the information contained therein as to Eligible Project Costs.
The parties agree that no audit of the Eligible Project Costs shall be necessary if the total amount of such costs contained in the budget submitted pursuant to this section has not varied more than five percent (5%) from that contained in Developer’s Project Budget submitted pursuant to Section 2 hereof. If it is determined that an audit of said costs is necessary, an independent auditor, agreeable to both parties, shall conduct said audit within ninety (90) days of said determination. The expense of said audit shall be borne by Developer, who will cooperate in all reasonable ways with the conduct of the audit.

Within thirty (30) days after delivery of the aforesaid certificate and documentation, Developer agrees to deliver to City reasonably satisfactory evidence of payment of such Eligible Project Costs, such as a contractors sworn statement, and evidence of lien free completion, such as waivers of lien or a clean title policy. B.

B. Manner of Funding Eligible Project Costs. City’s payment or reimbursement of Eligible Project Costs shall be made on a semi-annual basis, within thirty (30) days after the last day of the first six (6) months and then the last six (6) months of each Revenue Year.

1) The City shall make all reasonable efforts to ascertain the City’s Tax Revenue Share from the Illinois Department of Revenue for each Revenue Year. Developer agrees to obtain and provide the City with the ST-1 forms for the Property after the date of this Agreement. Developer further agrees to use all reasonable efforts to obtain and provide the City with the ST-1 forms. Provided the City obtains the City’s Tax Revenue Share information from the Department of Revenue or, failing that, provided the Developer has caused the ST-1 forms or other similar information to be delivered, the City shall provide Developer with a report of all of the City’s Tax Revenue Share for the Property received during the prior six (6) month period, together with a payment in the amount of Developer’s pro rata share of any and all of the City’s Tax Revenue Share received by the City and then due and owing Developer, pursuant to Section 3 hereof. Within sixty (60) days after each Revenue Year, the City shall notify Developer of the actual amount of the City’s Tax Revenue Share received for such Revenue Year. C) The City shall take whatever action necessary and the Developer agrees to cooperate and provide any information necessary to determine the amount of Sales Taxes generated by the Project. The Developer shall take all reasonable actions necessary to provide the City with any and all documentation and shall provide the City with a power of attorney letter, if necessary, addressed to and in a form satisfactory to the Department of Revenue authorizing the Department to release all general sales tax information to the City.

2) The Sales Tax Reimbursement set forth herein shall be subject to the following additional terms and conditions:

   a) Such sales tax shall be payable solely from Sales Taxes actually received by the City from the Department of Revenue and originating from the taxables activities of the Property, and the City shall not be obligated to pay any Sales Tax distributions identified herein from any other fund or source.
b) The parties acknowledge that the agreement to distribute Sales Taxes as herein provided is predicated on existing law. If the State of Illinois should reduce the City's share of sales tax generated from the private development, the parties hereto agree that the City may enact or adopt an ordinance under its Home Rule Powers providing for a replacement tax equal to the amount so eliminated or reduced by the State of Illinois. Said ordinance shall contain the same terms as to the amount and manner of receipt of said monies as were so eliminated or reduced. This Agreement shall be applicable to such replacement tax as if it were the sales tax. In the alternative, the Developer agrees to provide the City with a Payment In Lieu of Taxes as determined by the City so as to be comparable of sales tax.

c) The City shall not, under any circumstances, be required to impose a municipal sales tax or other tax for the purpose of providing a source of funds for the Sales Tax Reimbursement herein as outlined in Section B-1-c.

d) The City to the fullest extent permitted by law, shall treat information received from the Developer pursuant to this section, as confidential proprietary business information under the Illinois Freedom of Information Act.

3) The City and Developer agree that this Agreement is for the benefit of the parties hereto and not for the benefit of any third party beneficiary. Except as otherwise provided herein, no third party shall have any rights or claims against the City arising from this Agreement.

C. Developer's Sales Tax Rebate The developer shall receive up to $1.5m in sales tax reimbursement for the extraordinary costs undertaken to remain in Evanston. The developer represents and warrants that an automobile sales center shall be in operation at said location for a period of time sufficient for the City to receive a full reimbursement but no less than five (5) after receipt of the last sales tax rebate. If the developer sells said dealership prior to the developer receiving the full sales tax rebate, sales tax reimbursement shall cease and the City shall have no obligation to continue the reimbursement. If the developer has received the full sales tax rebate, the Developer agrees to reimburse the City for an amortized refund of the monies received. Said amount shall be calculated in the formula set forth in Section 3 B (2).

The developer agrees to maintain operation of a new car dealership equal to or better to the existing for a period of five years after the developer has received the sales tax rebate.

Section 6. Permit Processing. The City shall diligently process all applications by Developer for all approvals, permits and inspections relating to the redevelopment of the Property in accordance with the provisions of this Agreement, including, but not limited to, demolition permits, grading permits, building permits, occupancy permits, site work improvements and all required engineering plans and specifications. A reasonable failure on the part of the City to grant any required approval or issue any required permit shall not be deemed a default, or the cause of a default, by
the City under this Agreement provided the Developers plans do not conform to the City's ordinances and codes.

