

# DRAFT - EXTRACT

## MINUTES OF THE MEETING OF THE ARLINGTON ECONOMIC ALLIANCE HELD ON OCTOBER 21, 2015 AT 7:30 A.M. AT THE VILLAGE HALL

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### MEMBERS PRESENT:

Tony Guido - Chairman  
Frank Appleby  
Tom Gaynor  
Jamie Janeczko  
Mike Kalway  
Dave Parulo  
Jon Ridler  
Scott Whisler

### MEMBERS ABSENT:

Lisa Henderson  
Jackie Lewis  
Andi Ruhl

### STAFF PRESENT:

Michael Mertes – Business Development Coordinator

### ALSO PRESENT:

Matt Ottaviano – Arlington Heights Special Events Commission

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### Zero Interest Loan Program

Planning and Community Development Staff provided to the Economic Alliance two recommendations regarding modification to the Zero Interest Loan program:

1. Increasing the maximum loan amount from \$10,000 to \$20,000.
2. Incorporating a forgivable provision. As proposed, if a business repays 75% of their loan in a timely manner, the remaining 25% would not need to be repaid to the Village. This would function as a grant component to the incentive.

Mr. Mertes provided background on how the program was created and its purpose. It has received interest over the past 18 months, but only three applications have been received. The only one approved was for Kingsley + Ginnodo Architects in January 2015. Mr. Mertes also explained the primary funding mechanism, which is a 10% rebate from Arlington Heights Class 6b recipients (since the advent of the Zero Interest Loan program) over the first five years of the Class 6b designation. All monies received are placed in a specific fund designated for the Zero Interest Loan program. The reason for the proposed modifications is due to feedback from interested parties who did not apply for the loan, requesting either funding greater than \$10,000, or a grant as opposed to a loan.

Mr. Parulo asked to whom the program is marketing towards. Mr. Mertes responded that it is open to all types of for-profit businesses. It is a flexible program allowing them to put the money towards a variety of physical improvements to their space. Mr. Kalway asked if three applicants over 18 months was a reasonable number; it seems rather low. Mr. Mertes agreed that the Village is looking for more applicants, explaining the proposed modifications.

Mr. Whisler recommends looking at the application for the program. The application might be too arduous, and if there are any aspects that can be removed to make the process simpler then that should be considered. He also emphasized marketing the program and suggested a mailer to Arlington Heights business license holders. In regards to marketing the program, Mr. Mertes said that he provides information on the program to real estate brokers, promoted it at a recent regional trade show, and advertises it in the Alliance Newsletter and Village e-

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newsletters. Facebook has been used to draw attention to the program as well. Per funding the program, Mr. Appleby asked how many Class 6bs are applied for annually. Mr. Mertes stated that it can vary, but he sees approximately three per year as an average. The incentive amounts, and therefore how much money would go to the Zero Interest Loan fund, also vary.

Mr. Ridler stated that the Chamber didn't aggressively push the program because the funding wasn't in-place yet. Responses from potential businesses added that the application seemed too tedious. Additionally, some businesses were reluctant to provide their financial information to the Village. If there is a way to streamline the application, that would make the program more enticing. Ultimately without funding officially marked, the Chamber is reluctant to heavily promote the program. Mr. Mertes recommended that if the Chamber has an interested business, that they speak with Village Staff to determine if the loan can be obtained. The program does have \$20,000 in seed money funded through 2015. There is also \$40,000 in the budget for the program for fiscal year 2016.

Regarding Ms. Janeczko's question of repayment schedule, the current recipients, Kingsley + Ginnodo Architects, are making quarterly repayments to the fund. Mr. Gaynor stressed the need to make a case for the program. Per the proposed forgivable loan aspect, \$5,000 grants are compelling. The monies disbursed can be seen as a marketing expense for the Village; that Arlington Heights is a good environment to do business. Testimonials are important too. Mr. Whisler noted that the program was created to help businesses making modest renovations. It was also understood that it would take a little time to establish the fund, waiting on funding to come from the Class 6b rebates. The overall concept is good, it just needs to be promoted more.

Mr. Kalway feels that additional funding is needed before actively promoting the program. Also, operations should be reviewed. Could a third party be used to process applications? Additionally, the target audience should be identified. Mr. Mertes noted that the goal of the program is to be flexible and be open to as many businesses as possible. The Village should get good PR from the program, but also it is a unique incentive not offered in other communities. For a small business looking to invest in its growth, it's an opportunity to get assistance. Mr. Whisler feels that the loan committee should be pared down and handled by just Planning and Community Development Staff and the Financial Institution representative on the Alliance (Frank Appleby).

Mr. Ridler and Mr. Ottaviano expressed their concerns that the 25% forgivable provision would raise flags. By not giving out the grant, money would be saved to give out to more loans. Regarding the eligible expenses covered by the loan, Mr. Appleby stated that conventional financing won't cover many of these costs. Therefore, there is benefit to the businesses under this program instead of just going to a bank. Mr. Whisler added that while 0% interest might not seem overly enticing at today's rates, standard interest rates will rise in the future and this incentive will become more valuable over time. Mr. Ridler suggested eliminating the forgivable provision, but is in support of raising the maximum loan amount from \$10,000 to \$20,000. Both Mr. Whisler and Mr. Appleby reiterated their desire to pare down the application and make the process as streamlined as possible. Mr. Parulo would like to see more focus in terms of who is targeted by the program's marketing efforts.

**SCOTT WHISLER MOVED AND JON RIDLER SECONDED A MOTION TO APPROVE AN INCREASE IN THE ZERO INTEREST LOAN PROGRAM MAXIMUM LOAN AMOUNT FROM \$10,000 TO \$20,000. ALL ALLIANCE MEMBERS VOTED IN FAVOR OF THE MOTION.**

**SCOTT WHISLER MOVED AND DAVE PARULO SECONDED A MOTION TO REJECT THE 25% LOAN FORGIVENESS PROVISION FOR THE ZERO INTEREST LOAN PROGRAM. ALL ALLIANCE MEMBERS VOTED IN FAVOR OF THE MOTION.**

After the vote, Mr. Gaynor added that in promoting the program, the stories of the recipients should be captured. Kingsley + Ginnodo Architects, the first recipient of the Zero Interest Loan, can provide a compelling example of the benefits of the program.