

# DRAFT - EXTRACT

## MINUTES OF THE MEETING OF THE ARLINGTON ECONOMIC ALLIANCE HELD ON APRIL 19, 2023 AT 7:30 A.M. AT THE VILLAGE HALL

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### MEMBERS PRESENT:

Andrew Stengren – Chairman  
Tonia Etoh  
Tony Guido  
Terry Iverson  
Kerri Oots  
Michele Petrie  
Jon Ridler  
Brian Roginski

### MEMBERS ABSENT:

Rich Casey  
Heather Larson  
Ellen Para  
Andi Ruhl  
John Toliopoulos

### STAFF PRESENT:

Michael Mertes – Business Development Manager

### ALSO PRESENT:

Melissa Cayer, Resident  
Mary Ellen Graf, Township High School District 214  
Keith Moens, Resident

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### Zero Interest Loan Program Evaluation

Staff seeks to modify the Village's Zero Interest Loan program to make it more enticing to new and existing businesses. The Economic Alliance provided feedback at their October 2022 meeting, and much of what was discussed is incorporated in proposed changes that were included with the meeting packet. Key recommended changes involve increasing maximum loan amount from \$20,000 to \$25,000, having the loan cover up to 75% of the project cost (increased from 50%), and adding a 20% forgivable provision for businesses that have been operating in Arlington Heights for over three years. A few program elements would remain in place, such as a repayment schedule topping off at five years or duration of lease, whichever is shorter. Also, collateral is needed, typically in the form of a real estate lien, in order to ensure that the Village has security in giving out the loan. Staff is looking at other loan options, such as a smaller loan amount that could be secured with a personal guarantee.

Based upon the proposed changes, Ms. Petrie feels that it's an improved incentive and asked about the primary goal for the program. Mr. Mertes responded that its original intent was to incentivize business to open or grow and expand in Arlington Heights, and offer a program that differentiates the Village from other communities. Also, the Downtown TIFs have long since expired and this program can help businesses conduct interior build-out, façade improvements, and so forth. However, the program is open to all businesses, not just Downtown. The fund has grown with revenue from rebates from Cook County property tax abatement programs. Ms. Petrie asked if a loan larger than \$25,000 could be considered. Mr. Mertes responded that the primary goal of the fund was to support small businesses, but that larger projects could be considered if compelling enough.

Mr. Iverson suggested a manufacturing incubator as a potentially valuable use of funds. Chairman Stengren asked what happens to unused revenues and Mr. Mertes responded that it remains in the Zero Interest Loan fund. Thus far, those funds have only been used for interest-free loans. Mr. Ridler asked if the fund is interest-bearing (note: the fund is interest bearing) and how rebates from the Cook County Class 6b program fund the Zero Interest Loan

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program. Mr. Mertes explained that the property owners with the 6b designation are invoiced annually over the first five years of a 12-year rebate following release of that year's second tax bill. They are invoiced 10% of the difference between that year's tax bill amount and what the amount would have been without the 6b designation.

Mr. Ridler suggested incorporation of language where a request for more than \$25,000 could be considered, but would require Village Board approval. As a way to safeguard the program from being financially drained as a result of loan requests greater than \$25,000, Mr. Iverson suggested a cap on percentage of funds that can be available at one time. Chair Stengren favors the option to request an amount larger than \$25,000 as long as the fund is safeguarded from being swallowed up. Ms. Petrie and Mr. Ridler also support a percentage cap to the fund. Ms. Etoh asked if any loans have been defaulted on, and Mr. Mertes responded that there have not. Mr. Guido asked if other communities offer programs similar to this. Mr. Mertes said there are similar programs in other municipalities, but most are funded through TIF and are restricted to businesses within that TIF district (and not necessarily open to all businesses in that community).

**JON RIDLER MOVED TO RECOMMEND APPROVAL OF THE PROPOSED CHANGES TO THE ZERO INTEREST LOAN PROGRAM AS PROPOSED, WITH THE ADDITION OF LANGUAGE STATING THAT A BUSINESS MAY BE APPROVED FOR AN AMOUNT GREATER THAN \$25,000 IF APPROVED BY THE VILLAGE BOARD. TONY GUIDO SECONDED. ALL ALLIANCE MEMBERS VOTED IN FAVOR OF THE MOTION.**

Ms. Petrie requested occasional status updates to the Alliance regarding the program. Chair Stengren feels the modifications will incentivize use of the program and he emphasized the importance of marketing the program.