Attendees:
Committee Members Absent: R. Creamer
Other Staff: S. Flax, A. Logan, B. Newman, J. Nyden, N. Radzevich
Presiding Member: C. Burrus, Chair

I. Call to Order
A quorum being present, Chair Burrus called the meeting to order at 7:32 p.m.

II. Consideration of Meeting Minutes of February 23, 2011

The minutes of the February 23, 2011 meeting were approved unanimously, 9-0.

III. Staff Reports
A. Economic Development Summit Planning
Ms. Nyden, Economic Development Planner, announced that an Economic Development Summit would convene in May and that Staff was putting together a small group to plan the event. Ald. Grover indicated she had previously submitted comments to Lehman Walker, the former Director of the Community Development Department. Ms. Nyden confirmed they did have those comments. Ald. Rainey suggested Chair Burrus represent the Economic Development Committee at the summit planning activities. Chair Burrus commented that there was no call to action at the last summit and that this would be an important component of the next summit. The Committee commended Ms. Nyden for picking up the ball on the summit in Mr. Walker’s absence. Ald. Burrus agreed to represent the Economic Development Committee at planning meetings.

B. Doing Business with the City of Evanston Seminar Update
Ms. Radzevich reported that on April 28th the purchasing and bidding and small purchase processes will be explained. She noted that contracts below $20,000 do not go out to bid, but quotes are obtained, and these provide additional opportunities for Evanston businesses. She is working with other departments to increase M/W/EBE participation in various opportunities for Evanston businesses.

C. Discussion of Neighborhood Business District Grants for 2011
Ms. Nyden reported that Staff has learned a great deal about the grant process, expenses, and how to administer the Neighborhood Business District Improvement
Program. She added that a report will be submitted in May reflecting how the grant has been spent for FY 2010-11 as well as recommendations for moving forward with this program.

IV. New Business

A. Election of Representative from the Economic Development Committee to serve on the M/W/EBE Advisory Committee

Ms. Radzevich stated that there are currently 5 members on the M/W/EBE Advisory Committee. Alderman Burrus suggested a joint meeting between the Economic Development Committee and the M/W/EBE Advisory Committee. Ald. Grover agreed that this is a good idea and asked whether this had been discussed at the Rules Committee meeting. Ald. Rainey asked how soon a discussion of the function of the M/W/EBE Committee could be put on the Rules Committee agenda. Ms. Radzevich said she is trying to incorporate the M/W/EBE component into the day to day activities of the Economic Development Division. Ms. Radzevich explained that Lloyd Shepard, the Business Development Coordinator, finds appropriate matches with local employment programs. Alderman Rainey asked for minutes of meeting to be sent to EDC. Ms. Radzevich will send the minutes from the last M/W/EBE meeting to the Economic Development Committee members.

B. Discuss and Consider Financial Assistance for the Hilton Garden Inn (1818 Maple Avenue) for Exterior Improvements

Ms. Nyden introduced David Steiner and Barbara Klein of Alliance Hospitality, the management company hired by Inland Real Estate, the owner of the Hilton Garden Inn. Ms. Nyden summarized the application and the need for the sign.

Mr. Steiner explained that the hotel is the first point of entrance to Evanston for many people. He explained that all of the Hilton Garden Inns are franchises and self-funded so they are responsible for purchasing their own signs. He said it would help the City to have more light on that block at night and it will be a good first step leading to development on that block. Ald. Rainey agreed that they need signs and agreed with the idea of blade signs. She asked what the Hilton’s relationship is to the Arthur Hill Development, to which Ms. Klein replied that they were both part of the previous research park TIF and were developed during the same time period. The Committee discussed the fact that people usually approach the hotel from the north or south where there is no visible signage. Ald. Rainey suggested using funds that had been allotted for projects that have not been completed, from when the TIF that had been closed. Ms. Nyden will inquire about this possibility with Assistant City Manager, Marty Lyons. Ald. Rainey also suggested that there needs to be direct access to the hotel from the adjacent garage.