Section 7. **Signage.** The signage for the Project shall be substantially as depicted and set forth on the Site Plan, and which shall be submitted for approval in accordance with the City's ordinances, resolutions and regulations in effect at the time this Agreement is executed.

Section 8. **Access to Utilities.** The City shall permit Developer to make the usual and customary connections to water and storm sewer facilities to serve the Project in accordance with the Site Plan and approved engineering plans and all applicable City ordinances and requirements.

Section 9. **Certificate of Completion.** After Project Completion, upon application of Developer, the City will make a determination as to Developer's satisfaction of its obligations under this Agreement, and upon such reasonable determination shall certify as to such satisfaction. The certification by the City shall be conclusive determination of the satisfaction and termination of such obligations of Developer under this Agreement, including the obligations set forth in this Section 8 with regard to the verification of Eligible Project Costs. The certification shall be in such form as will enable it to be recorded. Upon written request by the Developer for any such certificate of completion, the City shall within sixty (60) days after receipt of the same provide the Developer, as the case may be, either with a certificate of completion or a written statement indicating in adequate detail how Developer has failed to satisfy said obligations in accordance with this Agreement, or is otherwise in default, and what measures or acts will be necessary, in the opinion of the City, for Developer to obtain the certification. If the City requires additional measures or acts of Developer to assure compliance. Developer shall resubmit a written request for a certificate of completion upon compliance with the City's response, and such certificate shall be issued by the City in accordance with the provisions hereof.

Section 10. **Ownership of the Property; Restrictions on Transfer**

A. Developer agrees that it will not sell, convey or transfer ownership of any portion of the Property prior to having received a certificate of occupancy.

B. Developer agrees that because of the consideration previously provided by the City as set forth in the Recitals hereof, any sale, conveyance or transfer of ownership of any portion of the Property by Developer and its successors and assigns after the completion of the redevelopment project and the dealership is opened for business shall be subject to the following restrictive covenant or deed restriction which shall run with the land:

For **term of the Agreement**, the Property shall not be removed from the public tax rolls and the use thereof shall not be changed so as to eliminate any sales tax revenue generated from the Property without the prior express written approval of the City (which approval shall be in the sole discretion of the City).
Subject to Section 10B, in the event of a sale, conveyance or transfer of ownership of the Property within the term of the Agreement shall terminate and, except for the Deed Restriction which Developer has specifically agreed shall survive such termination as a covenant running with the land, the parties will have no further obligation to the other.

C. Notwithstanding the provisions of Section 23 of this Agreement, any violation of the provisions of Section 9B shall constitute a material breach of this Agreement and upon the occurrence of such, the then current owner of the Property (and Developer, if it was the transferor) shall (jointly and severally if more than one party) be obligated to refund to the City any and all monies as set forth in Section 2 B 2.

D. Notwithstanding any provision herein to the contrary, in the event of a foreclosure or deed-in-lieu of foreclosure or purchaser at foreclosure sale, and upon submittal of documents to the City evidencing same, the City will approve a transfer of Title to Developer’s Mortgagee.

Section 11. Sales Tax Reports: Concurrent with the filing of any and all reports with the Illinois Department of Revenue or any successor agency, Developer shall furnish or cause to be furnished to the City (to the attention of the City’s Finance Director) copies of any and all sales tax returns, sales tax reports, amendments, proof of payment or any other sales tax information filed with the State of Illinois or other applicable governmental entity. In the event the State of Illinois is unable or unwilling to provide such information to the City, Developer shall, upon at least thirty (30) days prior written request therefore, provide the City with all documentation available to Developer that the City reasonably deems necessary to accurately determine the amount of the City’s Tax Revenue Share. To the extent permitted by law, the City shall maintain the confidentiality of the information contained in such reports. Developer acknowledges and agrees that the provisions of this Agreement shall be a matter of public record, as shall any and all payments made by the City to Developer pursuant to this Agreement. Developer further covenants and agrees, that upon the request of City, Developer shall furnish such consents or waivers as may be required by the Illinois Department of Revenue, including but not limited to, a Consent to Disclosure Statement in form and content satisfactory to Developer, in order to release the above-described sales tax information to the City. Developer and City agree and acknowledge that any disbursements of City’s Tax Revenue Share due it for any Revenue Year can only be made from and to the extent of sales data submitted in accordance with this Section. Developer agrees to make the obligations contained in this Section a part of any contract to sell any portion of the Property.

Section 12. Reimbursement Mechanism. The City shall remit in full to Developer the portion of the City’s Tax Revenue Share to which Developer is entitled in such amounts and at such times as determined in Section 4, Section 5B and Section 10 above. The City shall be liable to Developer for disbursement of monies hereunder only to the extent of the City’s Tax Revenue Share actually received from the Illinois Department of Revenue or other applicable governmental agency or body. Any payments determined to be due to Developer from the City based upon sales tax returns, and shall
be reduced by the amount of any and all collection fees imposed upon City by the State of Illinois or the Illinois Department of Revenue or other applicable governmental agency or body, for collection of the Sales Tax Revenue.

