

Cook County Bureau of Economic Development (CCBED)
Economic Development Advisory Committee
(EDAC)

Meeting Minutes

July 24, 2013

I. Call to Order and Roll Call

Chairman Howard Males called to order the regular meeting of the Economic Development Advisory Committee (EDAC) at 8:05 am on July 24, 2013 at 69 West Washington, Chicago, IL 35th Floor. Chairman Males conducted roll call.

Members Present: Joseph Flanagan, Graham C. Grady, Howard Males, Pam McDonough, Andrew Mooney, Diane Morefield, Ed Paesel, CJ Rog and Edward Sitar

Members Absent: Herman Brewer, Lynn Cutler; Jesus Garcia, Wesley J. Lujan, Karen Norington-Reaves, Richard Pellegrino, Victoria Smith

CCBED Staff Present – Courtney Pogue, Elaine Romas, Sheryl Stewart-Caldwell, Barbara Maloof and Irene Sherr

Guests –States Attorney Office: Sarah Hynes

City of Chicago (HED): Mary Bonome; John Molloy; Denise Roman

Applicant: Monica Sekulich (Delta Real Estate Holdings) David Reifman (DLA Piper); Mariah DiGrino (DLA Piper); Thomas Tully (Tully & Associates); Jim Doherty (Tully & Associates); Mike Laube (Laube Companies)

II. Review and acceptance of Minutes from June 15, 2012

Chairman Males moved that the minutes from the June 15, 2012 meeting be reviewed and accepted. EDAC voted unanimously to accept minutes.

III. Review and approval of Minutes from the May 30, 2013

Chairman Males moved that the minutes from the May 30, 2013 meeting with the stated corrections to Diane Morefield's name and her presence as guest be approved. The motion was seconded by EDAC member, Edward Sitar. Committee members voted unanimously to approve the May 30, 2013 minutes.

IV. Presentation on the Open Meetings Act (OMA)

- a) Chairman Howard Males introduced Sarah Hynes from the States Attorney's Office to give a tutorial of the OMA.

- b) Ms. Hynes gave an overview of the OMA rules and requirements. OMA applies to all public bodies. As of 2012 if you are a member of a committee or subcommittee of a public body you are required to take an electronic training course regarding the OMA. The EDAC needs to designate an official OMA person (can be staff or EDAC member) who must take the online course annually. Otherwise all EDAC members are required to take the course once.
- c) EDAC is a public body and must adhere to OMA. A meeting is a gathering of a majority of a quorum held to discuss public business. Contemporaneous interactive communication has been added to the OMA and a "Reply to all" group email is considered a meeting.
- d) All EDAC members must take the OMA online course. All members will receive a certificate of completion. All members should forward certificates to the BED and certificates will be available upon request.
- e) Public notice is required at the beginning of the calendar or fiscal year of the dates time and places of the regularly scheduled meetings. An agenda for each public meeting shall be posted 48 hours in advance of holding of the meeting. The agenda must be posted at the meeting place and the principal office of the public body. You cannot take action on anything that is not on the agenda but you can discuss things that are not on the agenda.
- f) Barbara Maloof asked the question as to whether you should designate when public speaking shall occur and for how long as a part of your agenda. Ms. Hynes agreed that adopting a rule like this would be highly recommended
- g) Chairman Males suggested adding OMA in the EDAC Bylaws.
- h) Mr. Grady stated that it should not be added into the bylaws but adopted as a rule.
- i) Chairman Males asked is there a specific time frame in which the OMA training needs to occur. Ms. Hynes stated within 90 days of being appointed.
- j) Pam McDonough asked if EDAC should address the requirements of ethics certification. Ms. Hines stated that EDAC is not a state body but we should find out about Cook County's ethics policies and requirements.
- k) Mr. Grady replied that this would be a good time to review the requirements regarding: OMA, Freedom of Information Act; Ethics Policy and Conflict of Interest Policy. He suggested that we might want to have someone to come in at future meetings to give us briefings on these issues.