Mr. Freeman said he does not support using the City’s funds for the proposed sign because it is too large at 4 stories high, and not appropriate for Evanston. He said if there is to be a sign on the building, it should be smaller and the City should address the issue of darkness in the area separately. Ald. Fiske asked whether the applicants had asked Inland or Hilton to help them purchase the sign, to which Mr. Steiner replied that they had not received word from Inland regarding financial support.
Ald. Tendam said he would have trouble approving City funds for the sign but could agree with using TIF money. Mr. Zenkich agreed that the sign would be helpful and asked if the hotel would proceed with the sign installation if it does not receive the funds. Ald. Rainey noted that when the Hilton Garden Inn was built, the City provided rebates of the hotel tax to other Evanston hotels to enable them to renovate up to the Hilton Garden Inn’s standards, so the City has a history of helping hotels. She suggested that the City re-think its sign policy. She said lighted signs in the downtown are energizing and exciting and the City benefits from all guests, and that she has no problem assisting the Hilton Garden Inn, but the funds should come from the TIF fund. Mr. Mennemeyer said the area is a little sterile and he supports the sign, but only assisting them along with Inland. Ald. Wynne agreed that assistance for the sign should be provided by TIF funds. She said the sign should look more elegant and less generic but noted that it must not cover the Parking sign so people in either direction on Maple can see where the garage is located. Ald. Tendam said he approves of the sign architecturally but it will need a variance. He added that it brings vitality and is part of the character of the area.

Mr. Steiner mentioned that the sign will have to be approved by the Hilton.

Chair Burrus opened the floor to public comment:

James Wolinski, former Director of the Community & Economic Development Department and Evanston resident confirmed that blade signs are not allowed in Evanston except under certain circumstances. He said blade signs were discussed when the Hilton Garden Inn was built and the fact that they would have to be approved by City Council was discussed at that time.

Ald. Fiske asked whether the sign would be installed if the City did not help them, to which Mr. Steiner replied that he did not know because they have to do a mandatory re-modeling at the moment. Ms. Klein noted that the proposal includes lighting on the canopy. Mr. Steiner noted that usually a monument sign is appropriate in non-urban settings such as this, but a previously proposed monument sign had been determined to be an obstruction to the public right-of-way. He said the proposed sign would look exactly like the 5 story sign on the Hilton in downtown Chicago, for those who would like to see what it would look like.

Ald. Rainey moved to have staff report back to the Committee once they have determined the availability of alternative funding sources. Ald. Tendam seconded the motion with the condition that the appearance of the sign is to be reviewed.

The Committee voted by majority 7-2 with Ald. Fiske and Freeman opposed.

C. Discuss and Consider Economic Development Grant Application for the Evanston Community Development Corporation (ECDC)

Ms. Logan explained that ECDC is requesting $220,000 in funding which would include $100,000 for support staff and $120,000 for a revolving loan fund for contractors for the 10 months beginning 3/1/11 to 12/31/11. She said staff recommends funding a total of $50,000 which would include $25,000 for staff
support and $25,000 for the revolving loan. Ms. Logan said Staff supports the program, however has several concerns; potential issues with the competitive bidding process and limited funds of $229,000. Legal has been contacted to make sure there is no violation with the bidding process. She said there were 3 businesses to whom ECDC has successfully administered revolving loans in the past year. Staff recommends allowing ECDC to seek further funding if their revolving loan funds reach $15,000 or less. She introduced Precious Wright of ECDC.

Precious Wright, Interim Executive Director, explained that she and Ron Fleckman, ECDC Board member would make presentation.

Ald. Rainey clarified that the request is for $220,000. She said she cannot justify giving ECDC this much money for the NSP2 project but agrees that it is a good idea to help contractors working on NSP2 projects. Ms. Radzevich clarified that staff recommends that the City fund $25,000 for the proposed NSP2 loan program, which when combined with the micro loan program, and potential $25,000 from area banks, would result in a combined seed of $70,000 for expanded loan programs.

