ECONOMIC DEVELOPMENT COMMITTEE

MEETING MINUTES
OF WEDNESDAY, JANUARY 27, 2010


MEMBERS ABSENT: Ald. Fiske, Ald. Tendam, Ald. Wynne,

PRESIDING OFFICIAL: Ald. Rainey, Chair

OTHERS PRESENT: Ald. Holmes

STAFF PRESENT: Lehman Walker-CD Director, Dennis Marino- Asst CD Director, Morris Robinson- Economic Development Planner

OTHERS PRESENT: Joe Behles-Partner, Behles & Behles, Diane Lupke-Interim Executive Director & Board Members, ECDC, Chuck Happ-CEO & Tim Lavengood-Director, TIC, Jonathan Perman-Director, ECOC, Carolyn Dellutri-Executive Director Downtown Evanston, Representatives of the Local Media

SUMMARY OF THE MEETING:

I. Chair Rainey called the EDC Meeting to order at approximately 7:40 P.M.

II. Consideration of the EDC Meeting Minutes of December 16, 2009

ACTION TAKEN:

Chair Rainey asked for a motion to approve the meeting Minutes of December 16, 2009 and the motion was unanimously approved.

III. CONSIDERATION OF REQUEST FOR FAÇADE IMPROVEMENT MATCHING GRANT FOR BEHLES & BEHLES

Chair Rainey stated that the next agenda item was to consider a request for financial assistance from Mr. Joe Behles. Mr. Joe Behles introduced himself to the EDC and informed the members that he is a partner in the architectural firm of Behles & Behles and explained the need for façade improvement financial assistance. The partners own the downtown two story building with two ground floor retail stores located at 816-18 Church Street.
A “before picture ‘and an after project completion architecture rendering of the building facade was included in the EDC packet. Mr. Behles explained that his architect firm occupied the second floor of the building. The two ground level retail spaces require façade renovation specifically to meet the requirements for two new prospective tenants with whom they are in the process of negotiating lease arrangements. Mr. Behles stated that he has two bid appraisals and an unfinished third with disparate cost estimates. Now that he is further along with the renovation plans he believes the more appropriate façade improvement cost will be in the $22,000 range but he will still obtain additional estimates. Member Freeman asked if any of the estimates were from an Evanston based contractor. Mr. Behles replied that none were based in the city. Member Freeman stated that although it is not a mandatory requirement it should be noted that Evanston based businesses should be provided the opportunity to bid on projects where City financial assistance is requested, suggesting further that it should become policy. Chair Rainey informed the EDC that provisions to utilize Evanston based businesses with a 5% preference factor are included in development agreements the City enters into with developers but to mandate similar requirements for grant request could be counter productive.

Mr. Behles continued, advising the EDC that once the façade work is completed, the frontage will more closely match the other Church Street commercial neighbors. The estimated $22,000 for the façade work does not include the substantial interior build-out expense the firm will encounter. Mr. Behles is requesting an amount, not to exceed $11,000, which represents 50% of the estimate for the façade improvement work. Ald. Grover indicated that a formalized application process should be used for façade financial assistance requests. Staff agreed. Staff also recommended that the EDC favorably consider recommending approval in the maximum amount of $11,000. Chair Rainey asked if there were any other questions or comments and there were none.

ACTION TAKEN:
Ald. Grover moved to recommend approval for the city to provide financial assistance for façade improvement on the commercial property, not to exceed $11,000 contingent on receipt of three estimates for the project. Member Freeman provided a second for the motion and the measure was unanimously approved. Chair Rainey reminded the EDC that any recommended approvals for financial assistance were contingent on the outcome of the approval of the City’s overall budget.

