

## MINUTES OF THE ECONOMIC DEVELOPMENT COMMISSION

January 25, 2018

An EDC meeting was held on Thursday, January 25, 2018.

The meeting began at 8:02 A.M.

**MEMBERS PRESENT:** Tom Herbstritt, Bill Geary, Frank Cangelosi, Michael Giannelli, Kirk Allen, and Giuliano Petrucci

**MEMBERS ABSENT:** Sixto Rincon

**ALSO PRESENT:**

John Schneider-Director of Community Development, Nicholas Walny-Village Planner, Elyse Vukelich-Village Planner, Rafal Rak-Digital Realty, Anita Mauro-Thompson Coburn LLP, Kevin Mahoney-Ridge Development Company, Brian P. Liston-Liston and Tsantilis Law.

**MOTION TO ACCEPT** minutes from the November 30th, 2017 meeting made by Michael Giannelli

**SECONDED** by Frank Cangelosi. **VOICE VOTE CARRIED.**

**Old Business:** *none*

**New Business:** *Discussion on and consideration of a 6b real estate tax assessment application by Digital Grand Avenue 2, LLC (Digital Realty) for the property located at 9401 W. Grand Avenue, Franklin Park, IL 60131*

Anita Mauro opened the discussion by introducing herself and her client, Rafal Rak of Digital Realty. Digital is requesting a resolution for a 6b property tax assessment based on new construction for the property located at 9401 W. Grand Avenue.

Ms. Mauro began by giving a brief overview of the project. She stated that the site has not been occupied since June 2012, when it was purchased by Klairmont Grand LLC. The last occupant is unknown. Digital bought the property in August 2016. The site was vacant and had many environmental issues. Digital spent \$5.6 million in remediation costs.

Ms. Mauro continued the discussion indicating that Digital will be spending \$225 million to build a new data facility. As a result, there will be 135 construction jobs, and Digital will employ 10-15 full-time employees with salaries of \$75,000 plus.

Mr. Rak also said that up to 400 indirect jobs will be of result from tenants occupying the building.

Mr. Herbstritt asked whether the tenants will rent space from Digital.

Mr. Rak replied yes. They will rent warehouse and office space. The buildings that currently exist in the Chicago area have resulted in 43 direct employees, 600 contract employees, and 585 employees brought in by the tenants of the facilities.

Mr. Giannelli questioned what he meant by warehouse space.

Mr. Rak answered that it's a data warehouse with computer servers. The tenant rents this space along with office space.

Ms. Mauro added that this building will be similar to their other Grand Avenue buildings.

Mr. Cangelosi asked whether if the data storage is a part of the cloud.

Mr. Rak replied that it is the cloud and that some of their tenants include Apple, Microsoft, and Uber.

Ms. Mauro went on to discuss that the data contributes to utility tax. Comed will generate \$848,000 annually in municipal utility taxes.

Mr. Rak added that tenants double the investment of the building. They spend approximately \$400 million into site with servers and equipment. The sales tax from servers is extensive.

Mr. Cangelosi asked where the power will be coming from.

Mr. Rak replied that Comed will be developing a substation on site. The cost of the substation is \$35 million. Mr. Rak continued saying that site remediation, landscaping, and the shell build out will be complete in Oct/Nov. 2019. Buildout will be from customer demand. Customer suites are projected to be finished 3-4 years after shell buildout. Mr. Rak added that Digital does not build data center space right away and that construction jobs will last 4-5 years.

Mr. Herbstritt asked if the other Digital buildings on Grand Avenue have been leased.

Mr. Rak said that phase I and II are 100% leased and phase III is 20% leased.

Mr. Schneider added that the Village has worked with Comed and that the power from the substation will be released to the Village, creating excess capacity for users in that area of the Village.

Mr. Giannelli inquired about the landscaping for the new and existing Digital facilities.

Mr. Schneider stated that landscaping is important to the Village and that the Board of Trustees indicated that the current landscaping on existing building is not up to standards. Mr. Schneider went on to say that Digital has hired a prominent landscape architect to design landscaping for both the existing and new building.

Mr. Rak continued the conversation by saying that Digital will repaint the wall on the existing building and will create and install species of plants that can withstand all four seasons.

Mr. Geary questioned whether the new building will have security gates.

Mr. Rak replied that there will be security gates. Gates are critical for tenants. The facility will be highly secured with gates and 24/7 security guards.

Mr. Cangelosi asked if there will be a retention pond.

Mr. Rak said yes.

Mr. Schneider stated that generators will be away from residential areas and that sound protections are extremely important.

Mr. Rak added that the generators will be along Martens and surrounded by a sound barrier.