Section 13.  **Insurance**

Any contractor chosen by the Developer or the Developer itself shall be required to obtain and keep in force at all times until completion of construction, policies of insurance including coverage for contractor’s general liability and completed operations. The Developer, as an owner, shall be required to purchase and maintain property insurance upon the Project to the full insurable value thereof. This insurance shall insure against the perils of fire and extended coverage and shall include “All Risk” insurance for physical loss and damage. The contractor or the Developer, as the case may be, shall name the City, and its officers, council members, agents, employees and authorized volunteers as Additional Insureds and shall furnish the City with a Certificate of Insurance evidencing policies as required above. Such certificates shall state that the insurance companies shall give the City prior written notice in the event of cancellation or material change in any of the policies.

Section 14.  **Casualty / Extension of Term.**

In the event of a casualty or destruction of substantially all of the improvements on the property during the term of this Agreement, and Developer elects not to rebuild said improvements or fails to promptly commence and diligently pursue said reconstruction and recommence its retail operations on the Property within six (6) months after the date of said casualty, Developer shall be obligated, after satisfying its mortgagee(s) if any, to refund to the City, from insurance casualty insurance proceeds received by Developer, and pari passu with Developer’s equity, the portion of the City’s Tax Revenue Share theretofore received by the Developer. **The City shall be named as beneficiary and co-payee on any and all insurance proceeds. The City’s interests shall be limited to the amount of Maximum Reimbursement.**

Section 15.  **Indemnification.**

Developer agrees to indemnify and hold harmless the City, its officials, whether appointed or elected, and whether or not serving at the time of commencement of this Agreement, its officers, employees, volunteers and agents (the “City Indemnified Parties”), from any and all claims, actions and suits (together with the City’s reasonable attorneys’ fees and costs) at law or in equity (collectively, “Claims”) arising solely out of this Agreement or out of the operation of automobile dealerships or alleged to have arisen solely out of acts of Developer, provided, however, that said indemnification is hereby expressly limited to the extent of reimbursement payments actually made by the City to Developer hereunder; and further provided, however, that the foregoing obligation shall not extend to the extent any Claim arises out of the gross negligence or willful misconduct of any City Indemnified Party.
Section 16. **Mutual Assistance.** Developer and the City agree to do all things practicable and reasonable to carry out the terms and provisions of this Agreement and to aid and assist each other in carrying out the terms hereof.

Section 17. **Additional Agreements and Covenants of Developer.** In accordance with the City’s financial commitment to the redevelopment of the Project Area, Developer agrees and covenants with the City as follows:

A. That it will cause the Project to be constructed and completed in a good and workmanlike manner and in compliance with all applicable federal, state, county, and City laws, regulations, and ordinances covering same;

B. That the Maximum Rebate the greater of 15% of the Eligible Project Cost or $1,350,000. but not greater than $1,500,000.

C. Developer agrees that the general contractor hired by Developer to complete the Project shall use good faith, commercially reasonable efforts to hire, train and retain, or cause to be hired, trained or retained, during such construction contract at least three (3) laborers who reside in the City if the contractor has a need to increase the workforce for this project.

Section 18. **Anti-Discrimination, Minority Business Enterprises, Etc.**

A. Developer agrees to comply with all applicable laws prohibiting discrimination against any employee or applicant for employment because of race, color, religion, sex, national origin or sexual orientation. Developer agrees to make good faith, commercially reasonable efforts to have its general contractor and major subcontractors, to the extent they hire new employees and can include minorities, women and City residents to work on the Initial Construction of Project, hire minorities, women or City residents, in any combination, at a cumulative rate of fifteen percent 15% of the total trade labor work force. Nothing herein shall require Developer or its contractors or major subcontractors to displace any employees in its current work force to achieve the foregoing goal. The foregoing requirement shall apply to the Project taken as a whole.

B. Notwithstanding the foregoing provisions, Developer shall be entitled to employ union labor hereunder pursuant to the rules, regulations and practices of applicable unions.

C. Developer’s contracts with contractors and major subcontractors for construction of the Project shall contain provisions, which are consistent with the requirements of this Paragraph 18.

Section 19. **NO DISCRIMINATION CONSTRUCTION – BUSINESS PARTICIPATION.**

A. Developer, agrees to comply with all applicable laws prohibiting discrimination against, or segregation of, any person, or group of persons, on account of
sex, race, color, creed, national origin, disability or sexual orientation in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property.

B. Developer shall exercise its good faith, commercially reasonable efforts to secure minority, women, and City business enterprises the greatest possible participation in all construction and service contracts for the Project.

C. Developer agrees to actively participate in the City’s Summer Youth Employment Program by hiring at least one youth each year during the term of this agreement.

Section 20. **Employment Opportunities Marketing.**

Developer agrees to cooperate with the City to seek and employee Evanston residents if the Developer increases his workforce.