Ms. Wright explained that the proposal is for $100,000 for staff support ad $125,000 is for micro loans to NSP2 contractors for materials. She said ECDC has assisted 18 startup and minority businesses, it has 8 businesses in the Mentor Program, has administered 5 micro loans and 1 grant. She said their goal is to administer 12 micro loans for NSP2 projects.

Ron Fleckman of ECDC said the proposal is extraordinary because it has enlisted Evanston companies to do NSP2 contract work, which is the purpose of NSP2. He said without ECDC these contracts would have been given to big companies outside of Evanston. He explained that there are qualified contractors who cannot step up to do the work because it has become very difficult to establish credit to buy supplies in advance and the 90 day hold for a payout cannot sustain businesses. He also explained that to help expedite payments after work is completed, with the help of ECDC’s Loan Fund Committee and Bill Stafford, Evanston banks pooled $220,000 to alleviate the potential 90 day reimbursements. He said that EDCD has determined that they need $100,000 more for staffing. Mr. Fleckman listed several organizations that have benefited from the program such as Church Dodge Merchant Association and Evanston West End Market. He said the money is fronted to the company when they have a contract with Brinshore.

Ms. Wright explained that the expedited payment funds are sitting in the banks and will be administered as micro loans when the work is completed, until they are paid. She explained that there are 3 types of funds: a micro loan up to $5,000 for equipment or employee training, a material loan (new program), and the 3rd is an expedited payment program. Mr. Mennemeyer observed that it is similar to a bridge loan, adding that even a medium sized business would have trouble carrying a 90 day hold. He added that the program would have to be closely monitored.

Mr. Freeman commented that $25,000 sounded high for someone to manage the program and asked whether someone is currently managing the loans, to which Ms.
Wright replied that $100,000 was requested for the overall administration of the loans, but it was staff who recommended $25,000.

Ald. Rainey asked who is administering the $200,000 that has been committed by the banks, to which Ms. Wright replied that the Loan Committee is all volunteers. She said when a contractor has completed the work and is ready to get paid, he applies with ECDC, where he receives counseling, and then the money comes from the bank. Ald. Rainey asked who decides whether the applicant qualifies, to which Ms. Wright replied that they are eligible for the payout once their work is completed. They obtain the information on the work. ECDC do the intake and financial counseling because the applicant needs to understand that if they do not get paid they will still have to pay back the loan. Ald. Rainey asked why there is a need for financial counseling for repayment. Ms. Wright explained the financial counseling is for the micro loan program, not the expedited payment program. She also asked why there is a 90 day hold for them to be paid.

Sarah Flax, Housing and Grant Administrator of the City of Evanston, explained that the $200,000 that has been allocated by the banks is a loan fund and that the administrator must do due diligence before they notify Brinshore and they pay the contractors. She said they are talking to Brinshore about twice a month payment plans if they exceed more than 30-45 days.

Ald. Fiske asked whether Brinshore signs off that the work has been done. Ms. Flax said the City has to review the invoices for the work. Ald. Fiske asked why staff is required. Ald. Holmes explained that ECDC is trying to help small minority and Evanston businesses that do not have funds for work up front. She said ECDC funds them for the work and walks them through the process until they get paid. She said this assistance is very necessary if the City is serious about helping minority contractors.

Mr. Freeman said his understanding is that ECDC is requesting money to enable contractors to begin the process of buying materials to commence their jobs and that he supports it 100%. Ald. Holmes added that they are all Evanston contractors. She added that most of the staff at ECDC is composed of volunteers and they are requesting to have 1 paid staff member.

Mr. Mennemeyer noted that this proposal is an opportunity for Evanston to be a conduit for Evanston contractors. He asked whether a loan officer at the associated bank could do the job if a volunteer could not do the job and said he agrees with Mr. Freeman that the City should advance Evanston contractors as much as possible.

Ald. Grover clarified that the $120,000 requested would be for a line of credit to be paid back, not an annual investment. Ms. Radzevich said that staff agrees with the idea of a cash advance and that originally the plan was to have the City hold the $120,000 and have ECDC draw against it, but the issue of a competitive bidding conflict arose and staff decided it would be better for another entity to administer the loans. She is speaking with the Legal Dept. about this issue. She explained that there is some money in the micro loan fund and the City has put in money up front to seed the fund. The bank has committed another $25,000 and ECDC will be allowed
to draw more if they are successful. Ms. Wright clarified that ECDC is asking the banks for $25,000 and this is not a commitment yet. Ald. Grover clarified that the money would come back to the City after NSP2 work was completed.