IV. CONSIDERATION OF REQUEST FOR FINANCIAL ASSISTANCE FOR THE TECHNOLOGY INNOVATION CENTER
Chair Rainey announced the next item on the EDC Agenda was the continuation of a request for financial assistance in the amount of $100,000 for the Technology Innovation Center and asked if someone from was present to respond to questions.
Although the original request from the TIC was for $123,800, City staff and the Mayor recommended in writing, the amount of $100,000, contingent upon receipt of an updated and verified board of directors roster to include a new seat for a City representative; a comprehensive budget reflecting all funding sources and expenditures, and a description of all other activities not included in the proposal.

Mr. Chuck Happ, CEO and Mr. Tim Lavengood, TIC Director of the Technology Innovation Center indicated their presence. Chair Rainey asked for the presentation to begin and Mr. Happ introduced himself stating that although he hadn’t been informed of the need to speak at the meeting he was prepared to do so. Mr. Happ also thanked member Mennemeyer for the several phone calls made seeking clarification on the TIC proposal. Mr. Happ also provided the EDC with a brief update concerning the financial assistance request; how the funds will be used and informed the committee of a potential new Israeli biotech company for the TIC which if signed will make a total of six foreign tenants.

Chair Rainey questioned why there was no information about other revenue sources. This information would be helpful in understanding the complete TIC operating budget. Mr. Tim Lavengood stated that they would be glad to provide the information stating that he was not aware that it was a requirement to provide the information. Mr. Lavengood explained that they received $20,000 grant from CDBG and they bill client companies for services that add up to $5,000 a month. The TIC also receives $2,000 or $3,000 a year from bank contributions. At Chair Rainey’s prodding, Mr. Lavengood also explained that Northwestern is beginning to take a keener interest in the TIC and because of increased participation with the TIC on NU’s part there is optimism that NU will once again financially support the TIC.

Ald. Burrus asked a series of questions, deferring answers until finished. Inquiries included questions such as “are the TIC principals working with “I BIO” at all; were they attending the state “I BIO” Legislative Day on March 10; will they attend the session scheduled for May 1, as well when the subject will be bringing bio businesses to Evanston. The respondents answered in the affirmative to all the questions. For those who were unfamiliar with “I BIO”, Ald. Burris explained that I BIO stands for Illinois Biotechnology Industry Organization. It is a not for profit lobbying group whose purpose is to attract biotech companies to the state of Illinois because Illinois is behind the curve compared to other states.

After Mr. Lavengood explained what the requested funds will be used for and the TIC fund raising activities, Ald. Grover again stated that she would like to see a more formalized application process for economic development financial assistance requests. Using the Mental health board as an example, regardless of the amount agencies are requesting, a very detailed budget form is required to be completed.
Other information required by the Mental health application process includes the IRS form 990; audited financial statement and a list of board of directors which when all data is provided creates a process that helps to understand and know not only the entity making the request but also provides much more information on which to make a decision. Ald. Grover suggested that staff incorporate similar requirements in a formalized application process for economic development grant requests, one which will also produce measurable outcomes. Grantees should also report back to the EDC on a quarterly basis with progress updates.

Member Zenkich asked if the TIC was established as a not for profit organization. The response was affirmative, it is a 501 C3. Secondly, what is the TIC annual Budget? The response was $200,000. If approved, the request for $100,000 from the City will represent a third of the new TIC budget. Member Zenkich then asked staff the amount available in the Economic development Fund. Staff member Marino stated that there is a significant balance of $1.5 million in the Economic Development Fund but only $229,000 of that amount is budgeted for grant programs. The ED Fund also provides funding to the Chicago’s North Shore Convention & Visitors Bureau and Downtown Evanston (EVMARK).

Member Mennemeyer was next recognized by Chair Rainey. Member Mennemeyer stated that the reason he had phoned Mr. Happ was to inquire about the TIC budget. Although he supports the TIC activities he recalled that when the TIC representatives appeared before the EDC at the November 2009 Meeting they were told to come back prepared with an in depth proposal and budget. The new budget presented at the EDC Meeting does not meet the thoroughness requirement. Member Mennemeyer concurred with Ald. Grover’s comments regarding a formalized application process that will insure future proposals will be completed more comprehensively.

