



DeKalb County Enterprise Zone Advisory Board Meeting

DCEDC Conference Room

421 North California Street, Building 1B, Second Floor

Sycamore, IL 60178

February 15th, 2018 @ 4:30 PM

Attendees: Jay Anderson, Bill Nicklas (Proxy for Dr. Laurie Borowicz), Paul Callighan, Gary Evans, Jennifer Groce (Proxy for Dr. Lisa Freeman), Adam Orton (Proxy for Brian Gregory), Anne Marie Gaura, Gary Hanson, Chuck Kaiser, Greg Millburg, Jesse Butz, Cynthia Carpenter, Dr. Jamie Craven, Bill Ganek, & Jennifer Jeep-Johnson

DCEDC Staff: Paul Borek, Karen Hoyle, Jan Kinczewski & Dominique Watson.

Absent: Cohen Barnes, Dan Curran, Jim James, Mike Milano, Jennifer Barton, Darryl Beach, Mark Eddington, Emily Faulkner, Jim Hanson, Rick Olson, Brad Shortridge, Russell Stokes & Chad Willis

MINUTES

President Chuck Kaiser called the meeting to order at 4:35 pm. The Agenda was approved after a motion by Paul Callighan, seconded by Greg Millburg. On a motion by Bill Nicklas, seconded by Jennifer Groce, the Minutes of the November 16, 2017 meeting were approved.

Custom Aluminum Products Memorandum of Understanding

To inform new members, Paul Borek described the main benefits of the DeKalb County Enterprise Zone: an exemption from sales tax on building materials used in industrial and commercial construction within the Zone, a ½ % Illinois tax credit for eligible capital investment, and a property tax abatement for industrial, logistics and knowledge-based industries like research & development.

Borek stated that Custom Aluminum Products is planning to build a 34,000 square foot (SF) addition to their 400,000+ sf facility in Genoa, by investing approximately \$4.5 million, creating 25 new jobs and retaining 25 existing jobs. Wages will exceed the required average of \$14.00/hour and no job will pay less than \$11.00/hour. Industrial projects located within the Countywide Enterprise Zone, but outside of the Interstate Commerce Market (within 3 ½ miles of I-88), are eligible for a 5-year property tax abatement beginning with 90% in year 1, followed by 80% in year 2 and 70%, 60% and 50% in subsequent years. By expanding more than the minimum 5,000 SF, creating more than 10 jobs at an average wage in excess of a \$14.00/hour, the Custom Aluminum Products industrial / manufacturing expansion project qualifies for the Countywide Enterprise Zone Tax Abatement.

DeKalb County EDC
421 N. California Street, Ste. 200 Building 1B
Sycamore, IL 60178
815-895-2711 (phone) · 815-895-8713 (fax)

dcedc.org

bottom line period

Borek then described the Memorandum of Understanding (MOU) between DCEDC, as Enterprise Zone Administrator, and Custom Aluminum Products, to be executed on behalf of the Designating Governmental Units and Participating Taxing Bodies. Execution of this MOU commits the company to these conditions for the duration of the Property Tax Abatement, including the submission of annual affidavits certifying current employment and average wage. This tax abatement will commence only upon completion of improvements and generation of the first full year increased property taxes attributable to the improvement.

Borek advised that based upon the criteria noted as DeKalb County Enterprise Zone Administrator, he finds that the planned Custom Aluminum Products project fulfills all requirements for Enterprise Zone Tax Abatement and respectfully recommends that the Enterprise Zone Advisory Board concur with this finding.

Callighan stated that the application materials were thorough and complete. Genoa Administrator Bill Ganek indicated that the City of Genoa fully supported this project; they are a very good neighbor, partner and a fine company. Upon a question from Gary Hanson, Borek noted the Custom Aluminum qualifies for and has completed an application for the Sales Tax Exemption (Building Materials Exemption Certificate). The Enterprise Zone BMEC application is the basis for calculating the administrative fee that reimburses DCEDC for administrative costs, as well as marketing and promotion. Borek noted that a .5%, the administrative fee is a fraction of the 6.25-8.00% savings realized by the applicant. On a motion by Callighan, seconded by Nicklas, the Advisory Board concurred with Borek's finding that the Custom Aluminum Products project is qualified for the Enterprise Zone Tax Abatement.

