ECONOMIC DEVELOPMENT COMMITTEE
MEETING NOTES
April 25, 2012

Attendees:
Committee Members Absent: None
Staff: S. Griffin, N. Radzevich, P. Zalmezak, J. Furey
Presiding Member: M. Tendam

I. Call to Order / Declaration of Quorum
With a quorum being present, Chair Tendam called the meeting to order at 7:31 pm.

II. APPROVAL OF THE MEETING MINUTES OF MARCH 28, 2012
Ald. Burrus moved approval of the minutes, seconded by Ald. Fiske.
The minutes of the March 28, 2012 meeting were approved unanimously, 9-0.

III. Staff Report
A. Update on Recent Economic Development Activities
Nancy Radzevich, Manager of the Economic Development Division, provided an update on the following items: 1) Several new businesses have opened recently including E-Cars Inc. at 2421 Dempster Street, Mobile Shack at 1636 Orrington Avenue, Shoreside Fitness at 1508 Sherman Avenue, See Jane Sparkle at 817A Chicago Avenue, World of Beer (liquor license issued) at 1601 Sherman Avenue, Ice and a Slice at 914 ½ Noyes Street, Curt’s Café at 2922 Central Street, Creperie Saint Germaine had its ribbon cutting, Solixir, a maker of all natural drinks, opened its headquarters in Evanston at 940 Pitner Avenue, and Crossfit E-Town has opened at 2125 Ashland Avenue. 2) The following Evanston businesses were featured in the media recently: Evanston Photographer, David Sutton, was featured for making guitars out of cigar boxes, Few Spirits was featured in the April 21, 2012 edition of the Chicago Tribune, and Edzo’s Burgers and the Chicken Shack were featured in the Chicago Reader. 3) GFS Marketplace remains on track for a June 2012 open and they have begun hiring staff. 4) Office Depot is having their grand reopening on April 27, 2012, 5) IRMCO has completed its façade and interior improvements 6) Ward Eight Wine Bar is moving forward. The residential units above the wine bar will be finished in May. 7) The Contractors Collaborative is scheduled to close on the 1817 Church property on April 26, 2012. 8) NuMAT Technologies won a grand
prize totaling $800,000 from the Rice Business Plan competition. 9) The CMS Expo, a conference for web designers, is happy to keep its event in Evanston.

B. Announcements/Updates from EDC Members
Alderman Grover announced that a new restaurant on Green Bay Road, “Terra American Bistro”, would be opening soon. Alderman Burrus notified Paul Zalmezak, Economic Development Coordinator that she had sent interested entrepreneurs his way and that he should expect to be contacted by them. Alderman Rainey announced that the Evanston Best Buy store is not closing. She also mentioned that Best Buy donated $10,000 in appliances for the two residential units located at 631 Howard Street. Alderman Rainey also mentioned that the City of Evanston is looking for a restaurant tenant at 623 Howard Street.

C. Discussion on Agenda for Special Economic Development Committee Meeting on Budget and Priorities for Balance of FY2012 – April 30, 2012
Ms. Radzevich described the purpose of the special meeting and stated its intent was to give the Committee a sense of available Tax Increment Financing and Economic Development funds. The meeting will also allow Committee members to discuss project prioritization, the potential development of subcommittees, and to examine existing programs including ones involving grants, loans, and forgivable loans. Alderman Rainey asked if the subcommittees would focus on specific projects. Ms. Radzevich confirmed that they potentially could be.

D. Discussion on Economic Development Summit – May 18, 2012
Ms. Radzevich asked the Committee if they all received the email “save the date” for the Economic Development Summit event. Ms Radzevich stated that staff was developing an agenda for the event and making preparations for it. Ms. Radzevich mentioned that the event would include breakout sessions on each of the targeted sectors listed in the Economic Development Plan as well as sessions on the traditional growth sectors of the economy.

E. Citizen Comment
Mr. Junad Rizki introduced himself and stated his support of the Chicken and Waffles proposal on the agenda. He stated that the applicant has experience operating a business and that they have their own money invested in the deal. Mr. Rizki expressed his concern about the effect funding cuts in Community Development Block Grants will have on Evanston. Mr. Rizki asked if the City had tracking reports on previous projects the City had invested in and asked who is accountable for their performance.

IV. OLD BUSINESS
A. Consideration of Request from Tom Fischl (Ofischl Sports)
Mr. Zalmezak introduced Mr. Fischl and his proposed project. He stated that staff had no recommendation on Mr. Fischl’s proposal. Mr. Fischl introduced his project and his interest in locating at Evanston Plaza. Mr. Fischl described the history of his business and its former location in Downtown Evanston. Mr. Fischl stated that he’s asking the City for $100,000 to restart Ofischl Sports. He intends to pay 50% back to the City and to pay the other 50% back to the community through donations.
Alderman Fiske asked Mr. Fischl to describe the “hard times” he referenced in his presentation. Mr. Fischl explained the lawsuits he had experienced. Alderman Fiske asked Mr. Fischl to confirm the amount he was asking for. Mr. Fischl confirmed his request of $100,000. Alderman Fiske stated that she believed he would need at least $350,000 to start a retail business. Mr. Fischl explained that he would begin with only $20,000 to $25,000 of retail merchandise.

