

# MINUTES OF THE ECONOMIC DEVELOPMENT COMMISSION

August 26, 2010

A meeting of the EDC was held on Thursday, August 26, 2010.

The meeting began at 8:00 A.M.

**MEMBERS PRESENT:** Joe Penar, Mike Giannelli, Tom Herbstritt, Don Olson, Mike Briggs and Nick Sisto.

**MEMBERS ABSENT:** Perry DuBose.

**ALSO PRESENT:** Jeff Eder- Community Development Director, Nicole Driskell- Community Development Administrator, Dean Mohammad- U.S. Global Petroleum, Peter Tsantilis- Liston & Tsantilis, Mark Lawton- Pioneer Press, Barrett Pedersen- Village President (arrived 8:04AM), and Jeff Harris- Planner/Zoning Administrator (arrived 8:04AM).

**MOTION TO ACCEPT** amended minutes from last official meeting held on Thursday, July 22, 2010, as presented by Nicole Driskell, was made by Tom Herbstritt. Nick Sisto **SECONDED** the motion. **VOICE VOTE CARRIED.**

## **New Business:**

*6b Application: 9010 Fullerton – U.S. Global Petroleum*

- Dean Mohammad and Peter Tsantilis appeared on behalf of this application.
- Loop Center, LLC will hold title to the property in question while U.S. Petroleum, Inc. will be the operating group. Both entities are one and the same.
- The property has been vacant since May, 2008, so it is beyond the two year vacancy requirement of 6b “Special Circumstances.”
- The property is currently under contract and the buyer is approximately ½ way through their due diligence. A closing date is expected in October, 2010.
  - They are currently working through a list of necessary improvements to the property in order to obtain occupancy.
    - The current estimation for improvements is \$300,000 to \$400,000.
    - Proposed improvements include: HVAC, walls, floors, bathrooms, parking lot improvements, landscaping, etc.
- Currently, U.S. Global Petroleum is leasing a site in Chicago and has done so for the past three years.
- Discussion commenced on the previous occupant of the site in question.
- U.S. Global Petroleum is a petroleum handling and blending facility with the intent to grow to include packaging of the product in the future.
- Approximately 25 employees will be relocated from the Chicago location to the Franklin Park location.
- The site in question includes:
  - 5.48 acres
  - 25,000 square foot building on the southern portion of the property, which requires improvement.

- Environmental issues/concerns.
  - As such, the seller is enrolled in the EPA's remediation program. The site and proposed improvements have already been approved by the EPA and a plan to remediate is pending approval. The seller is indefinitely liable for all environmental problems generated on the property during their ownership.
- Mr. Sisto inquired if the site remediation plan was approved but not completed.
  - Mr. Tsantilis informed the members that borings and other research has been done, but the full scale remediation plan has yet to be completed.
- Mr. Eder informed the members that the seller is a division of ConocoPhillips and that previous interest was voiced by townhome developers until the remediation requirements necessary to meet residential standards were discovered.
- Mr. Sisto inquired about any anticipated environmental conflicts or problems.
  - Mr. Tsantilis informed the members that a layer of dirt may need to be scraped in order to develop the property any further, but the seller would be liable for that remediation cost.
- Mr. Sisto inquired about how the buyer and seller would approach the long-term responsibility for the environmental problems on the property when both parties have and will run the same type of business from this parcel.
  - Both parties will identify the existing problems and severity before the property transfer is completed.
- Mr. Penar noted that the property is fenced and locked and therefore the members could not get a visual idea of the current condition of the property and all existing structures.
  - Mr. Mohammad led a discussion on the violations discovered during the presale inspections.
- Mr. Eder inquired about the listing broker.
  - Mr. Mohammad informed the members that there is no listing broker: U.S. Global Petroleum is dealing directly with ConocoPhillips.
- Further discussion commenced on the presale inspections and violations.
- Mr. Giannelli noted that the agreed upon purchase amount is \$800,000 and the estimated remediation is \$500,000. He also inquired if the property will be remediated by the time of closing.
  - Mr. Tsantilis informed the members that it is unlikely that the property will be completely remediated by the time of closing which is why the buyer and Mr. Tsantilis have spent one month identifying the seller's post closing commitments. In addition, Mr. Tsantilis noted that it is unlikely that a No Further Remediation letter will be granted to this property.
- Mr. Herbstritt inquired as to what would occur if the seller (ConocoPhillips) went broke and could no longer manage their outstanding liabilities on this property.
  - Mr. Tsantilis and Mr. Mohammad assured the members that ConocoPhillips is a strong company with plenty of assets that can be liquidated if necessary. They have confidence that a bankruptcy will not occur.
- Mr. Giannelli noted that estimates for required repairs to the property and structure(s) were not included with the application packets.
  - Mr. Mohammad assured the members that estimates are being developed.
- Mr. Briggs inquired about contamination under the tanks.
  - Mr. Mohammad informed the members that most of the contamination is on or around the building.
- Mr. Eder inquired about the age of the structure.