New Applications/Prospects

Jan Kinczewski describe three new BMEC project applications receive since our last meeting in November of 2017: Genoa Self Storage, Plaza DeKalb and Custom Aluminum. Borek noted that several prospective applications are anticipated for planned projects that are due to commence during the first and second quarters.

2016-17 Annual Report

Borek and Kinczewski summarized Enterprise Zone Project Totals for 2016-17. A total of 19 projects were initiated generating capital investment of \$56 million. Included in this total were approximately \$17 million of building materials from which a BMEC savings of approximately \$1,000,000 were generated.

A conservative two year average of Enterprise Zone Revenue has been taken and included in the 2018 DCEDC Operating Budget.

New Business

Borek advised that an investor/developer is contemplating development of a speculative (spec) industrial building. It is important to the county to attract spec building development because most industrial users need space immediately and can't afford the time or investment to plan and construct their own building; thereby limiting their options to existing spec buildings east of DeKalb County.

Borek noted that we are fortunate to have an investor considering investment in a spec building; however, the current program does not provide for the application of tax abatement to spec development and eventual occupancy by industrial users. This developer has requested that the tax abatement program be modified to enable industrial users to qualify for tax abatement at spec buildings. This is needed by the developer to be competitive in attracting industrial users. Many other Enterprise Zones in Illinois do provide for spec buildings (and user attraction).

Borek observed that, one year ago, the Advisory Board had discussed technical corrections, modifications to incentive policy, and boundary expansions to address needs observed during the first two years of operation. This request for incentive modification to accommodate spec building development could be the catalyst to address the modifications previously discussed.

Anne Marie Gaura stated that providing for spec building development would be of great benefit to the City of DeKalb and the county. While last year's discussion of modifications was deferred due to the expense of the consultant to process the changes and DCEO applications, DCEDC is in a better position in terms of Enterprise Zone revenue generation than last year.

Hanson inquired regarding the status of the proposed project related expansion in Sandwich and stated that it was important to the county that space be reserved to accommodate communities not yet part of the Enterprise Zone. Borek said that the Sandwich project was delayed and he would inquire as to its status. It is prudent that all changes be pursued at one time to maximize the efforts of the consultant and respect the time and consideration of the Councils and Boards considering the modifications.

Hanson also inquired whether it would be a good time to invite the non-participating school districts to participate. Borek noted that the process for adding participating taxing bodies is easy. Taxing bodies simply approve Resolutions authorizing participation. Genoa Township and the Genoa Public Library recently approved Participation Resolutions.

Nicklas reminded that the items being discussed represent substantive changes, beyond technical corrections. Both tax revenue enhancement and job creation were critical to the program adopted by Enterprise Zone participants. We should be able to illustrate how spec development will contribute to job creation, ultimately, since job creation is uncertain with spec development alone. It would be helpful to learn what others have done and how they have addressed these considerations.

In response to a question from Groce, Borek noted that modifications would require amendments to Designating Ordinances and the Intergovernmental Agreement adopted by the county and municipalities, as well as the Participation Resolutions approved by the participating taxing bodies.

Callaghan noted that there should be a job creation trigger for abatement qualification. Borek indicated that this will be researched to support job creation while encouraging spec development.

Nicklas, Groce and Carpenter requested that policy recommendations and considerations be drafted and distributed to the Advisory Board so that they could be reviewed with their organizations. Borek indicated that he would reach out to the consultant to provide this as soon as possible.

There being no further business to discuss, a motion to adjourn was made by Jennifer Groce and seconded by Jay Anderson, motion carried and the meeting was adjourned at 6:04 pm.

Respectfully submitted;



Paul J. Borek
Executive Director / Enterprise Zone Administrator