Member Freeman stated the EDC should be provided with ED Fund balances on an ongoing basis and asked when was the last time the TIC was funded by the City? Mr. Lavengood stated approximately ten years ago when the TIC was associated with the Northwestern University/Evanston Research Park (NUERP). The funding amount was $150,000 with a similar amount from Northwestern. Chair Rainey reminded the audience that the proposal cover memo from staff contained the information. Member freeman also stated that he supports the request even though the budget information was lacking.

A brief discussion ensued amongst the EDC member as to how they wished to proceed, whether to take a vote at this meeting or wait until the February meeting. Chair Rainey once again reminded the members that the City manager has made it clear that all funding request are contingent on the City council approving the overall City budget so even if the proposal does not receive a vote at this meeting, the request will not actually be delayed because no monies will be disbursed until after March 1, 2010 at the earliest.

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Ald. Jean-Baptist indicated that he would be in favor of moving to approve the request pending receipt of a comprehensive budget. By doing so, it removes the possibility of the EDC not having a Quorum for the February 2010 meeting and having to delay the vote for yet another month. Chair Rainey stated that she could not remember a time when the EDC did not have a quorum. Mr. Happ acknowledged Ald. Jean-Baptiste comments and stated that the EDC could have all of the necessary budget information as early as the next day. Ald. Rainey was adamant in the belief that the budget information be reviewed before a vote is taken.

Ald. Burrus was recognized by the chair and began her comments by expressing her frustration and agreeing with Ald. Jean-Baptiste’s suggestion. Adding that the TIC is an outstanding opportunity for the City, to have an entity like the TIC. Ald. Burris stated that this was the second or third meeting the TIC has appeared before the EDC and she believes the representatives have not been given clear directions on what to submit. There was no clear outline or check list of items to present nor in her opinion were the TIC representatives informed that they were to present their proposal to the EDC. Ald. Burris apologized to the TIC representatives as an elected official for the manner in which she believed they have been treated. Ald. Burris also expressed the need for a formalized process similar to the CDBG application process. Member Seth Freeman concurred with the remarks.

Chair Rainey stated that when a request is made for financial support in the amount of $100,000 that it is not unreasonable to expect that financial documents that substantiates the need for the request should be included. Rhetorically speaking, Chair Rainey stated that the TIC representatives are very smart people and wondered why someone with TIC didn’t ask if a budget was needed. If you go to a bank and ask for $5,000 you would include the information. Chair Rainey ended her comments stating that she is not so certain that the representative were not told to submit the required information.

Ald. Grover asked if the TIC representatives will be able to leverage the $100,000 they’ve requested from the City. Mr. Happ and Mr. Lavengood expressed optimism that the funds will be leveraged to obtain other grants. Chair Rainey stated that she hoped a matching grant will be provided by the institution on Sheridan road. Citing past unacceptable examples, Ald. Jean-Baptiste also underscored the need for staff to develop a formalized application process. Chair Rainey then asked for a motion.

**ACTION TAKEN:** Ald. Jean-Baptiste moved to recommend approval for the request for financial assistance in the amount of $100,000 contingent upon the submission and receipt of a comprehensive budget which will be the first EDC Agenda item for the February 24, 2010 EDC Meeting. Ald. Burris provided a second and the measure received a unanimous vote of approval.

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V. CONSIDERATION OF REQUEST FOR FINANCIAL ASSISTANCE FOR THE EVANSTON COMMUNITY DEVELOPMENT CORPORATION

Chair Rainey announced the next agenda item to be a request for financial assistance in the amount of $80,000 from the Evanston Community Development Corporation, (ECDC). Although the ECDC originally requested $130,000, City staff recommended in writing, EDC approval for financial assistance in the amount of $80,000. Chair Rainey wanted clarification for the funding sources for the request, asking staff for assurance that if approved, $50,000 would be from the West Evanston TIF District # 6 and $30,000 from the Economic Development Fund, which was correct as worded.

