



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item:	Economic Incentive Agreement 318 Anderson Boulevard: 318 Lofts, LLC		
Presenter & Title:	Cathleen Tymoszenko, Economic Development Director		
Date:	May 12, 2025		
Please Check Appropriate Box:			
<input type="checkbox"/>	Committee of the Whole Meeting	<input checked="" type="checkbox"/>	Special Committee of the Whole Meeting
<input checked="" type="checkbox"/>	City Council Meeting	<input type="checkbox"/>	Special City Council Meeting
<input type="checkbox"/>	Public Hearing	<input type="checkbox"/>	Other -
Associated Strategic Plan Goal/Objective: PGEV-I, II & III			
Estimated Cost: \$ 131,762	Budgeted?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Other Funding? <input type="checkbox"/> Yes <input type="checkbox"/> No
<i>If "Other Funding," please explain how the item will be funded:</i>			
Executive Summary:			
<p>318, Lofts, LLC is the contract purchaser of 318 Anderson Boulevard, a 3-story brick and frame commercial building constructed in 1912. Planned improvements include extensive renovations to the existing structure, demolition of the existing frame garage new rear and side additions. Improvements proposed will support the ground floor occupancy of a bike shop with a café and upper floor modern apartments. The project budget is in excess of \$2.3 M. The offer of an incentive was used to secure this development, as outlined in the draft agreement and detailed below:</p> <ul style="list-style-type: none"> • Historic Preservation/Adaptive Reuse Grant: \$15,000 for environmental remediation. • Sales Tax Rebate (10 years): \$83,836 for environmental remediation and electric upgrades. • Electrical Service Upgrade: \$32,926 for new pole and transformer-labor and equipment <p>In total, the proposed incentive is \$131,762, which is just over 5.5% of the total project cost.</p>			
Attachments: <i>(please list)</i>			
<ul style="list-style-type: none"> • Resolution and Development Economic Incentive Agreement 			
Voting Requirements:			
<p><i>This motion requires a simple majority of affirmative votes for passage. (Mayor and City Council)</i></p> <p><i>The Mayor may vote on three occasions: (a) when the vote of the alderpersons has resulted in a tie; (b) when one half of the alderpersons elected have voted in favor of an ordinance, resolution, or motion even though there is no tie vote; or (c) when a vote greater than a majority of the corporate authorities is required by state statute or local ordinance to adopt an ordinance, resolution, or motion.</i></p>			
Recommendation / Suggested Action: <i>(how the item should be listed on agenda)</i>			
Approve Resolution Authorizing Development Economic Incentive Agreement with 318 Lofts, LLC for 318 Anderson Boulevard.			

RESOLUTION NO. 2025-47

**RESOLUTION AUTHORIZING EXECUTION OF
DEVELOPMENT ECONOMIC INCENTIVE AGREEMENT
CITY OF GENEVA AND 318 LOFTS, LLC.**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GENEVA, KANE COUNTY, ILLINOIS, as follows:

SECTION 1: That the City Administrator is hereby authorized to execute, on behalf of the City of Geneva, a Development Economic Incentive Agreement by and between City of Geneva and 318 Lofts, LLC., in the form attached hereto at Exhibit “A”, relating to the historic preservation and adaptive reuse of 318 Anderson Boulevard.

SECTION 2: This Resolution shall become effective from and after its passage as in accordance with law.

PASSED by the City Council of the City of Geneva, Kane County, Illinois, this ____ day of _____, 2025.

AYES: __ **NAYS:** __ **ABSENT:** __ **ABSTAINING:** __ **HOLDING OFFICE:** __

Approved by me this ____ day of _____, 2025.

Mayor

ATTEST:

City Clerk

DEVELOPMENT ECONOMIC INCENTIVE AGREEMENT

By and Between

CITY OF GENEVA AND 318 LOFTS, LLC

This Agreement is entered into this 19th day of May, 2025, by the CITY OF GENEVA, Kane County, Illinois, an Illinois Municipal Corporation (hereinafter referred to as the "City" or "corporate authorities"); and 318 LOFTS, LLC, an Illinois limited liability company, (hereinafter referred to as "Owner"). The City and the Owner are collectively referred to as the "Parties."