Section 21. **Default Remedies.**

Except as otherwise provided in this Agreement, in the event of any default or breach of this Agreement or any terms or conditions by any party hereto, such party shall, upon written notice from the non-defaulting party, proceed promptly to cure or remedy such default or breach within sixty (60) days after receipt of such notice. If any such default is incapable of being cured within said sixty (60) day period, and the defaulting party commences to cure the default within said sixty (60) day period and proceeds with due diligence, then such party shall not be deemed to be in default under this Agreement. Notwithstanding the foregoing, with respect to the City’s obligations under Paragraph 3 hereof, the City shall have five (5) business days after receipt of notice to cure or remedy a default. In case any action hereunder is not taken or not diligently pursued or the default or breach shall not be cured or remedied within the above periods, the aggrieved party may institute such proceedings as may be necessary or desirable in its opinion to cure and remedy such default or breach, including, but not limited to, an action to restrain any such default or breach of its obligations, an action to compel specific performance by the party in default or breach of its obligations, an action to recover damages against any party liable pursuant to the provisions hereof, or any other action at law or in equity. However, notwithstanding the foregoing, the sole remedy of Developer in the event of a default by the City in any of the terms of this Agreement is to institute legal action for payment of amounts owed Developer. Under no circumstance will the City have any other monetary liability or damages, compensatory or punitive, under the provisions, terms and conditions of this Agreement, except for payment of Developer’s reasonable attorneys fees in the event it obtains final non-appealable judgment against the City for breach of this Agreement. Except as otherwise set forth in this Agreement, the rights and remedies of the parties to this Agreement, whether provided by law or this Agreement, shall be cumulative and the exercise by any party of any one or more of such remedies shall not preclude the exercise by it at the same time or different times of any other remedies for the same default or breach by any other party. Any delay by any party in instituting or prosecuting any actions or proceedings or asserting its rights under this Agreement shall not operate as a waiver of such rights in any way; it being the intent of
this provision that such party should not be constrained so as to avoid the risk of being
deprieved of or limited in the exercise of the remedies provided in this Agreement because
of the default involved. No waiver made by any party with respect to any specific default
by any other party under this Agreement shall be construed as a waiver of rights with
respect to any other default by the defaulting party under this Agreement or with respect
to the particular default except to the extent specifically waived in writing.

It is further agreed by the parties hereto, that the City shall have the right to
suspend and stop all payments to the Developer hereunder upon Developer’s breach of
this Agreement (after applicable notice and expiration of applicable cure period), even if
said payments shall be due and owing to the Developer at the time of said breach.

Section 22. **Entire Agreement.** This Agreement sets forth all the promises,
inducements, agreements, conditions and understandings between Developer and City
relative to the subject matter hereof, and there are no promises, agreements, conditions or
understandings, either oral or written, express or implied, between them, other than are
herein set forth.

Section 23. **Survival of Terms, Binding upon Successors.** The covenants,
terms, conditions, representations, warranties, agreements and undertakings set forth in
this Agreement (and specifically including, without limitation, those covenants, terms,
conditions, representations, warranties, agreements and undertakings which survive the
termination of this Agreement) shall be binding upon and inure to the benefit of the
parties hereto and their respective successors, assigns and legal representatives, and the
covenants, provisions and agreements herein contained shall run with the Property and
shall expire on the Expiration Date (as defined herein).

Section 24. **Term of Agreement and Redevelopment Plan.** The term of this
Agreement shall commence as of the date of execution hereof and shall expire upon the
earlier of the following (the “Expiration Date”).

Section 25. **Governing Law.** The validity, meaning and effect of this
Agreement shall be determined in accordance with the laws of the State of Illinois
(without giving effect to Illinois choice of law principles).

Section 26. **Supplemental Agreements.** The parties agree to cooperate in
order to execute such supplemental agreements, memoranda and similar documents as
may be necessary to implement the terms of this Agreement.

Section 27. **Force Majeure.** Performance by any party hereunder shall not be
deemed to be in default where delays or defaults are due to war, insurrection, strikes,
lockouts, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public
enemy, restrictive governmental laws and regulations, epidemics, quarantine restrictions,
freight embargoes or lack of transportation. An extension of time for any such cause
shall be for the period of the delay, which period shall commence to run from the time of
the commencement of the cause, provided that written notice by the party claiming such
extension is sent to the other party not more than thirty (30) days after the
commencement of the cause or not more than thirty (30) days after the party claiming such extension could have first reasonably recognized the commencement of the cause, whichever is later.

Section 28. Notices. Any notice, request, demand or other communication made in connection with this Agreement shall be in writing and shall be deemed to have been duly given, served and received on the date of delivery, if delivered to the persons identified below in person, by courier service or by facsimile copy transmitted on a business day before 5:00 p.m., or the next business day thereafter if not so transmitted (with original copy mailed the same day in accordance with the provisions of this Paragraph), or five (5) business days after mailing if mailed by certified mail, postage prepaid, return receipt requested, addressed as follows:

If to the City:

City of Evanston
Civic Center
2100 Ridge Avenue
Evanston, IL 60201
Attention: City Manager
Facsimile: 847-448-8083

Copy to:

Herbert D. Hill
1st Assistant Corporation Counsel
City of Evanston

If to Developer:

Attention:
Facsimile:
Copy to:
Section 29. **Severability.** If any provision, condition, covenant or other clause, sentence or phrase of this Agreement is held invalid by a court of competent jurisdiction, such provision shall be deemed to be excised and the invalidity thereof shall not affect any other provision, condition, covenant or other clause, sentence or phrase contained herein. Notwithstanding the foregoing, if any such invalid provision goes to the essence of this Agreement so that the purposes of the Agreement cannot be fulfilled, then this Agreement shall terminate as of the date of such judgment.

