

# **ECONOMIC DEVELOPMENT COMMITTEE**

## **MEETING MINUTES OF WEDNESDAY, MARCH 25, 2009 ROOM 2404-7:30 P.M.**

**MEMBERS PRESENT:** Ald. Jean-Baptiste, Ald. Moran, Ald. Rainey, Ald. Tisdahl, Ald. Wynne, Robert Creamer, Dan Mennemeyer, Seth Freeman

**MEMBERS ABSENT:** None

**PRESIDING OFFICIAL:** Ald. Tisdahl, Chair

**OTHERS PRESENT:** Ald. Holmes

**STAFF PRESENT:** Dennis Marino-*Interim CD Director*, Morris Robinson-*Economic Development Planner*, Martin Lyon-*Finance Director*

**OTHERS PRESENT** Daniel Aaronson-*Vice Pres., Fed. Res. Bank*, Dianne Lupke, Exec. Director & Exec. Board Members/Advisers-*ECDC*, Ash & Kate Luthra &-*Owners, LSL Industries*, Jonathan Perman, Exec. Director-*Evanston Chamber of Commerce*,

### **SUMMARY OF THE MEETING:**

**I.** Chair Tisdahl called the EDC Meeting to order at approximately 7:39 P.M. and asked for a motion to approve the previous meeting minutes of February 25, 2009.

**II.** Ald. Jean-Baptiste moved approval of the EDC Meeting Minutes of February 25, 2009 and Member Freeman provided a second. The EDC voted unanimously to approve the minutes.

### **III. OPINIONS/TRENDS ON THE STATE OF THE ECONOMY**

Chair Tisdahl announced that the first business agenda item was an informative presentation on the state of the economy by Dr. Daniel Aaronson, Vice President and Economic Advisor in the Economic Research Department at the Federal Reserve Bank of Chicago. By way of a power point presentation, Dr. Aaronson began by informing the EDC that the current recession prognosis is very bad, the worst since 1974 and began to review such issues as to how the economy entered into a recession in the first quarter of 2008 and Gross Domestic Product (GDP) growth trends through the year 2010.

Dr. Aaronson advised the EDC that the assumptions referred to are based on Blue Chip GDP Forecasts, inasmuch as the Federal Reserve Bank Representatives cannot legally present official forecasts. Dr. Aaronson provided an historical perspective of recessions to illustrate the gravity, depth and length of time it will take to recover from the current economic dilemma. One of the major events fueling the recession is the problems associated with job losses; employment has fallen by 4.4 million jobs since December 2007 and unemployment has risen to the highest level since 1983. The unemployment rate is expected to peak at 9.2% towards the end of 2009. Employment recovery is expected to take longer perhaps two years or more. Illinois and Chicago area job losses are trending near the U.S. average.

Dr. Aaronson went to cover subject matter related to spending and saving, and the slowing disposable income growth and factors influencing consumption. Another major factor which has a major impact on the recession is the residential market. Residential investments fell off sharply in 2006. and the supply of new family homes is extremely high. New housing starts have fallen to a new post World War II low. Combined with this high inventory of homes is the issue of declining home prices. Home prices have declined by more than 8% over the past year in certain regions. There is a dramatic rise in the monthly mortgage default rate exacerbated by the number of home loans which now exceeds the value of the home, putting the owners under water and forcing many to walk away. Although foreclosures are rising in all parts of the country, foreclosing filings are highest in states such as California, Florida, Nevada and Arizona.

Some good news is that mortgage rates remain very low and housing affordability has improved significantly. Lending standards for home loans are tight but lenders have begun to ease the standards a bit. Dr. Aaronson went on to discuss inflation issues; monetary policies and consumer credit conditions. After fielding several questions during and after the presentation, Dr. Aaronson provided the following summary:

- The outlook is for the U.S. economy to struggle through most of this year and then grow at a solid pace next year
- Employment is expected to remain weak this year, leading to a continued rise in the unemployment rate
- Slackness in the economy will lead to a lower inflation rate over the coming year
- The volatile credit markets and the weak housing market are the biggest risk on the horizon for the U.S. economy.

Chair Tisdahl thanked Dr. Aaronson for the excellent presentation and he was given a round of applause by the EDC members and those in the audience.

**ACTION TAKEN:**

No action was required.

**IV. EVANSTON COMMUNITY DEVELOPMENT CORPORATION (ECDC)  
REQUEST FOR TIF ASSISTANCE**

Chair Tisdahl informed the EDC that the next agenda item was a presentation and request for financial assistance from the Evanston Community Development Corporation (ECDC). Diane Lupke, Executive Director of ECDC rose to speak on behalf of the organization and introduce Precious Wright, a paid staff member and other members of the Executive Board and advisors who were present in the audience.

Ms. Lupke informed the EDC that the ECDC is the only organization of its kind in west Evanston that is dedicated to the revitalization of the west side physically, economically and in spirit. The problems on the west side are complex and long standing and to resolve these problems will require significant investment in education, workforce training and economic improvement. Changing the way businesses operate for the better, improving business ownership and employment opportunities can significantly impact the long term prospect for this section of the Evanston community.