Pursuant to the provisions of statutes hereinafter cited and the Illinois Constitution of 1970, and in consideration of the Findings set forth below, the mutual covenants herein contained and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the Parties agree as follows:

SECTION I. AUTHORITY

The authority for the Parties to enter into this Agreement is:

A. As a non-home rule unit of government the City's authority is expressly limited by Article VII, Section 7 of the Illinois Constitution, which provides in part that non-home rule units of government shall only have powers granted to them by law.

B. Accordingly, the corporate authorities may under Illinois law (65 ILCS 5/8-1-2.5) appropriate (budget) and expend funds for economic development purposes and under Illinois law (65 ILCS 5/8-11-20) may enter into an economic incentive agreement relating to the development or redevelopment of land within the corporate limits of the municipality and that the municipality may agree to share or rebate a portion of any retailers' occupation taxes received by the municipality that were generated by the development or redevelopment over a finite period of time.

SECTION II. FINDINGS

In accordance with the statutory provisions cited above, the factors of consideration that have resulted in this Agreement are the following:

A. The Owner is the contract purchaser of certain real property ("Property") located within the boundaries of the City, commonly known as 318 Anderson Boulevard and legally described in Exhibit "A". The Property is improved with a three-story brick building consisting of approximately 9,678 square feet ("Building"). The Building is located in an established downtown commercial area on a well-traveled collector street.

B. The Property was formerly, partially occupied by TechPro and has remained significantly unoccupied or underutilized for a period of at least two years.

C. The Owner will undertake improvements to the existing structure and add approximately 2,500 square feet of enclosed and patio commercial space at ground level as generally represented in Exhibit "C". The existing building and the additional commercial space will be modified to accommodate ground level commercial tenancies and residential units on the second and third floors. The Owner has entered into a contingent lease with Village Pedaler, LLC, an Illinois Limited Liability Company, (Tenant) attached hereto as Exhibit "B" (LEASE). Pursuant to the Lease, the Tenant will fully occupy the ground floor retail spaces for a term of not less than ten (10) years. The tenant will use the space for bike sales and repair and a coffee and bagel café with indoor and outdoor space.

D. The corporate authorities further finds that the Subject Property, as it exists on the date of this Agreement, requires certain site and building improvements to meet the specifications and occupancy requirements of the Tenant hereafter sometimes referred to as the "Project" as further defined in the Project Budget as set forth in Exhibit "C". Among the site and building improvements to be made include upgrade of electric service and new electric panels, storefront and window replacement, exterior building reinforcement and repair, stairs, emergency access, commercial kitchen and ADA restrooms. In addition to these improvements, the site requires entry into the State of Illinois voluntary remediation program with the objective of receiving a No Further Remediation ("NFR") certification from the State of Illinois Environmental Protection Agency. There are several Recommended Environmental Conditions ("REC") from three surrounding properties including the west adjoining property identified as Geneva (Schools) Bus Garage, which adjoins immediately to the west of the 318 Anderson at 301 McKinley Avenue. It is listed by the OSFM with one (1) 1,000-gallon gasoline UST that was removed in 1988. No information

regarding the former location or condition of the 1,000- gallon gasoline UST is available. Based upon the lack of information regarding the UST, the potential risk for environmental impact to the 318 Anderson from a former gasoline UST on this west adjoining property appears to be elevated and is considered a REC.

E. The Parties acknowledge that the Project may require municipal reviews and approvals by either the City's Plan and Zoning Commission and City Council.

F. The Owner, through its developer, Kipling Group, LLC ("Developer"), is seeking economic assistance from the City in order to complete improvements and has demonstrated that without the economic assistance to be given by the City the Project as contemplated by the Project Budget would not be economically viable and the building upgrades would not be feasible and the leasehold tenancy would not be secured; and

G. The corporate authorities finds that the Owner has demonstrated that if the Project expenditures are made, the vacant commercial space will become leasable and occupied; and

H. The corporate authorities also finds that Owner and its Developer is a recognized and established developer of a similar developments and has provided specific evidence of equity financing for not less than 10% of the total project costs; and

I. The corporate authorities finds that completing the Project requires assistance from the City in order to complete the improvements and it is in the City of Geneva's best interest to enter into this Agreement in order to have the Property redeveloped and reoccupied in accordance with the Project, that the tenanting of the Subject Property will increase employment opportunities in the City, the project will strengthen the commercial sector of the City and enhance the tax base of the City.