Section 30. **City Approval.** A copy of the ordinance (or other City action) approving of the terms and conditions of this Agreement and authorizing and directing the City Manager to execute this Agreement on the City’s behalf, certified by the City Clerk, shall be provided to Developer.

Section 31. **Amendments; Recordation.** This Agreement may be amended from time to time with the written consent of the parties hereto. The parties shall cause a memorandum of this Agreement to be recorded in the Office of the Cook County Recorder of Deeds.

Section 32. **Miscellaneous.** The parties hereto acknowledge and agree that the individuals who are members of the group constituting the corporate authorities of the City are entering into this Agreement in their corporate capacities as members of such group and shall have no personal liability in their individual capacities.

Section 33. **Execution of this Agreement.** This Agreement shall be signed last by the City and the City Manager shall affix the date on which he signs and approves this Agreement on the first page hereof, which date shall be the effective date of this Agreement.

* * * * *

[Signature Page Follows]
IN WITNESS WHEREOF this Agreement has been duly authorized and approved by the City Council of the City of Evanston, Cook County, Illinois, and duly authorized, approved and executed by __________________________ as of the date and year first above set forth.

CITY OF EVANSTON

BY __________________________

BY __________________________

ATTEST

____________________________
CITY CLERK
CLASS 7B
ELIGIBILITY BULLETIN

The Class 7b Incentive and Its Benefits

The Class 7b incentive of the Cook County Real Property Assessment Classification Ordinance ("Ordinance") is intended to encourage, in areas determined to be "in need of commercial development", commercial projects with total development costs, exclusive of land, over $2 million, which would not be economically feasible without the incentive. The twelve-year incentive applies to all newly constructed buildings or other structures, including the land upon which they are situated; the reutilization of vacant structures abandoned for at least twenty-four (24) months, (unless otherwise stipulated for a shorter period of time by the municipality in which the real estate is located, with approval from the County Board, or stipulated by the County Board, if located in an unincorporated area) including the land upon which they are situated; or all buildings and other structures which are substantially rehabilitated to the extent such rehabilitation has added to their value, including qualified land related to the rehabilitation.

Projects which qualify for the Class 7b incentive will receive a reduced assessment level of ten percent (10%) of fair market value for the first ten years, fifteen percent (15%) for the eleventh year and twenty percent (20%) for the twelfth year. Without this incentive, commercial property would normally be assessed at twenty-five percent (25%) of its market value.

The Class 7b incentive is available to "real estate used primarily for commercial purposes", which is defined in the Ordinance as:

"Any real estate used primarily for buying and selling of goods and services, or for otherwise providing goods and services, including any real estate used for hotel and motel purposes."  
[74-62]

Where projects qualify for the incentive as new construction or reoccupied abandoned property, the incentive will apply to them in their entirety, including the land upon which they are located. For projects involving substantial rehabilitation of existing structures, the incentive applies to the added value which is attributable to the rehabilitation and to the land, if vertical or horizontal square footage has been added, in such proportion as the square footage added by the rehabilitation bears to the total square footage of the improvements on the parcel. (Please note that the additional value attributable to the rehabilitation for assessment purposes is likely to be lower than the actual amount spent on the rehabilitation.) The reduced assessment continues for twelve years from the date that the new construction or substantial rehabilitation is completed and initially assessed or, in the case of abandoned property, from the date of substantial reoccupation.
Under the Ordinance, "abandoned property" qualifies if it consists of:

"Buildings and other structures that, after having been vacant and unused for at least 24 continuous months, and purchased for value by a purchaser in whom the seller has no direct financial interest.” An exception to this definition shall be, “if the municipality or the Board of Commissioners, as the case may be, finds that special circumstances justify finding that the property is ‘abandoned’ for the purposes of Class 7b.

The finding of abandonment, along with the specification of the special circumstances, shall be included in the resolution or ordinance supporting and consenting to the incentive application. Notwithstanding the foregoing, special circumstances may not be determined to justify finding that a property is deemed “abandoned” where:

A. There has been a purchase for value and the buildings and other structures have not been vacant and unused prior to such purchase; or
B. There has been no purchase for value and the buildings and other structures have been vacant and unused for less than 24 continuous months.

If the ordinance or resolution containing a finding of “special circumstances” is that of a municipality, the approval of the County Board of Commissioners is required to validate such a finding that the property is deemed “abandoned” for purposes of the incentive, and a resolution to that effect shall be included with the eligibility application.

Abandonment for twenty-four consecutive months may be evidenced by utility bills, Internal Revenue Service statements, certified business statements, and records of building code violations. Purchase for value may be evidenced by a sale contract, recorded deed, assignment of beneficial interest and real estate transfer declaration. Proof of re-occupancy may be evidenced by sworn statements from persons with knowledge, occupancy permits and utility statements.