V. Proposed Updates to By-Laws

- a) Chairman Males thanked Graham Grady and CCBED staff for the review and the proposed revisions of the EDAC By-Laws. The Chairman stated that the revisions will only be reviewed today and be voted on for adoption at the next EDAC meeting.

- b) Chairman Males noted the substantive changes in the following sections of the by-laws: EDAC role on class 7b tax incentives, membership changes, fixed and staggered terms, OMA, and standing subcommittees.
- b) Ms. Morefield initiated a discussion on the size of the quorum and suggested that 33% appears to be low. Commissioner Mooney disagreed referring to his experience with other public bodies and noted that attendance of members can be irregular and that most public commissions' quorums are at 33%. Mr. Flanagan suggested 51%. CCBED staff stated that a vote can be by proxy or by the designation of a voting representative. Chairman Males stated that the threshold of a quorum should be achievable. Ms. McDonough stated that we should leave the definition of a quorum as stated and change it later if needed. Mr. Grady agreed.
- c) Chairman Males spoke about Article VII Section 2 of the by-laws, "Standing Subcommittees" which are Economic Development and Planning, Financial Tools and Incentives, and Governance and Membership. Mr. Males requested that EDAC members contact him by September 1, 2013 with their subcommittee choice. Chairman Males gave a brief description of each committee. Chairman Males further stated that those members who did not pick a subcommittee would be placed on a committee.
- d) Ms. Sherr gave a brief description of changes in the amended EDAC By-Laws. She stated the purpose was to have an effective structure for operations. . Changes were made to bring the by-laws up to date; to reflect the current organization of County government, organize them in a more logical order.
- h) Mr. Paesel suggested amending Article III, Section 6 of the by-laws to state that the EDAC would work closely with other sub-regional economic development agencies and organizations. Mr. Paesel stated that throughout Article III Section 9 it states that EDAC acts as a representative of the sub-regional economic development agencies and organizations and suggested adding language to Article III, Section 6 to specify that EDAC will be working with these groups. The motion was approved unanimously.

VI. Economic Development Discussion and Action on proposed Resolution, Delta Real Estate Holdings LLC / Fox Motors (Delta)

- a) Chairman Males asked that the minutes reflect that Mr. Graham Grady has recused himself from the discussion and action of the proposed resolution because he and his firm had represented Delta Real Estate Holdings, LLC. Mr. Grady will not comment or vote on this resolution. Sheryl Stewart-Caldwell introduced Delta Real Estate Holdings LLC / Fox Motors (Delta) and David Reifman of DLA Piper.
- b) Mr. Reifman gave a detail summary of Delta Real Estate Holdings LLC redevelopment of a 7.4 acre site located at 2501 N. Elston Avenue, Chicago Illinois. The propose redevelopment would require demolition and site remediation prior to construction of a 101,596 square foot full-service automobile dealership with an on-site parking and storage for approximately 1,000 cars. Mr. Reifman reviewed the five (5) eligibility requirements of Class 7b and Delta's qualifying factors for each requirement.