J. Accordingly, and based on such Findings, which satisfy all of the Findings required to be made under the statute as set forth in Section I. B. above, and subject to the Conditions Precedent set forth in Section III. below, the City is prepared to commit to incentives under the terms and conditions hereinafter set forth to induce and assist in the Project.

K. For the purpose of this Agreement, the use of the terms not otherwise defined herein will have the following meanings:

(i) "sales tax" and "sales tax revenue" shall be construed to refer to that net portion of taxes imposed by the State of Illinois (hereinafter referred to as "State") for distribution to the City pursuant to the Retailer's Occupation Tax Act (as said Act may be amended), or any other "sales tax" or similar tax that may be enacted by the State of Illinois or any governmental agency or body created under the laws of the State of Illinois and located within the State of Illinois, and which are collected by the State of Illinois and distributed to the City. Currently such net portion is one percent (1%) of the total amount of gross sales within the City that are subject to the aforementioned tax;

(ii) "Commencement Date" means the date the business opens to the public as stated at Section IV B below;

(iii) "Department" means the Illinois Department of Revenue;

(iv) "Maximum Payment" means the amount of \$83,836.00

(v) "Sales Tax Participation Period" means a period of 10 years beginning on the Commencement Date;

(vi) "Sales Tax Year(s)" means the 12 consecutive month period starting on the Commencement Date and ending 12 months later and each consecutive succeeding 12-month period thereafter.

SECTION III. CONDITIONS PRECEDENT

All undertakings on the part of the City pursuant to this Agreement are subject to the satisfaction of the following conditions:

A. The Owner shall provide evidence, reasonably satisfactory to the City that Owner has

obtained fee title to the Property and that Owner and Tenant have entered into a non-contingent lease. Further, the plans for building, landscaping, and signage improvements constituting the Project will have been approved by the City as required by law and as provided in City ordinances.

B. Owner and Tenant will have completed the modifications and enhancements as set forth in the Project Budget for all portions of the leasable area of the Property; the City has issued an unconditional occupancy permit, and is reasonably projected to meet the Sales Projections and Employment Estimates set forth in Exhibit "E" hereto.

C. Owner will have demonstrated to the reasonable satisfaction of the City that it has contributed up to \$ 2,000,000 (or more than such amount) toward the Project Budget within twenty-four (24) months of the date of this Agreement. Prior to any reimbursement and following completion of the Project, Owner shall provide City with any documentation necessary to establish its Reimbursable Improvement Costs as defined in Exhibit "F" hereto. Such documentation shall include, but shall not be limited to, written proof of City inspections indicating code compliance (or no violations of codes) and/or compliance with approved plans, as applicable, and proof that the persons making such improvements have been paid in full.

D. In the event the foregoing conditions precedent are not satisfied within twenty-four (24) months of the date of this Agreement, either party may terminate this Agreement by sending thirty (30) days' written notice to the other party, whereupon this Agreement shall terminate and be of further force and effect upon the expiration of such thirty (30) day period unless the foregoing conditions precedent are satisfied prior to the expiration of such 30-day period.

E. Owner affirms that during the term of this Agreement all sales tax generated by the Project shall be reported solely as sales tax revenue attributable to and reportable to the CITY and to no other municipality, all in compliance with 65 ILCS 5/8-11-21, as amended.

SECTION IV. DEVELOPMENT INCENTIVE REIMBURSEMENT

Upon the satisfaction of the Conditions Precedent set forth in Section III. above, the incentives to be granted to OWNER shall be applied as hereinafter set forth:

A. Historic Preservation or Adaptive Reuse Grant: The City shall contribute to the total cost of the renovation of the property as depicted in Exhibit “C” by providing a grant to assist with site remediation costs in the amount of \$15,000. The City agrees to provide this grant award upon completion of the site preparation and interior improvement and issuance of a Certificate of Occupancy by the City for the commercial tenant. The Owner shall submit to the City a statement showing proof of payment for the full cost of all work, and/or of each separate component amount due to the contractors involved in furnishing labor, materials, or equipment in said work, and/or component part. The City shall, upon receipt of said proof of payment, issue payment to the Owner.