Ms Diane Lupke-Interim Executive Director, ECDC came forward and introduced herself; Precious Wright-Program Director; several members of the governing board, and other ECDC members who were seated in the audience. Ms. Lupke informed the EDC that Mr. Bill Logan-Chairman, ECDC was not able to attend the EDC Meeting but he wanted Ms. Lupke to express on his behalf how important the City’s partnership is for the ECDC and The west side.

Ms. Lupke began her presentation by informing the EDC that the west side once was a thriving business community and possessed a professional cadre of doctors, lawyers, merchants and many other service providers. Over the past 40 years there has been an alarming decline in business/service providers due to various reasons. Additionally, only a few remaining African-American businesses are operating on the west side. Today, ECDC is working to rebuild that extraordinary business community together many of the remaining businesses, namely: Davis Transportation; Cahill Plumbing; Robinson Rentals and a number of small family businesses such as Church Street Barber Shop; Ebony Barber shop and new entrepreneurial arrivals.

Ms. Lupke informed the EDC that in order for the ECDC to transform the west side, the businesses located inn the west side community needs access to a continuum of finances, from start up through expansion through maturity. ECDC cannot provide all of the funding needs but ECDC can provide a part of the funding as well as assisting the businesses in finding access to other funding resources. ECDC program provides micro-credits in loan amounts from $500 to $2,000 for uses such as purchasing equipment or capital improvements. ECDC has a long term relationship with First Bank & Trust and that bank has committed to continue working with ECDC on their loan program. Recently, Harris Bank has made a similar commitment for larger loans in the program. During the previous week, North Shore Community Bank has committed for $2,500 to support the ECDC micro-credit fund. Ms. Lupke stated that to date, all of the funds for the loans and grants ECDC has made are from private sources. However, the realization is that these funds are insufficient to meet the credit needs on the west side.
With the funds that ECDC request from the City, $35,000 will be deposited directly into the micro-loan fund.

The second issue that needs to be addressed is procuring appropriate advice and support that the business need to transform the business community. Substantial assistance is needed to help expand and become eligible for other funding sources. ECDC cannot provide all of the support needed but it works with other organizations such as the SBC. The ECDC has twelve mentors, all experienced business people which has been successful. The other use for the funds from the city, if approved, is to use $50,000 to hire a loan officer to administer all of the ECDC loan programs and provide technical assistance and support to the businesses in the target area.

The third issue involved with transforming the west side is employment and access to creative, dependable and well trained employees. ECDC has applied to various state agencies for funding to meet the needs for this issue. The ECDC applied to DCO for a $348,000 grant to support an energy recovery/technology business and to keep it based on the west side and has received preliminary approval. Once finalized, the funds will allow ECDC to train thirty-five individuals for the new jobs. ECDC has included the amount of $7,500 in their budget funding request for the purpose of doing similar kinds of funding research. Ms. Lupke concluded her remarks by asking the city to become a full partner in the ECDC efforts on the west side.

Chair Rainey recognized member Mennemeyer who commented on the loan officer position suggesting that this would be an ideal position for a qualified Evanston resident, maybe an individual who resides on the west side.

Ald. Burrus complimented Ms. Lupke for breaking out the salaries from the benefits on the financial documents. The salaries and benefits appear to be more reasonable than they were under a previous ECDC administration.

Member Zenkich asked if the city has been a financial partner with the ECDC in the past. Ms. Lupke stated the city has been a very good partner and has provided funds from the CDBG for several years, with amounts ranging from $25,000 to $55,000 and an additional $30,000 from the West Evanston TIF District. When asked if the funds for a loan officer were not approved will the loan program be viable, Ms. Lupke stated that some micro loans could be made but ECDDC would not have the ability to go to the larger loan fund, which requires a loan officer, for small businesses loans ranging from $2,000 to $25,000.