- The structure is approximately 50 to 60 years old.
- Mr. Sisto inquired about any violations that have been charged against U.S. Global Petroleum's Chicago site.
  - Mr. Mohammad assured the members that there have never been any violations charged against the company at their Chicago site.
- Mr. Sisto also inquired about the integrity of the storage tanks on the Franklin Park site.
  - Mr. Mohammad informed the members that the tanks will be inspected and brought up to the required standards.
- Mr. Sisto inquired about exhaust emissions.
  - Mr. Mohammad informed the members that there are no exhaust emissions from their facility as all their products are non-hazmat products. Their operation strictly mixes base oils with the necessary additives and packages them.
- Mr. Sisto inquired about whether the business is a wholesaler or a retailer.
  - Mr. Mohammad informed the members that his business is a wholesaler.
- Mr. Olson inquired about rail use.
  - Mr. Mohammad informed the members that he intends to utilize the rail access more since it is available to the site. Currently, his business relies primarily on trucks to move his product.
- Mr. Penar inquired about U.S. Global Petroleum's employees and their respective skill levels.
  - Mr. Mohammad informed the members that all his main/head employees will move with the operation, the rest will be replaced by local employees that will fill the production/unskilled labor needs.
- Mr. Penar inquired about whether or not U.S. Global Petroleum is paying living wages.
  - Mr. Mohammad informed the members that his company is paying these wages.
- Mr. Eder inquired about employee benefits.
  - Mr. Mohammad informed the members that some employees receive benefits.
- Mr. Penar led a discussion regarding unskilled labor and wages.
- Mr. Penar discussed expansion possibilities.
  - Mr. Mohammad informed the members that U.S. Global Petroleum is looking to eventually make their bottles and boxes in house, since both are currently outsourced, to save money.
- Mr. Olson inquired if any of ConocoPhillips production machines left in the building are still usable.
  - Mr. Mohammad informed the members that none of the remaining machines are useable.
- Mr. Pedersen inquired about such benefits as retirement and pensions.
  - Mr. Mohammad informed the members that his company does not currently offer these benefits.
- Mr. Eder inquired if this move will result in an expansion of U.S. Global Petroleum from its current location.
  - Mr. Mohammad informed the members that this move will result in expansion.
- Mr. Olson inquired about the bottling type and whether or not it is possible to create that type of bottle from the proposed Franklin Park location.
  - Mr. Mohammad informed the members that he intends to produce a plastic bottle and the Franklin Park facility is conducive to the manufacture of these containers.
- Discussion commenced on the type and process of bottle molding that will be used.
- Mr. Herbstritt inquired about the size and potential for the product storage tanks that currently exist on the site.

- Mr. Mohammad informed the members that there is a substantial amount of available storage tank space. His company will use approximately 30% of this space upon moving in.
- Discussion commenced on the 50% growth of Mr. Mohammad's business in its first three years of business.
- Mr. Olson asked if the storage tanks can be utilized immediately.
  - Mr. Mohammad informed the members that all the tanks except one are immediately usable according to ConocoPhillips.
- Mr. Herbstritt inquired about where the site contamination and oil problems derive from if the tanks are in good condition.
  - Mr. Eder informed the members that the problems are likely derived from the original tanks used by ConocoPhillips: the tanks that are currently on the site are not the original tanks.
- Mr. Giannelli inquired about traffic created by the transport of raw materials.
  - Mr. Mohammad informed the members that Fullerton Avenue is the company's only access point.
- Mr. Giannelli inquired about a buffer from River Grove's residential area across the railroad tracks.
  - Mr. Mohammad noted that though his business will be far away from residential, he will still introduce landscaping in an effort to hamper noise, dust, etc.
- Mr. Giannelli noted that there was no landscaping plan included in the packets.
  - Mr. Mohammad informed the members that one has yet to be developed.
- Mr. Penar led a discussion on the current condition of the property and the landscaping potential that would not only enhance the area but also decrease concern for environmental issues.
- Mr. Giannelli noted that the company's expansion to accommodate plastic bottle production will make a simple eight-foot fence and landscaping moot as such production would require a huge vertical structure.
  - Mr. Mohammad informed the members that he intends to develop a 50,000 to 70,000 square foot horizontal addition on the property to accommodate the bottle production area.
- Mr. Sisto noted that Mr. Mohammad's business seems to have experienced incredible growth in a down economy.
  - Mr. Mohammad informed the members that personal funds and credit have been used to keep the business growing, though a bank will fund this purchase. In addition, Mr. Mohammad runs his business on a strictly cash on delivery (COD) policy, so the company does not carry any outstanding credit with customers.
- Mr. Penar asked Mr. Mohammad if he will proceed with the property transfer if U.S. Global Petroleum does not receive the 6b tax incentive.
  - Mr. Mohammad informed the members that he would not proceed with this purchase unless his business receives the 6b. He noted that there are plenty of areas where he can build a brand new facility, but none offer a facility that is already set up and can accommodate his business as this facility can.
- Mr. Eder inquired if U.S. Global Petroleum currently owns or leases its Chicago site.
  - Mr. Mohammad informed the members that his company currently leases the Chicago site with first right of refusal upon sale.
- Discussion commenced on the incomplete application packet and the members' disappointment in the lack of information offered: no information was offered regarding the business' current operations, the business itself/history, production methods,