B. Electrical Service Upgrade: The City has determined that the estimated cost of labor, equipment and material necessary to service the proposed development with needed electric service is \$76,709.65 as depicted in Exhibit “D”. In accord with Illinois law (65 ILCS 5/8-1-2.5) that grants the corporate authorities the ability to appropriate (budget) and expend funds for economic development purposes, the corporate authorities find that the costs associated with Section 9-2B-14 E 2 will not apply as follows:

1) The developer will not be charged for materials or labor needed for pole change out estimated to be \$14,939.

2) The developer will not be charged for materials or labor associated with the transformer and other materials estimated to be \$17,987.00.

B. Local Sales Tax Rebate: Provided the Owner shall materially comply with and continue to be in material compliance with the provisions of this Agreement, subject to the expiration of any cure period as provided in Section V hereof, City shall distribute ninety percent (90%) of the City’s share of the Sales Taxes, as defined at Section III above, generated by taxable sales activities of the Property for each Sales Tax Year during the Sales Tax Participation Period to the Owner, to the extent these Sales Taxes are received by the City from the Department (the “Sales Tax Distribution(s)”). The total amount of Sales Taxes distributed to the Owner shall not exceed the Maximum Payment, to-wit: \$83,836. All funds committed by the City herein are to be solely derived from the sales tax generated by the Subject Property.

B. The period of payment to Owner shall commence on the date that the Tenant opens its bicycle shop and restaurant for business to the public, and shall continue thereafter for ten (10) years from the said business opening or until such time that the Owner receives one hundred percent (100%) of the amount Owner expended for the improvements but not exceeding the amount set forth in the Project Budget detailed as Reimbursable Improvement Costs. Notwithstanding the statements contained in the prior sentence to the contrary, this Agreement shall terminate on December 31, 2038.

SECTION V. REIMBURSEMENT PROCEDURES

A. Payment Dates and Change in Sales Tax Structure: The City hereby agrees to pay tri-annual installment payments on or near to March 31, July 31, and November 30 of each year (payment date) beginning with the second payment date after the Tenant in the Subject Property opens for business to the public and continuing until such time as to include all sales tax revenues generated from actual sales occurring within the period indicated in Section IV, subject to the following calculations, deductions, terms and conditions:

(i) The "tri-annual installment payment" shall mean an amount equal to ninety percent (90%) of the local share of sales tax revenue attributable to sales generated by the Project provided that the sales tax information has been received by the City in a timely manner, all amounts paid to Owner will be due and payable solely from the sales tax revenue received by the City from the Project.

(ii) However, if the CITY no longer receives sales tax revenues from the Subject Property due to a change in Illinois statutes, then the City shall make payments to Owner in the amount of the Local Sales Tax Rebate described in Section IV hereof from any alternate sources of revenue provided to the City by the State specifically as a replacement or substitute for sales tax revenue presently received by the City. In the event that the City's share of said sales tax or substitute tax is reduced or increased by the State, then the Owner's share thereof shall be reduced or increased utilizing the same percentage factor.

C. The City will provide for payments required under this Agreement in its annual budget ordinance for the fiscal year in which such payment may be due.

SECTION VI. ADDITIONAL COVENANTS

A. Cessation of Business Operation: In the event of complete cessation of business operations on the Property before the total of the above described sales tax rebate disbursements are made, and only in such event, the remaining sales tax rebate obligation equal to but not exceeding the above described reimbursable costs may not be transferred to any successors or assigns of any interest of Owner in the Subject Property without the consent of the CITY.

B. Time: Time is of the essence unless otherwise stated in this Agreement and all time limits set forth are mandatory and cannot be waived except by a lawfully authorized and executed written waiver by the Party excusing such timely performance.