Mr. Mennemeyer asked that Mr. Fischl register the name “Ofischl Sports” as an LLC with the State of Illinois. Alderman Burrus stated that without any financial statements or an official business plan the Committee would have a hard time voting in favor of his request. Alderman Burrus requested verification that $50,000 would be paid back to the City and $50,000 would be donated in various ways to community groups. Mr. Fischl confirmed that this was his intent.

Mr. Mennemeyer stated that Mr. Fischl needs to have a financial stake his proposed business plan and that he would need to provide financial statements and projections to the committee. Alderman Rainey asked Mr. Fischl if he had any liens or judgments against him. Mr. Fischl confirmed that he did. Alderman Rainey stated the Committee needed more information on those liens/judgments.

Alderman Grover made a motion to deny Mr. Fischl's request, seconded by Alderman Burrus. Motion to deny was approved unanimously 9-0.

V. NEW BUSINESS
A. Consideration of Request from Chicago’s Home of Chicken & Waffles
Mr. Zalmezak introduced the request for a $200,000 loan from Chicago’s Home of Chicken & Waffles. and Staff recommendation for approval to City Council for this request. Mr. Zalmezak stated that Chicago’s Home of Chicken & Waffles proposes its third location at 2424 Dempster Street. He displayed photos of their other locations in Bronzeville and Oak Park. Mr. Zalmezak explained the development partnership. 28% of funding would come from the owner (with 20% working capital), 26% from First Bank, and 26% from the City of Evanston. Mr. Zalmezak stated Chicago’s Home of Chicken & Waffles intent to hire 57 Evanston residents and confirmed half of these jobs would be full-time positions.

Mr. Zalmezak explained that due to the levels of sales tax generated by this restaurant, the City would quickly recover the $200,000 loan plus interest if it were to approve the request. Mr. Zalmezak displayed a table listing the diversified sources of funding for this project and their corresponding uses, and stated that the project had broad appeal. The City would receive $257,000 back from their loan of $200,000 to Chicago’s Home of Chicken and Waffles.

Mr. Zalmezak introduced the owner of Chicago’s Home of Chicken & Waffles, Darnell Johnson, and his Business partner Rosemary Malone.

Mr. Johnson described his two other restaurant locations in Bronzeville and Oak Park. The Bronzeville location seats 98 people but doesn’t include a bar or private party room. The Oak Park location seats 94 people and also doesn’t include a bar
or private party room. Mr. Johnson stated that the Evanston location would seat 150-200 people and ideally would contain both a bar and private party room. He confirmed that his restaurant will serve breakfast, lunch, and dinner.

Alderman Grover expressed her support for the project. Mr. Mennemeyer stated he likes the location they’ve selected and that the business will be employing Evanston residents. Alderman Holmes asked a question on the restaurant’s training program. Lori Summers asked how long their other restaurants have been open. Mr. Johnson stated that their Bronzeville location has been open for 4 years and their Oak Park location has been open since December of 2010.

Ms. Summers stated her concerns over parking availability and lack of sidewalks on the south side of the street immediately east of the site. Alderman Holmes stated that a parking lot is located north of Dempster Street that the restaurant could potentially use. Mr. Zenkich asked Mr. Johnson about obtaining a liquor license and revenues. Mr. Zenkich asked Mr. Zalmezak why a loan was being considered and not a grant or other financing device. Mr. Zalmezak confirmed that considering a loan was unique but that in this case, it was acting as gap financing. Mr. Zalmezak added that it would be difficult to justify a grant considering the profit margins/sales revenues.

Chairman Tendam asked Mr. Johnson to what extent the build-out of the commercial space could expose structural or environmental issues they’re currently on aware of. Mr. Johnson responded that the roof of the building was new and a phase 1 report has been completed. He stated that he doesn’t anticipate any challenges and only plan to make cosmetic changes. Alderman Fiske asked who the architect was on the project. Mr. Johnson replied that Joel Berman was the architect.

Alderman Fiske stated that she thought dining outside was a great idea and that she liked his plan. Chairman Tendam asked if the City’s Legal Department could work on strengthening the language as it relates to hiring Evanston residents. Mr. Griffin responded that the strengthened language would be included in the May 14th City Council packet. Alderman Rainey stated that she would hate to limit the employee base for the restaurant and was concerned about any over regulation and restrictions. Mr. Johnson explained that they train their bus boys and dishwashers and develop their skills so they can eventually become waiters and cooks. They prefer to promote within the business and prefer to fire within the local community because it’s easier.

**Chairman Tendam made a motion to recommend approval of the Chicago’s Home of Chicken & Waffles request for a $200,000 loan for the adaptive reuse of the building located at 2424 Dempster Street. Seconded by Alderman Grover.**

The motion passed unanimously 9-0.

**VI. COMMUNICATIONS**

A. **Real Estate Transfer Tax Report**
The Committee acknowledged receipt of the real estate transfer tax report.

B. Monthly Economic Development Communication

VII. Adjournment

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

The Committee voted 9-0 unanimously to adjourn the meeting.

The meeting was adjourned at 9:12 p.m.

Respectfully submitted,
Jim Furey