Eligibility Requirements

The essential part of a Class 7b Application is documentation satisfying the five eligibility requirements of Section 74-65(a) of the Ordinance. All five factors must be present if the project is to qualify. The absence of any one factor, notwithstanding the substantial presence of the other four factors, will defeat the Application. Documentation requirements are, however, flexible enough to accommodate the specific conditions and sizes of various projects. For example, modest projects in slightly blighted areas will generally require less documentation than larger projects in marginally distressed areas.
The five (5) eligibility factors of Section 74-65(a) of the Ordinance are as follows:

1. Designation of Area:

   "The area is or has been within the last 10 years designated by federal, state or local agency as a conservation, blighted or renewal area or an area encompassing a rehabilitation or redevelopment plan or project adopted under the Illinois Urban Renewal Consolidation Act of 1961, as amended, or the Commercial Renewal Redevelopment Areas Act of 1967, as amended, or that the area be located in a federal Empowerment Zone or Enterprise Community, as proposed and approved by the Cook County Board of Commissioners on June 22, 1994 or the Chicago City Council on May 18, 1994, or the Commercial District Development Commission Ordinance of the City of Chicago or designation(s) of like effect adopted under any similar statute or ordinance." [74-65(a)(1)]

To be eligible, the project must be located within an area designated within the last 10 years as one in need of commercial development by a federal, state or local governing body or agency. A certified copy of the action designating the area must accompany the Application. Copies of any area studies done by the designating governmental entity should be included, to support the overall requirements of this section of the Ordinance.

2. Real Estate Tax Analysis:

   "Real estate taxes within said area, during the last six years, have declined, remained stagnant or potential real estate taxes are not being fully realized due to the depressed condition of the area." [74-65(a)(2)]

Section 74-65(a)(2) requires the applicant to demonstrate a causal link between the depressed condition of the area and its real estate tax history. Principally, there must be a showing that real estate taxes have declined, stagnated or have not been fully realized during the last six years. Demonstration that depressed conditions are the cause of declining, stagnating or unrealized tax revenue should include data on such factors as adverse market conditions; structural and functional obsolescence; the extent and duration of vacancies; the absence or near absence of new business formations; and, a pattern of tax sales, delinquencies or forfeitures in the area. If real estate taxes have not stagnated or declined, the applicant may establish that tax collections have not been fully realized as a result of depressed conditions in the project area. In all cases, data supplied should be on a parcel-by-parcel basis and include an analysis of assessments, taxes billed and taxes collected for a period of at least six years. A showing should be made that going forward with the project will improve the economic condition of the area and result in increased real estate tax collections.

If the area designation in factor (1) above is of a size that is either inadequate or too large to be a useful representation for analysis of real estate taxes, the applicant should contact the Assessor for guidance in creating a more representational boundary area for this factor.

3. Viability and Timeliness:

   "There is a reasonable expectation that the development, re-development or rehabilitation of the commercial development project is viable and likely to go forward on a reasonably timely basis if granted Class 7b designation and will therefore result in the economic enhancement of the area." [74-65(a)(3)]
Progress on the proposed development well beyond an abstract or general plan is expected of the applicant by the time of submission of the Application to the Assessor. Therefore, submitted evidence of economic viability and timely completion of the project should be relevant and specific in addressing the following points:

A. Development Plan: A specific development plan must be submitted including, but not limited to: architectural exhibits and building plans; site plans demonstrating the relationship of the proposed development to its private and public surroundings including open spaces, service areas, driveways, parking areas, walks and adjacent streets, sidewalks and buildings; a description of structures to be demolished and of buildings to be rehabilitated or reoccupied; a description of the facilities and amenities to be provided by the applicant with cost estimates; a description and the cost of public works planned for the area in conjunction with the development, such as infrastructure improvements; a description of all incentives or subsidies which will be offered to the developer by public agencies with an analysis of the benefits to the developer and costs to the public; a copy of any pre-development agreements or contracts affecting the project; and, disclosure of any environmental reports or studies relating to the development and its direct surroundings.

B. Economic Feasibility: The Application must include pro forma financial statements which clearly demonstrate that the proposed development is economically viable and able to sustain itself beyond the incentive period. The pro forma statements should compare results, including return on investment, with and without the incentive, to help satisfy the requirement of this section of the Ordinance as well as the "assistance and necessity" requirement of Section 4(A)(4). The statements must not be different from those submitted to financial institutions in support of private, financial backing and should include a detailed analysis of project costs. Copies of any private or public feasibility studies of the project area may be submitted. A description of any lawful, participation agreement between the developer and any taxing districts for the sharing of future profits should also be included.

C. Financing: The applicant should identify the amounts, sources and basic terms of proposed debt and equity financing for all aspects of the development, including both private and public sources of all funds.

D. Owners, Developers, Prime Tenants and other Interested Parties: The business experience and financial strength of the participants is important to the project's viability. The applicant should therefore provide sufficiently detailed financial information about the developers, owners, prime tenants, and any other interested parties, including names and addresses. Information about owners must include all general and limited partners and beneficiaries of a land trust. Any material legal or tax liabilities which might affect the project's viability must be disclosed.

