



Economic Restructuring Committee minutes approved

Economic Restructuring Committee
May 19, 2009

Mission: Recruits new businesses and strengthens current ones

Item	Information	Action
Attendance	Present were (8) : Chairman Gale Fabisch, Antonio Vasquez, Richard Lang, Howard Silver, Paul Croitoru, Vincent Mastromauro, Joe Angelastri and Ed Bannon	NA
Approval of minutes	Richard L. made a motion to approve the minutes of the Economic Restructuring Committee for the April 21, 2009, meeting and Vincent M. seconded it.	The minutes were approved.
Development	<p>Ed B. reported that an Herb-a-life store has been leased at 4863 W. Irving Park Road. It's family operation of two sisters. They have some interior decoration done but not much of a storefront presence. Herbalife is a nutrition supplement business with an multi-level marketing business model.</p> <p>It was also reported that a meeting was held with the brokers for the 4805 W. Irving Park Road site. Denise Roman from the Department of Community Development came out. The association pitched the Small Business Improvement Fund build-out grant program, and Denise R. noted that TIF assistance could be available. The brokers said they are getting some interest but the listing is still very fresh.</p>	<p>Conduct a welcome visit.</p> <p>Ed B. to keep in touch.</p>
Rent subsidies	<p>The committee move forward on the rent subsidies proposal. A subsidy comparison chart was reviewed and is attached to the minutes. Ed B. noted that subsidies ranged from about 25% to %50 of rent; that some required a landlord match; New London and Poughkeepsie required a credit check; that all required a lease review and that all had eligibility requirements that included leases of at least two years.</p> <p>Joe A. said perhaps to simplify the program that sit-down restaurants be targeted and a \$10,000 grant be awarded, assuming they are investing in a substantial build-out. With a large investment, we will know they are serious, which will make the screening process easier. . He noted that Marc Sussman, who was not at the meeting, might object to the restriction, however. Joe A said that another problem with any screening process that strictly looked at the need for a rent</p>	

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	<p>subsidy is that potential tenants can work numbers to make it appear that the subsidy is necessary. Therefore, it is difficult to show that a rent subsidy is really the deciding factor Howard S. said there might be some desirable restaurants that are not sit-down, so the wording might not be accurate. Gale F. said a Skokie business incentive program for a broker bonus targets retail and restaurants and excludes banks, medical, office, entertainment and hair/nail salons. Ed B. said that a development expert whose advice was sought advised that an incentive program should target businesses that the association wants to see come to the district. On the other hand, it was again noted that others have suggested as few restrictions as possible to bring in new tenants as quickly as possible. Howard S. suggested contacting cooking schools to recruit new restaurant businesses.</p> <p>The two Wright College business professors at the meeting were asked for some feedback. Antonio V. said that he favored the Poughkeepsie model that reimbursed the tenant for rent as the best way to prepare the tenant for the true cost of space. He said public subsidies were appropriate in this case because a reduction in vacancies would have a public benefit of attracting more businesses to the area, which would be a benefit beyond the landlord-tenant relationship. Paul C. said requiring a business plan as some plans do might be a barrier for businesses owners who are not native English speakers.</p> <p>Joe A. said getting involved in a monthly rent reimbursement would create too much bureaucracy. He suggested an upfront lump-sum payment for a targeted list of businesses that would be similar to the build-out reimbursement that the city offers through its Small Business Improvement Fund. If the committee didn't want to go that route, Antonio V. suggested quarterly payments so the association can keep in touch with and monitor the businesses.</p> <p>The outcome was to draft a program description and application to be e-mailed before the next meeting. The draft outline is to include a \$5 per square foot subsidy for restaurants and \$2 per square foot for retail. Service businesses would not be eligible. The subsidy would be</p>	<p>Draft program description and application; e-mail before next meeting for comments.</p>

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	<p>available for one year.</p> <p>Ed B. added that in talking to several brokers and property owners they say that the biggest problems they have with leasing space are parking, the economy in general, a lack of qualified applicants and, on Milwaukee, the vacancies north of the Klee building to Cuyler.</p>	
Work Plan 2010	Joe A. requested more details on the landmark district proposal. He said more bids should be done to verify the expense of the current proposal. Also, more verification needs to be done regarding the legal obligation of property owners in a landmark district.	Ed B. to follow-up for next meeting.
Wright entrepreneurship program	<p>Profs. Paul C. and Antonio V. discussed a few good business candidates for a entrepreneur partnership. The best candidate is looking to open a medical shoe clinic and shop. Another candidate is looking for office space for a cleaning supply company and another plans to sell massage beds.</p> <p>The professors also discussed a Six Corners-Wright partnership. They suggested quarterly meeting where Six Corners business owners could come to Wright to discuss business issue or the students would come to Six Corners. To build a business advisory panel of mentors for a new business bought to Six Corners, a few business owners, preferably including an accountant, lawyer and banker would need to be recruited. The commitment would be quarterly at first. When a business came to Six Corners, the commitment would be once a month for an hour plus phone or e-mail communication.</p>	<p>Ed B. to refer medical shoe candidate to Center for Podiatric Medicine and will send Available Spaces list.</p> <p>Wright to create hand-out to provide to potential panel members.</p>
Adjournment	The meeting was adjourned at 2:20 p.m. The next meeting of the Economic Restructuring Committee was called for 1 p.m., June 16, at Parkway Bank, 4106 N. Milwaukee Ave.	NA

Rent subsidy program comparison

Town	Subsidy	Landlord match	Credit check	Lease review	Eligibility
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New London	First year -- \$5 per square foot (50%) Second year -- \$2 per square foot (20%)	No	Yes	Yes	3-year lease New businesses only Vacancies only
Poughkeepsie	First year \$3 per square foot (25%) Second year -- 2/3 of first year Third year -- 1/3 of first year	Yes -- though rent reduction	Yes	Yes	Three year-old business or new business with business plan New business only Street level only Retail businesses only
Brandon	Up to 41% based on length of lease. Paid as 0% interest forgivable loan.	Yes -- through rent abatement	Yes	Yes -- signed lease.	2-year lease Highest priority given to retail and arts/entertainment Expansions of 30% or more OK.