

MINUTES OF THE ECONOMIC DEVELOPMENT COMMISSION

March 22, 2012

A meeting of the EDC was held on Thursday, March 22, 2012.

The meeting began at 8:06 A.M.

MEMBERS PRESENT: Mike Giannelli, Dan Olson, Perry DuBose, Tom Herbstritt and Bill Geary (arrived at 8:23 A.M.).

MEMBERS ABSENT: Kirk Allen and John Kelly.

ALSO PRESENT: Jeff Eder- Community Development Director, Nicole Driskell- Community Development Administrator, Patrick Ainsworth- Community Development Planner, Mark Lawton- Pioneer Press Reporter (arrived 8:15 A.M.), Barrett Pedersen- Village President, Tim Buhl- Pack Ryt, Steve Karlson- NAI Hiffman, Rick Daly- Darwin Realty, Steve Griffin- Eugene L. Griffin & Associates, LTD, and Tom Brimie- Village Trustee.

Mr. Giannelli chaired the meeting.

MOTION TO ACCEPT minutes from last official meeting held on Thursday, February 23, 2012, as presented by Nicole Driskell, was made by Perry DuBose. Dan Olson **SECONDED** the motion. **VOICE VOTE CARRIED.**

New Business:

6b Application: 3501 Mt. Prospect- Realty Associates Fund VIII, L.P.

Mr. Griffin, Mr. Daly, Mr. Karlson and Mr. Buhl all appeared on behalf of this application. The building is approximately 362,000 square feet and was last occupied by Signature Brands/Houston Harvest who vacated the property in March, 2010. The property has remained vacant since then. Houston Harvest attempted to sublease the property between March, 2009 and March, 2010 for the remainder of their lease upon their vacating the property, but to no avail. Darwin Realty has been marketing the property for lease since Houston Harvest vacated in March, 2010.

Pack Ryt is a contract food packing company whose current building (subleased from and shared with Heinz in Northlake) is in disrepair. Pack Ryt would like to move out of their current facility and establish tenancy, separate from Heinz, as a sole occupant. The property owner's proposed improvements to this property are what piqued Pack Ryt's interest. Pack Ryt's ideal building size is 250,000 square feet, but the larger building at 3501 Mt. Prospect will allow for a layout more conducive to their needs and future growth.

Mr. Eder inquired about Pack Ryt's employee counts. Mr. Buhl informed the members that the company employs 150 to 250 employees and that this number flexes throughout the year due to project/order/new customer demands. Mr. Olson inquired about discrepancies in the employee counts on the 6b application. Mr. Buhl discussed the employee counts. Mr. Olson also inquired about wages. Mr. Buhl noted that most employees are paid \$12 to \$15 per hour. Mr. Giannelli inquired about the number of full time employees. Mr. Buhl informed the members that there are approximately 165 full time employees. Mr. Giannelli also inquired about temporary

employees. Mr. Buhl noted that Pack Ryt does employ temps and discussed those employees, full time employees and the human resources company Pack Ryt uses for the temps.

Mr. Griffin led a discussion regarding the packet of information he distributed which identified the cost of many of the required improvements through budgets and quotes from contractors. Discussion commenced on property improvements versus capital improvements. It was determined that there were no real capital improvements to the site.

Mr. Herbstritt inquired about the length of the lease. Mr. Buhl informed the members that the lease is for eleven (11) years. Mr. Olson asked if Pack Ryt's current lease is up. Mr. Buhl reiterated that Pack Ryt currently subleases space from Heinz and noted that this proposal gives the company an opportunity to obtain its own lease. He further noted that their current sublease expires in April, 2014.

Discussion commenced on the square footage of Pack Ryt's current building versus 3501 Mt. Prospect and the company's anticipated growth into the additional 100,000 square feet they do not immediately require in the new building.

Mr. Olson asked if Pack Ryt will be using the rail spur on the property. Mr. Buhl noted that the company does not currently plan to use the spur, but some potential projects/orders in the future may merit use. He also noted that the spur requires approximately \$250,000-\$500,000 in improvements before it can be used and that Pack Ryt will invest in those repairs if new contracts are received that merit the spur's use.