E. Development Schedule: The applicant must provide a development schedule which at least includes the date of the construction start, the projected time to completion and the projected date for occupancy.
4. Assistance and Necessity

"Certification of the commercial development project for Class 7b designation will materially assist development, re-development or rehabilitation of the area and the commercial development project would not go forward without the full incentive offered under Class 7b." [74-65(a)(4)]

Section 74-65(a)(4) requires the applicant to establish a link between the incentive and the viability and feasibility of the development by demonstrating that the project would not go forward without the incentive. The materials submitted for Section 74-65(a)(4), especially the pro forma financial statements comparing results with and without the incentive, may be referred to in support of the requirement for this section. In addition, evidence of the failure of formal public bidding or a showing that the unaided operation of the marketplace has produced no developer interest in the area for a period of years will help support satisfaction of this section's requirements. Examples of other evidence which may help satisfy the 74-65(a)(4) requirements are: physical isolation or substandard location of the project area; special environmental problems adding to development costs; municipal requirements for landmark preservation or costly amenities in connection with the project; and, expert testimony that unassisted development of the area will not occur. In addition, the existence of a participation agreement between the developer and any taxing districts should be described in the Application.

5. Increased Tax Revenue and Employment:

"Certification of the commercial development project for Class 7b designation is reasonably expected to ultimately result in an increase in real property tax revenue and employment opportunities within the area." [74-65(a)(5)]

The applicant must supply a statistical analysis projecting the added real estate tax revenue and employment which will result from the development, with and without the incentive. A tax revenue projection for the area, without the development, should also be provided for comparison. Since real estate taxes are a function of market value and the effective tax rate, market value projections should be based on the cost, income and market approaches to value. All figures should cover the same twelve-year period. Employment figures should be categorized to show projections for new full and part-time employment and for temporary construction employment. Finally, if the development involves relocation within the same taxing jurisdiction, the developer should supply a statement comparing the costs and benefits of relocation for the community as a whole.

Application Procedures

An Eligibility Application, accompanied by supporting documentation, must be submitted to the Assessor's Office prior to the commencement of construction, rehabilitation or reoccupation. At the time of filing the application, a filing fee of $500.00 must be paid. The Application must include a resolution or ordinance from the municipality where the real estate is located, or from the Cook County Board of Commissioners if the real estate is located in an unincorporated area. The resolution or ordinance must expressly state that the five eligibility factors which must be present to demonstrate that the area is "in need of commercial development" are satisfied and that the municipality consents to and supports the Application. A copy of the ordinance or resolution will be forwarded by the Assessor's office to the secretary of the Board of Commissioners for distribution to the commissioners from the affected districts.
In all cases of abandonment based on special circumstances, the finding of the municipality or the County Board, along with the specification of circumstances which led to said finding of "abandonment", shall be included in a resolution or ordinance passed by the municipality in which the real estate is located (or the County Board if located in an unincorporated area) and must be filed at the time of the Eligibility Application. The ordinance or resolution pertaining to abandonment based on special circumstances must be validated by the County Board and a resolution from the County Board stating its approval of the special circumstances must also be filed at the time of the Eligibility Application.

Upon receipt, the Assessor will forward the Application and all necessary supporting data to the Economic Development Advisory Committee of Cook County (EDAC) which will, within thirty (30) days, review the Application and present its findings to the Assessor as to the presence of the five (5) eligibility factors. The EDAC review may be extended a maximum of thirty additional days by the Assessor, upon request of the Committee. After reviewing the Application, supporting data, findings of the Committee and other findings, the Assessor will make a final determination within thirty (30) days of receipt of EDAC’s findings. Certification of the project will lapse within one year if new construction, rehabilitation or reoccupation has not commenced.

Once new construction, rehabilitation, or reoccupation has been completed, the applicant must file an "Incentives Appeal Form" requesting that the property be reclassified to Class 7b. At the time of filing the appeal, an appeal fee of $100.00 must be paid.

During the term of the Class 7b incentive classification, the Assessor will mail to Class 7b recipients, at the time of their triennial reassessments, affidavit forms. Recipients must attest to the use of the property and the number of workers employed at the Class 7b site. The affidavit is to be signed, notarized and returned to the Assessor within three weeks. Failure to file the triennial affidavits within that time will result in the loss of the incentive.