- c) Mr. Reifman stated that taxes with the incentives applied would be double the current taxes received. The County would receive \$12.5 million over 20 years with the 7b.
- d) The development project will result in the creation of approximately 200-240 construction jobs, 92 full-time jobs, and 2 part-time jobs, with an average salary of \$66,402. Fox Motors currently has a temporary site on South Michigan Avenue and those employees will be moved to the new location. The project will retain 25 full-time and 2 part-time positions. The project will not occur if the 7b is not approved.
- e) Mr. Ed Paesel asked if this property was located in a TIF district and if there is a sales tax sharing agreement. Mr. Reifman replied no to both the TIF and the sales tax sharing agreement question. Mr. Flanagan asked for information about the ownership of Fox Ford. Ms. Sekulich (Delta) stated that Delta Real Estate Holdings LLC is owned by DP Fox which is owned by Danielle and Pamela DeVos out of Grand Rapids, Michigan, the affiliate ownership of Fox Motors - Ford /Lincoln. All of Delta Holdings' dealerships are in Michigan except for the dealership located in Chicago at 2401 S. Michigan which was leased from an existing Ford dealership six to seven months ago.
- f) Chairman Males asked if employees will be doing auto repair. Ms. Sekulich stated this location will be a full service automobile dealership which will include managers, sales staff and technicians. Chairman Males also asked if there were any other Ford /Lincoln dealerships in Chicago and Ms. Sekulich replied "no".
- g) Ms. Morefield stated the return seemed low and asked Ms. Sekulich how this investment makes sense. Ms. Sekulich stated the dealership is in a growth mode. The owner has a residence in the Chicago area and wants to build his presence here. The Company views this dealership as a first step to a long-term investment and relationship with the City of Chicago and the State of Illinois. Ms. McDonough asked if there was any encouragement offered from Ford to Delta to open a dealership in Chicago. Ms. Sekulich stated Ford approved acquisition of the Ford showroom located on South Michigan Avenue and Ford is also supportive of the move to Elston Avenue. The Ford Company gave no financial support to the project.
- h) Chairman Males asked if Delta owns the site on South Michigan Ave. Ms. Sekulich stated Delta does not own the site and that she believes that the site will be re-zoned and sold for redevelopment. Courtney Pogue asked the City of Chicago Planning representative to respond regarding the future of the South Michigan Avenue property. Mary Bonome concurred that Delta's current site in Motor Row is to be re-zoned and redeveloped in the near future.
- i) Ed Sitar asked if this development will impact the reconfiguration of the intersection at Elston that the City is planning. Commissioner Mooney responded on behalf of the City and said "no".
- j) Chairman Males inquired about the sales tax projections. Ms. Sekulich stated that sales tax applies to all automobile and auto part sales. Ms. McDonough asked how Delta projected

the sale tax numbers. Ms. Sekulich responded that the projections are provided by Ford which includes factors like the demographics of zip codes, historical sales patterns, warranty claims and other national data.

- k) Chairman Males asked for a motion to approve the Delta Real Estate Holdings LLC Class 7b tax incentive. Pam McDonough made a motion to approve the Delta Holdings Class 7b. Diane Morefield seconded the motion. The Committee voted unanimously to approve the class 7b.

VII. Economic Development Update

- a) Courtney Pogue gave a brief description of the amendment to the Real Property Tax Assessment Classification Ordinance for Assessment Classes 6b and 8 for “special circumstances”. These changes were recently approved by the Cook County Board of Commissioners. The Temporary Emergency Economic Recovery Modification (TEERM) reduces the vacancy term from 24 months to 12 months for properties where there has been no purchase for value and the buildings and other structures have been vacant and unused for 12 continuous months for properties in Class 6b and Class 8. .
- b) The Sustainable Emergency Relief (SER) Term for class 6b is for existing industrial use properties where the existing business has been in the same location for 10 years or more. The Bureau is currently working on additional guidelines along with an application fee.
- c) HUD Section 108 Loan Program: Cook County has created guidelines for three different types of new loan programs: 1) \$500,000 to \$5 million; 2) Built 50/40 is for projects involving \$ 70,000-\$500,000 (50% finance from lender, 40% from the County and 10% from the applicant) and 3) Emerging Business Development Loan for certified MBE/WBE contractors/vendors doing business with the Cook County. The County may provide a loan up to 25% of the contract amount not to exceed \$250,000.
- d) Elaine Romas reported that the County will undertake the development of a Comprehensive Economic Development Strategy (CEDS) which will be based on Partnering for Prosperity. The CEDS process will involve the EDAC.

VIII. Public Comments

- a) Chairman Males open the floor for public comment. There were no public comments.

IX. Adjournment

Chairman Howard Males made a motion to adjourn the meeting at 9:23 AM. Joe Flannigan seconded the motion to adjourn.

Minutes prepared by: Courtney Pogue and Sheryl Stewart-Caldwell, CCBED