estimates for improvements to the Franklin Park site, proposed landscaping for the Franklin Park site, etc..

- Mr. Herbstritt verified that the 6b would not apply to the proposed expansion to accommodate the plastic bottle production area. It was confirmed that the 6b would not apply to any expansion.
- Discussion commenced on rail accessibility and improvements required to make the property functional.
- Mr. Giannelli posed two issues:
  1. The applicant does qualify for a 6b tax incentive;
  2. But the application packet is dramatically incomplete which could technically disqualify U.S. Global Petroleum and Mr. Mohammad from 6b approval.
- Mr. Olson led a discussion on the property being very specialized and specific in its possible uses and thus, the Village is unlikely to find another user to utilize the facility as it stands. Otherwise, the property will continue to sit vacant.
- Discussion commenced on ConocoPhillips' desire to get rid of this property.
- Discussion commenced on possible conditions that can be placed on this application:
  - Personal and corporate financial statements
  - Bank references
  - Cost estimates for improvements
  - Landscaping plan
- Further discussion commenced on when this application can be submitted to the Village Board of Trustees for approval in order to allow the applicant enough time to gather the information required by the proposed conditions.
- Mr. Briggs led a discussion about the potential for this property to contaminate waterways and subsequently other towns.
  - Mr. Eder assured the members that he feels confident that this will not be the case since the seller is so far along with the EPA and its remediation planning/process.
- Discussion commenced regarding requiring Mr. Mohammad's personal financial statements.

**A UNANIMOUS MOTION** was made to **CONDITIONALLY** approve the 6b application of U.S. Global Petroleum. **A SECOND** was unnecessary. **VOICE VOTE CARRIED.** The conditions of the approval were:

1. The applicant must provide personal and corporate financial statements for the last 3 years;
2. The applicant must provide bank references;
3. The applicant must provide the EPA site registration number for the site and contact information for the EPA project manager overseeing the site;
4. The applicant must provide cost estimates for the project and improvements; and
5. The applicant must provide a landscaping plan.

All items required by these conditions must be submitted directly to the Economic Development Commission members by Tuesday, September 14, 2010.

Mr. Penar noted that this is a conditional approval due to the incomplete nature of the 6b application packet. Mr. Eder informed the applicant that he would like to present this 6b to the Village Board of Trustees at its September 20, 2010 meeting and noted that though the nearest residential street is in River Grove, the EDC and Village still want to maintain a good

appearance and relationship with that municipality and its' residents, hence the need for a well maintained and landscaped property.

### **Old Business:**

#### *Business Appreciation Luncheon*

Mr. Eder informed the members that he is still attempting to get a date set with the proposed keynote speaker, Greg Baise of the Illinois Manufacturers' Association. Alternate speakers were discussed in the event Mr. Baise is unable or unwilling to speak.

### **Project Updates:**

Discussion commenced on the following topics:

- The recent Hill Mechanical tour;
- Retention Visits including the recent visit to Nestle;
- Nestle's recent utilities problems and the correction of these problems;
- Nestle's employment numbers, production and process;
- CenterPoint's dealings regarding the Central Grocers site near Seymour and Carnation;
- CenterPoint's previous potential tenant for the aforementioned Central Grocers site;
- Seymour Avenue traffic and road condition due to gravel trucks for the O'Hare Airport expansion;
- Mr. Eder's discussion with CenterPoint regarding necessary improvements to the Seymour/Carnation area public spaces, roads, etc.;
- The two local businesses that contacted Mr. Eder to inquire about expansion this week;
- The Thule Retention Visit and the products they develop;
- The upcoming flood meetings for residents and companies to discuss the July 23 and July 24 flood event;
- Mr. Pedersen's recent meeting with Christopher B. Burke Engineering, Ltd. to discuss potential new water retention sites to alleviate further flooding problems;
- The Village's Elgin-O'Hare Western Bypass water detention request;
- The companies affected by the proposed Bypass and their relocation needs; and
- Home rule.

Being no further business before the Commission, Don Olson **MADE A MOTION** to adjourn. Nick Sisto **SECONDED** the motion. **VOICE VOTE CARRIED.**

Meeting adjourned at 9:36 A.M.

Respectfully submitted,

Nicole Driskell