C. Binding Effect: This Agreement shall inure to the benefit of and shall be binding upon the City and Owner and their respective successors and assigns. Notwithstanding anything herein to the contrary, the rights and benefits of this Agreement shall remain personal to Owner, provided, however, Owner may assign, without release of Owner its duties, obligations and benefits to any entity which meets the standards for transfer, conveyance or sale set forth below, and City shall direct such reimbursement payments in accordance with any assignment notice to be provided by Owner to City within thirty (30) days of such assignment. The standards for transfer, conveyance or sale shall be that the transferee developer meets high standards of creditworthiness and financial strength as demonstrated by one or more of the following:

(i) Corporate debenture ratings of BBB or higher by Standard & Poor's Corporation or Baa or higher by Moody's Investors Service, Inc.;

(ii) A letter from a financial institution or certified public accountant with assets of \$10,000,000 or more attesting to the financial strength of the transferee developer; or

- (iii) Specific evidence of equity financing for not less than 10% of the total project costs.

Once reimbursements to Owner commences, Owner may freely sell the Project or any portion thereof and retain the right to receive such reimbursements, as this Agreement shall not be construed to run with the land. Notwithstanding anything herein to the contrary, Owner may assign this Agreement to a construction or mortgage lender as security for a loan with respect to the Project.

D. Law Governing: This Agreement shall be construed and enforced in accordance with the laws of the State of Illinois.

E. Severability: If any provision of this Agreement is held invalid by a court of competent jurisdiction or in the event such a court shall determine that the City does not have the power to perform any such provision, such provision shall be deemed to be excised here from and the invalidity thereof shall not affect any of the other provisions continued herein.

F. Notices: All notices and requests required pursuant to this Agreement shall be sent by certified mail as follows:

To the OWNER:

318 LOFTS, LLC
902 Equity Drive
Saint Charles, IL 60174

To the CITY:

City Clerk, City of Geneva
22 South First Street
Geneva, Illinois 60134
Phone: (630) 232-7494

With copies to:

City Administrator
22 South First Street
Geneva, Illinois 60134
Phone: (630) 232-7494

City Attorney
22 South First Street
Geneva, Illinois 60134
Phone: (630) 232-4511

Owner Attorney
Pat Griffin
Griffin Williams McMahon & Walsh, LLP
21 North 4th Street
Geneva, IL 60134

G. Authority to Execute: The signatories of the parties hereto have been authorized by the corporate authorities of the City and the Owner to execute this Agreement on their behalf.

H. Successors and Assigns. All the terms and provisions of this Agreement will be binding on and inure to the benefit of all of the successors and assigns of the parties hereto.

I. Third-Party Beneficiaries. The City and the Owner agree that this Agreement is for the benefit of the parties hereto and not for the benefit of any third-party beneficiary. Except as otherwise provided herein, no third party will have any rights or claims against the CITY arising from this Agreement.

J. Limitation of Liability. Notwithstanding anything herein to the contrary by implication or otherwise, any obligations of the City created by or arising out of this Agreement will not be a general debt of the City on or a charge against its general credit or taxing powers but will be payable solely out of the Sales Tax revenues as set forth in Section IV. No recourse will be had for any payment pursuant to this Agreement against any officer, employee, attorney, or elected or appointed official, past, present, or future, of the City.

K. No Waiver or Relinquishment of Right To Enforce Agreement. Failure of any party to this Agreement to insist on the strict and prompt performance of the terms, covenants, agreements, and conditions herein contained, or any of them, on any other party imposed will not constitute or be construed as a waiver or relinquishment of any party's right thereafter to enforce any such term, covenant,

agreement, or condition, which will continue in full force and effect.

L. Amendment. This Agreement sets forth all the promises, inducements, agreements, conditions, and understandings between the Owner and the City relative to the subject matter thereof, and there are no promises, agreements, conditions, or understandings, either oral or written, express or implied, between them related thereto, other than as herein set forth. No subsequent alteration, amendment, change, or addition to this Agreement will be binding on the parties hereto unless authorized in accordance with law and reduced in writing and signed by them. However, whenever under the provisions of this Agreement any notice or consent of the City or the Owner is required, or the City or the Owner is required to agree or to take some action at the request of the other, such approval or such consent or such request will be given for the City, unless otherwise provided herein, by the President or his or her designee and for the OWNER by any officer or employee as the Owner so authorizes.

M. Counterparts. This Agreement may be executed in two or more counterparts, each of which taken together will constitute the same instrument.