Ald. Rainey said this is a good opportunity for Lloyd Shepard, the Business Development Coordinator to participate, since his job is to ensure that minority and women-owned businesses get their fair share of business. She noted that the City also has an NSP2 Specialist on staff and asked why the City is not taking the responsibility for making sure women and minority businesses are getting the jobs through our own relationship with the bank. She asked whether a Morton Grove business, for instance, would be eligible to apply for a micro loan through the program, to which Bill Smith from ECDC replied that they would be eligible, if they were an NSP2 contractor. Ms. Radzevich agreed with Ald. Rainey that Mr. Shepard could be more involved in the program. Although his role has historically been more of a regulator, she explained that she and Lloyd were working to try to redefine this role and that Lloyd has recently been trying to get out more with the businesses. Ald. Rainey asked whether Jolene Saul, the NSP2 Specialist, could facilitate getting contractors paid sooner than 90 days. Ms. Flax acknowledged that Ms. Saul could possibly facilitate faster payment. She suggested that Brinshore could possibly provide materials up front instead of asked the contractors to do so, which the City is discussing with Brinshore. Ms. Flax suggested that if payments are made more frequently, the increase in frequency of payments will increase contractors’ cash flow. The City is looking into increasing payment frequency.

Chair Burrus requested that all of the questions being discussed be noted after the meeting and asked in writing:

- Why does it take 90 days to pay the contractors?
- Can the 90 day period be shortened and how much of the payment process is under the City’s control?
- Is there a legal issue with competitive bidding process if City funds are used for the proposed NSP2 material loan program?
- If ECDC is funded by the City, how are they not under the same scrutiny regarding the competitive bidding conflict issue?
- What can Mr. Shepard’s or Ms. Saul’s roles be in the NSP2 material loan program and does it conflict with the fact that they are paid by HUD and the NSP2 program?
- Do recipients of the loans have to be NSP2 contractors? (i.e. What are the guidelines for the loan recipients?)
- What are the required qualifications for the loan administrator position? (i.e. Can a loan officer at the bank do the job?)
- Does Brinshore sign off once the contractors’ work is done? (i.e. What is the process of the loan program?)
- Can Brinshore provide contractors with materials up front instead of asking the City and/or ECDC to create loan program to do so?

Chair Burrus opened the floor to public comment:
Mr. Lonnie Wilson commented that minority businesses have been disconnected from the City historically and the proposed program offers minorities an opportunity
to share in the $18 million NSP2 grant. Since the City is a partner with Brinshore, the City can do things to keep people in the 100 homes that went into foreclosure by helping the small Evanston businesses participate as contractors.

Mr. Fleckman reflected that Ald. Rainey “hit the nail on the head” when she said ECDC looks for the needs and finds ways to fill them: when NSP2 came up, the need for the program to help the contractors came up. He noted that it was ECDC that came up with this “Pay Day” and the micro loan, not the City to illustrate that ECDC is in touch with the needs of the community and a vital advocate for the community, and so ECDC, not the City, should be the ones, to administer this program.

Mr. James Wolinski, former Director of the Community and Economic Development Dept., said he has been involved on the Board of ECDC for the last few years and the organization serves as a bridge between the City and the community, especially those on the west side, who are alienated and cannot come to the City for assistance in their needs, but can come to ECDC, who has provided funding for them to obtain insurance and other qualifications required by HUD in order to be a contending contractor for many of the City-paid jobs.

Ald. Braithwaite said he has had firsthand experience with the intake process and contractors not qualifying to bid for jobs because of the necessary preliminary requirements such as insurance.