Mr. Creamer mentioned that the proposal reflects an original request for $130,000 but staff is recommending $80,000 and asked for an explanation.
Staff member Marino explained that staff carefully reviewed and the request and came to the conclusion that the $80,000 was the more appropriate amount which also constitute a very significant increase over the previous grant. The amount will cover the loan officer position and $30,000 to help recapitalize the loan fund.

Member Freeman was recognized and he expressed his confusion about the total amount of the loan fund. Ms. Lupke stated that there is a $250,000 loan fund goal. The micro loan balance will be $2,500 when the funds are received from the North Shore bank. Ms. Lupke once again informed Mr. Freeman that without a loan officer there will be no opportunity to have a larger loan fund program. When asked about the delinquency track record Ms. Lupke replied that the program does not have a track record yet.

Chair Rainey asked how many applications for micro loans have been received. Ms. Lupke believes there are about twelve applications pending and five have been funded. Chair Rainey also commented that similar to the TIC request, the ECDC budget does not include the revenue and expense section of the budget. Ms. Lupke stated that the information can be readily provided. Ald. Burrus also request the IRS 990 form and asked if the ECDC board giving at 100% to the organization. Ms. Lupke stated that the ECDC annually reaffirms the policy of 100% giving by the board and that a reaffirmation was just made the evening before. The question and response session continued for a few minutes more and Chair Rainey asked for a motion.

**ACTION TAKEN:** Ald. Jean-Baptiste moved to recommend approval to provide the ECDC financial assistance in the amount of $80,000 contingent upon submission and receipt of a comprehensive budget to include an IRS 990 form for 2007. Ald. Burrus provided a second and the measure received a unanimous vote of approval.

**VI. ALDERMANIC REFERENCE: CONSIDERATION OF THE NEED TO ESTABLISH A BUSINESS RETENTION AND EXPANSION FUND**

Chair Rainey decided to defer the consideration of the need to establish a business retention and expansion fund until the next EDC Meeting inasmuch as there was some confusion as to what was expected on the part of staff and the EDC.

**VII. ECONOMIC DEVELOPMENT STRATEGY PROGRESS UPDATE**

Chair Rainey advised the EDC that the last agenda item was an economic development strategy progress update. Mr. Lehman Walker, Director of Community Development, directed attention to the city Council approved Economic Development Strategy and vision statement which was included in the EDC packet. Mr. Walker noted that Ald. Jean-Baptiste emphasized the need for a vision statement and staff heeded the message.
Ald. Jean-Baptiste stated that it was actually Member Raymond Zenkich who first voiced the vision concern and who had documented the purpose and advantages of a vision statement. Director Walker acknowledged both EDC members for their astuteness. Member Zenkich asked if there will be an opportunity to discuss the vision statement. Staff's response was that it will be placed on the EDC Agenda for the February meeting for discussion.

Director Walker also advised the EDC that a plan has been implemented for the creation of a new Economic Development Division. The new division will consist of three new positions; one Manager and two Economic Development Specialists as well as the existing MBE/WBE/EBE and 'the Human Relations Specialist positions, both of which will be merged with the new division.

Director Walker concluded his comments with a request to the EDC to please forward any ideas regarding what the EDC staff needs to or should be doing, to his attention.

VIII. COMMUNICATIONS:

The communication items contained in the packet were not acknowledged by the EDC.

IX. ADJOURNMENT:

ACTION TAKEN: There being no further business, Chair Rainey entertained a motion to adjourn. Member Freeman moved adjournment and Ald. Jean-Baptiste provided a second. The EDC voted unanimously to adjourn the meeting at approximately 9:50 P.M.

The next Economic Development Committee Meeting is scheduled for February 24, 2010 at 7:30 P.M. in Room 2404 of the Lorraine Morton Civic Center

Respectfully submitted,

Morris E. Robinson
Morris E. Robinson
Economic Development Planner