Mr. Giannelli asked if the application fee has been paid. Mr. Buhl informed the members that payment was made. Mr. Giannelli discussed Houston Harvest completing their lease though they were not occupying the property. Mr. Giannelli also asked if Pack Ryt has a lease in place and he expanded to note his concerns that Pack Ryt could refuse a lease after the 6b is granted by the EDC, effectively giving the landlord a 6b without a tenant. Mr. Griffin noted that a formal lease is not yet in place. Mr. Daly discussed the terms of the pending lease and noted that Pack Ryt will not sign this lease and relocate unless the 6b is granted. Discussion commenced regarding a condition being placed on the approval of this 6b: that Pack Ryt must sign the lease. Mr. Giannelli also discussed the budgets/contractor quotes being presented at the meeting instead of with the initial 6b application package. Mr. Giannelli asked if the terms of the lease have been agreed upon or if the parties are still in negotiations. Mr. Buhl informed the members that the terms of the lease are almost completely agreed upon with the exception of the 6b issue. Mr. Giannelli inquired about the lease rate. Mr. Buhl informed the members that the rate is currently \$4.85 per square foot gross, but the 6b would decrease that figure by \$0.40 to \$0.80 resulting in roughly \$4.30 per square foot gross.

Mr. Olson inquired about the overall savings in occupancy costs. Mr. Buhl informed the members that Pack Ryt's current occupancy costs are not sustainable and that the new building will substantially decrease occupancy costs. Discussion commenced on the occupancy costs, Cook County property tax rates and the concern that rising property taxes will not allow Pack Ryt to focus on growing the business. Mr. Buhl noted that the 6b approval will calm the company's concern over rising property taxes and will allow the company to grow. Mr. Olson also asked if Pack Ryt has considered other properties. Mr. Buhl informed the members that Pack Ryt did consider other properties, but their desire to maintain their workforce has resulted in their need to relocate close to their Northlake facility. He further noted that Pack Ryt is still discussing maintaining their sublease with Heinz. Mr. Eder inquired about the odds of Pack Ryt moving out of their current location. Mr. Buhl noted that he was unsure. If Pack Ryt is forced to

relocate without the 6b active for the property in question, they will likely search in DuPage County. Mr. Griffin and Mr. Buhl expanded upon this discussion.

Discussion commenced on Pack Ryt's initial packing and repacking processes, the age of the Heinz owned machinery they use, and various other topics. Discussion also commenced on who will be responsible for repairs and maintenance on the building at 3501 Mt. Prospect.

Mr. Olson inquired about a timeframe for the lease and relocation of Pack Ryt. Mr. Buhl informed the members that he anticipates a six (6) week schedule with a mid-summer move. Discussion commenced on the average cost per square foot over the life of the incentive.

Discussion commenced on placing a condition regarding the execution of the lease on approval of the 6b versus requesting that the applicants return with a completed lease. The Commission determined that the 6b would be approved with the condition that a fully executed lease be submitted to the EDC members by April 9, 2012. Furthermore, the 6b application will not be presented to the Board of Trustees until the executed lease is received by the EDC. Discussion commenced on the possibility of Pack Ryt using this process as a negotiating tool with Heinz.

A UNANIMOUS MOTION was made to conditionally approve this application. One (1) condition was placed on the application's approval: that a fully executed lease be submitted to the EDC members by April 9, 2012. The application will not be submitted to the Board of Trustees for approval until the lease is received. A **SECOND** was unnecessary. **VOICE VOTE CARRIED.**

Discussion of Energy Programs

Discussion commenced on energy programs included in the EDC member's packets.

Old Business:

Project Updates:

Mr. Eder informed the members that two (2) developers made presentations for The Crossings Phase II to the Board of Trustees. Both developers will do housing studies to determine the best use for the property: apartments are planned, but the housing study will determine whether they should be senior housing or standard rentals. Mr. Herbstritt inquired about the Village donating the land to the winning developer. Discussion commenced. Discussion also commenced on the remediation of the dry cleaners site. Mr. Geary inquired about the Motorola building on Grand Avenue and Mr. Eder noted that he may show the developer not chosen for Phase II that property and invite them to investigate a use for that site. Mr. Herbstritt asked if Phase II will match Phase I. Mr. Eder informed the members that a matching building is planned. A discussion regarding parking commenced. Mr. Olson inquired about the first floor plan for Phase II. Mr. Eder informed the members that common areas for building residents are planned with some retail on the hard corner. There is less retail planned for Phase II. Mr. Eder discussed the TIF district and the difficulty in paying back the bonds.

Discussion commenced on Ace Rental Car moving into the Ford truck site on Mannheim Road. Discussion also commenced on the increase in sales tax revenue from this use versus the Ford truck sales.

Discussion commenced on demolition for the new police station.

Discussion Items:

Mr. Eder reminded the EDC members that they must complete Open Meetings Act training.

Being no further business before the Commission, Kirk Allen **MADE A MOTION** to adjourn. Dan Olson **SECONDED** the motion. **VOICE VOTE CARRIED.**

Meeting adjourned at 9:08 A.M.

Respectfully submitted,

Nicole Driskell