Mr. Bill Smith, member of the ECDC Board and an NSP2 contractor, testified that the proposed program is needed; if he had not been fortunate to have saved up the funds, he would not have been able to participate in the bidding process, noting that $4 million in coverage is required and is very expensive, that drivers must be insured not only for vehicles they own or lease, but any vehicle, up front. The loans administered by ECDC help businesses meet these requirements. He added that the amount of $120,000 was arrived at by research and statistics, and that the $30,000 recommended by staff is woefully inadequate, stressing that the money would be paid back to the City. Mr. Freeman noted that the total recommended by staff was $50,000 and that last year they were awarded $80,000. Ald. Rainey added that $30,000 of last year’s award has not been spent. Ms. Radzewich explained that $30,000 of last year’s grant went to micro loan funding and currently there is about $20,000 of revolving loan “cash” available in the micro loan program. The request for this year is for a 10 month period so staff recommends funding $25,000 for this proposed NSP2 material loan program, which when added to the existing $20,000 micro loan fund, would help to seed the expanded loan program. She noted that staff recommended that ECDC be allowed to ask for more money if the programs are successful and find they need additional money. When asked about other programs being funded by the grant, she replied that it appears that the most successful program appears to be the micro loan program and some of the others are funded through CDBG.

Chair Burrus noted that 95% of ECDC’s funding comes from government sources. Ms. Flax clarified that they have been funded $50,000 by CDBG last fiscal year.
When asked about the budget, Ms. Radzevich explained that $229,000 is the amount of available funds in the budget for all of the City’s service partners.

The Committee discussed the idea of pooling funds for both programs. Mr. Mennemeyer explained that ECDC assists many small businesses that are not part of the NSP2 Program and does not advise pooling the micro loan with other forms of assistance provided by ECDC and wants to ensure the ECDC’s core objective of helping businesses on the north and west side of Evanston, is not merged with NSP2.

Chair Burrus said she would like to see the results of the micro loan program and that the excel balance sheets did not translate to a pdf form accurately. She asked for the balance sheet in the correct format in order for ECDC to illustrate that they are able to manage this amount of money. She explained to Ms. Wright that she would expect to see outcomes of the programs, not just output. Ms. Wright explained that she thought she had responded to the applications based on advice of staff, and believed she followed their guidelines. Chair Burrus explained that she needs concrete evidence of the economic development goals and definable outcomes, for example, increased sales, more people hired, etc. by the businesses assisted. She added that the application would have to be revised with them providing the outputs of the proposed program.

Mr. Zenkich noted that $8,000 was used for micro loans.

Mr. Smith advised against combining the funds because the micro loan is a loan and a credit application is required and the material purchase fund program is different. The money comes back to ECDC for ECDC to pay for the materials.

Ald. Grover moved that the item be continued until the next meeting, the questions be listed and answered, and for staff to further develop ECDC’s and the City’s roles in the process of hiring NSP2 contractors.

Ald. Rainey seconded the motion and amended it to include requiring a member of the Economic Development Committee to meet with Brinshore, Ms. Flax and Ms. Saul to understand the 90 days before payment and find answers to the other questions.

The Committee voted unanimously 9-0 to continue the item.