The primary purpose for the request for financial assistance from the TIF District # 6 increment fund is to support five specific business programs that the ECDC provides:

- **On-Call Technical Assistance**-a service provided for businesses located in the west side.
- **Business Mentoring**-a service provided which assist businesses in developing strategies, working through challenges and applying for funding.
- **Church/Dodge Merchant Association (CDMA) and West End Market (WEM)**-close working relationships with cross eligibility opportunities with the mentoring program for these 2 associate organizations.
- **Business Grant Fund**-modest grants are made available which are paired with technical assistance for businesses in the west side.
- **Business Loan Fund**-a fund designed to provide capital for businesses with specific opportunities for growth but posses limited opportunities for traditional credit.

Ms. Lupke concluded her remarks by formally requesting financial assistance in the amount of \$30,000 which will partially support the ECDC businesses assistance programs to businesses located in the west Evanston community. After a brief question and answer period, Chair Tisdahl asked for a motion.

**ACTION TAKEN:** Ald. Moran move to recommend approval to provide financial assistance to the Evanston Community Development Corporation in the amount of \$30,000 funded from the West Evanston TIF District #6 increment balance. Ald. Wynne provided a second to the motion and the measure was passed with a unanimous vote.

**V. LSL INDUSTRIES, INC. REQUEST FOR TIF ASSISTANCE**

Chair Tisdahl informed the EDC that the next agenda item was a request from LSL Industries, Inc. for financial assistance. Staff member Robinson reintroduced Mr. and Mrs. Ash Luthra the business owners and their assistant Mr. Irvine Lucas. Staff member Robinson stated that the EDC members may remember Mr. Luthra who appeared before the EDC in March 2008. At the time, Mr. Luthra had just purchased the vacant, derelict and contaminated industrial building located at 2025 Dempster for the purpose of opening a branch of his hospital devices assembly manufacturing business. He appeared before the EDC seeking support for participation in the Cook county Class 6b property tax incentive program. That support was granted by the City Council in the form of Ordinance 33-R-08 dated May 5, 2008.

Mr. Luthra has been struggling since that time to open the branch site. Mr. Luthra advised the EDC that the industrial building has required significant rehabilitation to include roof repair; asbestos removal; indoor underground tank removal and contamination remediation. Mr. Luthra advised the EDC that he was prepared to spend more than a quarter million dollars for the rehab work but was not prepared for the amount of leakage from one of the underground tanks in particular. The cost for the tank leakage contamination clean-up is estimated at more than \$78,000, and this is the specific reason for the request for assistance.

Mr. Luthra was asked about employment opportunities for Evanston residents. Mr. Luthra's response was that there will be approximately 20 jobs initially and that he would be eager to hire Evanston residents. Mrs. Luthra commented that they will also offer opportunities for positions in the main facility in Chicago. Member Freeman asked about the pay scale for employees. Mr. Luthra said that new hires on the assembly line begin at about \$8.00 per hour with advancement opportunities to over \$15.00 per hour. There will also be some administrative staff at the branch facility.

Ald. Jean-Baptist noted the original request for assistance was in the amount of \$50,000 and wanted to know why staff only recommended \$30,000. Staff member Marino stated that the intent was to keep the assistance in line with the kind of parameters we use with the Façade Improvement Program. The EDC members were in agreement that this request and business opportunity was different than the façade program and was deserving of the full amount of the request amount of \$50,000. Member Marino stated there were ample funds in the TIF # 6 increment balance to accommodate the request.

The business owners then presented the EDC member and the audience with samples of the types of medical devices they provide to healthcare providers throughout the country. In fact, Mr. Lucas had just recently concluded a contract with the state of Texas for over 1,800 hospitals.

Chair Tisdahl asked if there were more questions and if not called for a motion. Some minor discussion continued for a few minutes as items were distributed to the audience. Mr. Luthra also pledged to return to the EDC with an employment/progress report in six months.

**ACTION TAKEN:** After the brief discussion, Ald. Jean-Baptist moved to recommend approval to provide financial assistance to LSL Industries in the amount of \$50,000 with the funds provided from the West Evanston TIF District # 6 increment balance to be paid after the remediation work has been completed and the company opens for business. Member Freeman provided a second to the motion and the measure passed with a unanimous vote.

**VI. CARROLL PROPERTIES REQUEST FOR TIF ASSISTANCE**

Mr. Robert King, the owner of Carroll Properties had contacted staff member Robinson earlier in the day and asked to be removed from the agenda. The developer has decided to pursue other avenues for assistance from the City.

**VII. COMMUNICATIONS:** The articles and data reports contained in the EDC packets were acknowledged.

**VIII. ADJOURNMENT:** There being no further business, Chair Tisdahl adjourned the meeting at approximately 9:20 P.M.

**The next scheduled Economic Development Committee Meeting will be held on Wednesday, April 22, 2009 at 7:30 P.M. at the Civic Center in Room 2404.**

Respectfully submitted,

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Morris E. Robinson  
Economic Development Planner