Mr. Giannelli asked if the sound barrier will encapsulate the sound.

Mr. Rak said completely.

Mr. Petrucci asked when the third building was completed.

Mr. Rak said in January 2017. The shell is complete. Once the building is 50-60% occupied, they will start construction on new building.

Mr. Giannelli recused himself from the vote.

*\*Additional information on the petitioner's intents can be found in the complete application submitted to the Department of Community Development & Zoning.*

**MOTION TO APPROVE RECOMENDATION** of the 6b renewal application by *Digital Grand Avenue 2, LLC* made by Tom Herbstritt. SECONDED by Frank Cangelosi. **VOICE VOTE CARRIED BY** Bill Geary, Kirk Allen, and Guliano Petrucci with the absence of Michael Gianelli.

**New Business:** *Discussion on and consideration of a 6b real estate tax assessment application by Ridge Franklin Park Partners I, LLC (Ridge Development) for the property located at 9100 Belmont Avenue, Franklin Park, IL 60131*

Brian Liston opened the discussion by introducing himself and his client, Kevin Mohoney of Ridge Development. Ridge is requesting a resolution for a 6b property tax assessment based on new construction for the property located at 9100 Belmont Avenue.

Mr. Liston began by giving a brief update of the project. He stated that Ridge will own 10 acres of land. The building will be approximately 179,000 sq. ft. and will generate \$4.5 million in real estate taxes.

Mr. Mohoney stated that this development will be a transformative project and that Ridge specializes in state of the art warehouse and distribution facilities. Mr. Mahoney went on to say that Ridge is a locally based company headquartered in Chicago and has activity nationwide, encompassing 4.5 million sq. ft. of real estate. The project at 9100 Belmont Avenue will enhance a high profile site in the Village, completing the image as a gateway by installing a 'Welcome to Franklin Park' sign. The project is designed for four small to mid-sized tenants and contains high-image office space along Belmont Avenue. The total investment of the project is \$17 million and will create 75 construction jobs. Closing on the property will happen late in February.

Mr. Giannelli inquired if this is a spec building.

Mr. Mohoney answered yes. Once Ridge obtains tenants, the company, who he cannot name due to contractual obligations, will purchase the building.

Mr. Giannelli asked if the demo was done prior to the purchase of the land.

Mr. Mohoney replied yes. Rixson, the previous owners, demolished the building and cleaned up the site.

Mr. Geary asked if the traffic counts have been completed.

Mr. Mohoney replied that they are working to get that done. They are working with IDOT. Truck traffic will go down Gage.

Mr. Herbstritt inquired if Ridge is working with the Village for a new sign.

Mr. Schneider interjected saying you know the answer to that. The Village is pushing for enhanced landscaping and green space as well.

Mr. Giannelli asked if there will be enough landscaping.

Mr. Schneider replied that the configuration from the current plans look good. The Village will ask Ridge to widen the sidewalks for a bike trail to link to the Des Plaines River Trail.

Mr. Gianelli requested that the Village place conditions to landscape the retention pond.

Mr. Schneider agreed and said they can place the conditions to landscape the retention pond.

Mr. Herbstritt questioned if the development will be strictly distribution.

Mr. Mohoney answered yes.

Mr. Cangelosi inquired about the lease rate for buildings under 75,000 sq. ft. in the area.

Mr. Mohoney said that 71% of buildings in that size range are leased. Play's to the theme of small and midsize tenant space.

Mr. Giannelli asked if there is flooding in the area.

Mr. Schneider replied that Belmont is only area that doesn't flood along river. Army Corps of Engineers will be installing a new flood wall from Des Plaines to Belmont.

Mr. Mohoney also replied that Ridge is meeting requirements for stormwater management.

Mr. Herbstritt inquired if there will be water retention.

Mr. Mohoney said yes, on the northwest side.

*\*Additional information on the petitioner's intents can be found in the complete application submitted to the Department of Community Development & Zoning.*

**MOTION TO APPROVE RECOMENDATION** of the 6b renewal application by *Digital Grand Avenue 2, LLC* made by Mike Giannelli. **SECONDED** by Tom Herbstitt. **VOICE VOTE CARRIED UNAMIOUSLY** with conditions to landscape the retention pond.

**Project updates from Staff:** *none*

**Report from the Mayor:** *none*

**Public Comment:** *none*

Being no further business before the Commission, Michael Gianelli **MADE A MOTION** to adjourn. Frank Cangelosi **SECONDED** the motion. **VOICE VOTE CARRIED UNANIMOUSLY.**

Meeting adjourned at 9:11 A.M.

Respectfully submitted,

Nicholas A. Walny