D. Discuss and consider Economic Development Grant Application for the Technology Innovation Center (TIC)
Ms. Radzevich introduced Mr. Tim Lavengood and explained that TIC was making its annual request for $103,600 to attract new startup businesses to their Incubator program and help existing businesses develop. Ms. Radzevich explained that staff was recommending level funding, which would be a prorated reward of $75,000 over 9 months, which would be equivalent to the $100,000 they received last years. Ms. Radzevich noted that the money is generally used to support the existing tech-based incubator firms, assist in their development and growth into second stage firms and to attract new tech-based start-up firms.
Mr. Lavengood explained that TIC has been in Evanston for 25 years and have worked with several hundred companies and referred to the surveys illustrating their achievements in Evanston. He explained that TIC is asking for support to focus on Evanston’s economic goals and bring in more tech-based start up businesses. He noted that TIC has brought in 15 new companies (goal was 20 new companies) last year, some from Northwestern University, 1 initiated by an Evanston resident, and the rest from outside of Evanston, including 2 from outside the United States. He also noted that the 35-45 existing companies created 15 full time jobs (goal was create 30 jobs) and 10 part-time. He also noted that TIC has maintained 30,000 square feet of space for the incubator. They have established a few ongoing mentoring relationships with the Evanston alumni group and their existing companies, which they plan to expand. Mr. Lavengood noted that 23 second stage companies have remained Evanston, and, overall, the incubator firms have created 391 full time jobs, 470 full time jobs, including both second stage and existing incubator firms, in 110,000 square feet of rented space. He also noted that 66% of the employees use Evanston vendors including accounting firms, law firms, marketing agencies, 33% of alumni have plants located in Evanston and 95% bank and use Evanston’s restaurants frequently. TIC’s goal is to build a national brand for Evanston as a location for a technology startup and 2 years ago Evanston was named one of the top 50 small cities for starting a small business, and they were listed as one of the top ten incubators by Forbes and were recommended as a great place to start up a company in the Huffington Post. They continue their branding efforts. Mr. Lavengood said their proposal shows including upgrades to the broadband and backup system as well as the networking tools, so that they have the ability to create programs on the internet instead of on a hard drive, using “cloud” technology. This will allow companies to economically scale up to a great amount of administrative data on the internet, without having to spend money on hardware.

Mr. Lavengood continued that TIC proposes to further build out their relationship with new startups in their field, provide ongoing mentoring relationships and business development support to the incubator firms. He noted that these types of improvements and services provide a reason for firm to come to Evanston to start a company, where they can share their space with an established company of the same kind to mentor them. TIC intends to further expand the alumni relationship programs, including having alumni invest in new startups in their field by providing space within their facility and provide mentoring for the new company.

Mr. Lavengood announced among the many seminars they have, the next day a marketing consultant would be speaking at their facility and that these seminar are open to all, and invited everyone to attend.

TIC’s goal this year is to bring 11 new companies to Evanston and retain 6 of them, and to get at least 20 student projects to help work with the incubator companies, as they did last year.

Ald. Grover expressed disappointment that only 3 of the “graduated” tech-based companies stayed in Evanston. Mr. Lavengood said TIC is going to work with City staff and Downtown Evanston this year to try to increase the number of second
stage companies that remain in Evanston. He said they work closely with Downtown Evanston geographically and otherwise to use their grant for marketing, branding and expanding Evanston business. Mr. Happ thanked Ms. Dellutri for Downtown Evanston’s help, the Economic Development Planners, Johanna Nyden and Annette Logan, with assistance in recruitment of new incubator firms, and Ms. Radzevich for her help in this application process. Mr. Happ noted that he looks forward to working with the Economic Development team going forward. Ms. Dellutri said one of the reasons they moved to their current location was to be near TIC.

Chair Burrus opened the floor to public comment:

Ms. Louise Burke, who works with the Incubator, thanked Ms. Dellutri for her referrals and collaboration.

Mr. Freeman noted that the TIC application presented their accomplishments more clearly and wondered whether the application itself is clear enough in what it asks for, to which Ms. Radzevich replied that staff is in the process of continuing to developing the application in order to best capture the goals, outcomes, and accomplishments of the applicants.

Ald. Rainey suggested that there is more affordable space in other parts of Evanston, vs. just in the Downtown, for companies graduating from the Incubator, to which Mr. Lavengood explained that the main reason companies leave Evanston after they graduate is because they get investors from elsewhere, and those investors often dictate where the second stage companies locate. He noted that there needs to be more investors in Evanston companies. Currently there are almost none.

Ald. Fiske moved to approve a grant of $75,000 for TIC with stipulations on pages B4, B5 and page 135 of the application, and with all the recommended conditions included in the staff recommendation memorandum. Ald. Wynne seconded the motion.

The Committee voted unanimously 9-0 to approve the grant for $75,000 to TIC.

Mr. Freeman noted that there is $154,000 left in the fund for the year.

VII. Adjournment

The meeting was adjourned at 10:21 p.m.

The next meeting will be held on Wednesday, April 27, 2011.

Respectfully submitted,
Bobbie Newman