



June 23, 2016

To: Board of Trustees, Village of Oak Park
From: John Lynch, Executive Director
Re: Economic Development Incentive – Vantage Oak Park Development Support

WDF-3 Wood Oak Park Owner, LLC (“the Developer”), a joint venture between affiliates of Golub & Company LLC and Wood Partners and the developer of Vantage Oak Park, has requested, through the Oak Park Economic Development Corporation (“OPEDC”), a financial development incentive to help defer extraordinary expenses related to securing and accommodating a large restaurant user for the development’s first floor commercial space.

The development was designed to accommodate a restaurant tenant, but extraordinary structural modifications are required due to the size of the user. These modifications include a larger grease trap and expanded ventilation system totaling approximately \$200,000. Architectural, design, and other related expenses directly related to these improvements are expected to total an additional \$100,000. Because the developers are providing tenant improvements of approximately \$900,000 for additional base-level build out expenses, the financial feasibility of securing the tenant without public support for these additional expenses has been demonstrated to be problematic.

Since the direct construction costs of the grease trap and ventilation improvements are not likely to qualify as TIF-eligible expenses, we are recommending TIF assistance of \$100,000 to compensate for the eligible expenses related to these modifications and/or other eligible expenses incurred in securing the tenant. In addition, we recommend that the Developer commit to a June 20, 2017, deadline for restaurant opening as a condition of the financial assistance. We believe that this deadline is more aggressive than the restaurant’s original plans, resulting in additional sales tax benefit to the Village that offsets the incentive. Based on sales projections provided by the restaurant and Developer, we expect Village sales tax receipts to pay back the incentive amount in approximately six months.

By this letter, we are encouraging the Village Board of Trustees to support this incentive and the corresponding terms.

Recommendation

OPEDC recommends the following terms for an economic development incentive agreement with the Developer to support the development described above.

Village Responsibilities

- Will provide a grant of \$100,000 to the Developer development for TIF-eligible costs required to secure a ±12,000 square foot restaurant tenant;
- Will provide funds upon opening of the restaurant.

Developer Responsibilities

- Will provide proof of a lease evidencing terms of a lease agreement lasting at least ten years;
- Will provide proof of project related expenses as detailed above prior to the Village prior to release of Village funds;
- Will complete construction and occupancy of the restaurant by June 30, 2017.

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