N. Default. In the event of any material default under or violation of this Agreement, the party not in default or violation will serve written notice on the party or parties in default or violation, which notice will be in writing and will specify the particular violation or default. All parties hereto reserve the right to cure any violation of this Agreement or default by any of them hereunder within 30 days after receipt of written notice of such default, provided that said 30-day period will be extended (a) if the alleged violation or default is not reasonably susceptible to being cured within this 30-day period, (b) if the party in default has promptly initiated a cure of the violation or default, and (c) if the party in default diligently and continuously pursues a cure of the violation or default until its completion.

Signature Page Follows

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IN WITNESS WHEREOF, this Agreement is entered into at Geneva, Illinois, as of the date and year shown above.

APPROVED BY the City of Geneva, Kane County, Illinois, by Resolution No. 2025-_____, on the ____ day of _____, 2025.

CITY OF GENEVA,
an Illinois Municipal Corporation

318LOFTS, LLC
an Illinois limited liability company

Stephanie K. Dawkins
City Administrator

James T. Russell
Manager

ATTEST:

City Clerk

EXHIBIT A: LEGAL DESCRIPTION

That part of the Northwest Quarter (NW $\frac{1}{4}$) of Section 3, Township 39 North, Range 8, East of the Third Principal Meridian, described as follows: Commencing at the Intersection of the Westerly line of Anderson Boulevard with the Southerly line of Stevens Street; thence Southerly along the Westerly line of said Anderson Boulevard 50 feet from the point of beginning; thence Westerly parallel with the Southerly line of Stevens Street 132 feet; thence Southerly parallel with the Westerly line of Anderson Boulevard 135.3 feet; thence Easterly along a line forming an angle of 89 degrees, 28 minutes, 40 seconds, to the left with the projection of the last described course, 13.98 feet; thence Northerly at right angles to the last described course, 3.8 feet; thence Easterly at right angles to the last described course 15.7 feet; thence Southerly at right angles to the last described course 3.8 feet; thence Easterly at right angles to the last described course, 102.3 feet to the Westerly line of Anderson Boulevard; thence Northerly along said Westerly line 139 feet to the point of beginning; in the City of Geneva, Kane County, Illinois.

Permanent Index Number: 12-03-181-004-0000

Commonly known as 318 Anderson Boulevard, Geneva, IL 60134

EXHIBIT “B”: LEASE

(to be added)

EXHIBIT C: PROJECT BUDGET AND BUILDING ELEVATIONS AND PLANS

Property Acquisition	\$ 620,000
Site Improvements	490,738
Electric Utility Upgrades	76,710
Residential Renovations	618,406
Ground Floor Addition	132,850
Tenant Build Out	276,300
Construction Contingency	151,829
TOTAL	\$2,366,833

Cost estimates do not include City permit or other fees.



RENDERING #1

318 ANDERSON



MANHEIM
ARCHITECTURE

40W892 Kings Mill Dr.
St. Charles, IL. 60175
630.921.0315
ManheimArchitecture.com



RENDERING #2

318 ANDERSON





RENDERING #3

318 ANDERSON





RENDERING #4

318 ANDERSON



EXHIBIT D: ELECTRIC UTILITY UPGRADES ESTIMATE

Please see attached:

EXHIBIT E: INCOME AND SALES TAX PROJECTIONS

Annual Sales	\$ 1,000,000
Sales Tax to City (MT & NHR)	\$20,000

Annual Sales Tax Allocation

Geneva (100% NHR+ 10% MT)	\$ 11,000
318 LOFTS, LLC (90% MT)	\$ 9,000

Potential Sales Tax Accumulation over Term (10 year)

Geneva	\$ 110,000
318 LOFTS, LLC, LLC	\$ 90,000

Employment Estimates

Jobs	10
Annual Wages	\$500,000

EXHIBIT F: REIMBURSEABLE IMPROVEMENTS COSTS*

Environmental Remediation	\$ 45,000 (\$60,000- \$15,000)
Construction of Underground feed to transformer	8,972
Construction of Conduit pole to transformer	25,743
Miscellaneous materials 5%	1,373
Contingency 10%	2,748
Total	\$83,836

* Owner shall be entitled to receive 100% of amounts contributed up to the Reimbursable Improvements Costs in accordance with the terms of the Agreement, even if it contributes less than the full amount of the Reimbursable Improvements Costs. Applicable line items may increase or decrease within the \$83,836.