Questions about the Class 7b incentive program may be directed to the Incentives Department of the Cook County Assessor's Office, 118 N. Clark, 3rd Floor, Chicago, IL 60602, (312) 603-7529.
City of Evanston

Howard-Hartrey TIF (Southwest II) Debt Service Fund Summary (Fund #310)

Financial Summary

<table>
<thead>
<tr>
<th>Revenue By Source</th>
<th>2011 Actual</th>
<th>2012 Estimated</th>
<th>2012 Adopted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Property Tax Increment</td>
<td>641,140</td>
<td>1,073,000</td>
<td>1,150,000</td>
</tr>
<tr>
<td>Interest Income</td>
<td>1,826</td>
<td>5,000</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>642,966</strong></td>
<td><strong>1,078,000</strong></td>
<td><strong>1,160,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1994 &amp; 1996 Bonds (refunded by 1999 and then 2008D bonds) Principal</td>
<td>570,000</td>
<td>605,000</td>
<td>605,000</td>
</tr>
<tr>
<td>1994 &amp; 1996 Bonds (refunded by 1999 and then 2008 D bonds) Interest</td>
<td>141,058</td>
<td>109,603</td>
<td>109,603</td>
</tr>
<tr>
<td>Surplus Distribution</td>
<td>-</td>
<td>1,300,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Capital Projects</td>
<td>-</td>
<td>1,500,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>1,200</td>
<td>-</td>
<td>1,738</td>
</tr>
<tr>
<td>Operating Transfer to General Fund</td>
<td>141,600</td>
<td>141,600</td>
<td>141,600</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>853,858</strong></td>
<td><strong>3,656,203</strong></td>
<td><strong>1,957,941</strong></td>
</tr>
</tbody>
</table>

| Net Surplus (Deficit)                  | (210,892)   | (2,578,203)    | (797,941)    |

| Beginning Fund Balance                 | 5,211,765   | 5,000,873      | 4,202,932    |
| Ending Fund Balance                    | 5,000,873   | 4,202,932      | 1,547,921    |

Description of Major Activities

The City Council adopted the Southwest II Tax Increment Finance (TIF) District – also called the Howard-Hartrey TIF – on April 27, 1992. The TIF District consists of a 23-acre site located at 2201 West Howard Street in the southwest corner of the City. The development consists of a shopping center with several large stores. The total project cost is estimated to be $39,266,932, of which the City provided $7,390,000 in land acquisition and public improvement costs.

This Fund is responsible for the payment of principal and interest on any outstanding debt service associated with this TIF. The debt service payment schedule extends through FY2014.
MONTHLY RETT REPORT FOR JUNE 2013

DATE: July 8, 2013
TO: Mayor and Aldermen
FROM: Rodney Greene, City Clerk
SUBJECT: RETT Report -- June 2013

BUDGET 2013 $2,100,000

<table>
<thead>
<tr>
<th>Month</th>
<th>Amount</th>
<th>Transactions</th>
<th>Month</th>
<th>Amount</th>
<th>Transactions</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>113,540</td>
<td>57</td>
<td>January</td>
<td>122,065</td>
<td>55</td>
<td>122,065</td>
</tr>
<tr>
<td>February</td>
<td>113,355</td>
<td>37</td>
<td>February</td>
<td>86,775</td>
<td>56</td>
<td>208,840</td>
</tr>
<tr>
<td>March</td>
<td>125,990</td>
<td>65</td>
<td>March</td>
<td>137,094</td>
<td>75</td>
<td>345,934</td>
</tr>
<tr>
<td>April</td>
<td>92,096</td>
<td>59</td>
<td>April</td>
<td>275,644</td>
<td>118</td>
<td>621,578</td>
</tr>
<tr>
<td>May</td>
<td>146,980</td>
<td>93</td>
<td>May</td>
<td>378,779</td>
<td>123</td>
<td>1,000,357</td>
</tr>
<tr>
<td>June</td>
<td>180,770</td>
<td>136</td>
<td>June</td>
<td>270,866</td>
<td>131</td>
<td>1,271,223</td>
</tr>
<tr>
<td>July</td>
<td>175,975</td>
<td>109</td>
<td>July</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>August</td>
<td>167,620</td>
<td>101</td>
<td>August</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>68,290</td>
<td>60</td>
<td>September</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>October</td>
<td>142,161</td>
<td>73</td>
<td>October</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>164,800</td>
<td>84</td>
<td>November</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>143,605</td>
<td>84</td>
<td>December</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

June 2013 revenues were reduced to reflect this expenditure: $0; $0 C.C. Recorder of Deeds

Monthly average needed to meet budget $175,000
FY 2013 Monthly Average $211,871
47 exemptions @ $100 ea = $4,700; CUMULATIVE $36,700

There were six (6) $ million sales in June 2013
06/04/13 -- 1419 Judson $1,510,000 Tax $7,550; Seller: Rafilson; Buyer: Boutross
06/07/13 -- 2121 Harrison $1,150,000 Tax $5,750; Seller: Manrose/Horn; Buyer: Lu
06/14/13 -- 2201 Main $3,465,000 Tax $17,325; Seller: 2201 Main LLC; Buyer: Care Centers Building LLC
06/18/13 -- 1725 Hinman $1,010,000 Tax $5,050; Seller: Morehead; Buyer: Reitz
06/19/13 -- 130 Dempster $1,800,000 Tax $9,000; Seller: Whinston/Honig; Buyer: Chernev
06/25/13 -- 2735 Hartzell $1,450,000 Tax $7,250; Seller: Rodgers/Summeruille; Buyer: Lam/Hamilton

NSP2 sales = $195,000; CUMULATIVE $1,523,500
NSP2 purchases = $0.00; CUMULATIVE $71,000