	AGENDA ITEM EXECUTIVE SUMMARY		Agenda Item number: 5e
	Title:	Recommendation to Approve an Economic Incentive Agreement between the City of St. Charles and SDGFTU, LLC	
	Presenter:	Derek Conley, Economic Development Director	
Meeting: Planning & Development Committee		Date: June 12, 2023	
Proposed Cost: \$		Budgeted Amount: \$	Not Budgeted: <input checked="" type="checkbox"/>
TIF District: TIF 4 - First Street & TIF 7 - Central Downtown (VOTING RESTRICTIONS)			
Executive Summary (if not budgeted, please explain):			
<p>In Spring 2022, the Blue Goose grocery store, located at 300 South Second Street, permanently closed. The Blue Goose was a downtown anchor for over 90 years in St. Charles. The closure has left many downtown area residents without a convenient option to purchase groceries or other household goods. Many community members have expressed to the City their desire for the vacant building to return as grocery store.</p> <p>A few months following the Blue Goose’s closure, Fort Union, a regional development company, expressed to City staff their interest in purchasing, developing, and attracting a premium grocer site. In March 2023, Fort Union informed City staff they had signed a lease with a premier national grocer and had placed the subject property under contract. Fort Union has, from the initial discussions, indicated that the in order to attract a premium grocer, an incentive and expanded parking rights may be needed to offset development costs.</p> <p>Project Details</p> <p>This project includes three entities, the City of St. Charles, Fort Union (developer), and a grocer tenant. It is important to note that while the City’s ultimate goal is to attract a grocer tenant to the property, the proposed premium grocer tenant only leases property, and doesn’t purchase property. Therefore, this agreement is solely with the developer, Fort Union, who is the contract purchaser of the property.</p> <p>The subject property is approximately 30,505 SF building with an additional 5,729 SF mezzanine. The tenant of the subject property would be a premium national grocer which would sell a wide variety of fresh and packaged food items, as well as other typical household products. In order for the grocer tenant to take control of the site and open, Fort Union must purchase and develop the property to the standards of the grocer tenant.</p> <p>The targeted opening date is May 1, 2025, however the developer and grocer tenant would open sooner if possible. The extended timeframe is due to supply-chain issues for construction material and grocer equipment.</p> <p>The estimated project budget summary is below:</p> <p>Property Acquisition Costs: \$4,110,000 Hard Constructions Costs: \$4,083,125 Soft and Financing Costs: \$2,481,035</p> <p>Total Development Costs: \$10,674,160</p>			

In addition to the improvements to the building, this project also includes improvements to private and public parking lots and completion of the unfinished First Street streetscape, which are discussed below.

It is important to note that the grocer tenant is expecting to spend an additional \$11.6 Million in interior buildout, however, these costs are excluded from the incentive analysis as they are not being borne by the developer.

Sales Tax Rebate Incentive

The sales tax rebate is a “pay-as-you-go” incentive tool. As the grocery store produces sales tax, a portion of the sales tax will be rebated back to the developer.

- For years 1 through 4 after the Commencement Date, the City will pay Developer 100% of the Municipal Sales Tax and 66.66% of the Home Rule Tax.
- Beginning in year 5 after the Commencement Date, the City will pay Developer 50% of the Municipal Sales Tax and the Home Rule Tax until the Maximum Total Sales Tax Reimbursement Incentive is received by the Developer.

The maximum term of the sales tax rebate is 15-years and maximum rebate amount of \$2.6 Million. Per sales projections, the maximum rebate amount is expected to be achieved in Year 12. The total sales tax generated by the grocer from the 15-year duration of the agreement is expected to be \$8,301,619. The net share to the City being \$5,701,619 and \$2,600,000 to the developer.

Site Improvement Reimbursement

The agreement outlines responsibility, timing, and funding for construction of the private parking lot, city-owned parking lots, and adjacent streetscape. The goal of the parking lot improvements is to create a seamless parking lot configuration with adequate infrastructure which provides a safe and enjoyable environment for all downtown visitors.

The current condition of the larger City-owned parking lot at the southwest corner of First & Illinois is not adequate as it was constructed as a temporary lot while the City determined the best use of the lot. For the same reason, the streetscape on First Street, between Illinois Street and Indiana Street, was never completed.

The site improvements are listed below and a map of the improvements can be view as EXHIBIT C in the agreement:

- Resurfacing and restriping of the privately-owned Blue Goose parking lot and small City-owned parking lot east of the store building.
- Complete reconstruction the publicly-owned parking lot at the southwest corner of First & Illinois Streets, including installation of lighting, landscaping, and stormwater management system.
- Completion of the First Street streetscape between Illinois St. and Indiana St., including the addition of angled parking stalls and design elements to match the rest of the street.

In order to efficiently achieve this, the developer has agreed to front the costs and construct all the parking lot improvements, with coordination, plan review and approval by the City. Upon completion

of the City-owned parking lots, the City will reimburse the developer for the actual costs of construction, not exceed \$915,000 in total reimbursement. The actual costs of construction are expected to be closer to \$700,000 per City preliminary estimates. The developer will not be reimbursed for the resurfacing of the privately-owned parking lot until the grocery store opens.

It is important to note that the proposed improvements to the parking lots go above and beyond the requirements from the developer or grocer tenant. As the City is the owner of these lots, they should be constructed to our quality and standards that we have implemented on First Street.

Other Miscellaneous Items

- If the grocery store fails to open by May 1, 2026, this agreement is terminated.
- If the developer invests less than \$10,000,000 on the project, the City has a right to reduce the sales tax rebate maximum amount proportionally.
- In the event the grocer never opens, the City would not release any incentive amount to the developer, however, the City would reimburse the developer for the improvements to the City-owned parking lot and streetscape.

Attachments (please list):

Economic Incentive Agreement, Incentive Summary Letter

Recommendation/Suggested Action (briefly explain):

Recommendation to Approve an Economic Incentive Agreement between the City of St. Charles and SDGFTU, LLC

**ECONOMIC INCENTIVE AGREEMENT BETWEEN
THE CITY OF ST. CHARLES AND SDGFTU, LLC**

THIS ECONOMIC INCENTIVE AGREEMENT (“Agreement”) is dated as of this _____ day of _____, 2023, and is by and between the **CITY OF ST. CHARLES**, an Illinois home-rule municipal corporation (“**City**”) and **SDGFTU, LLC**, an Illinois limited liability company (“**Developer**”). (The City and the Developer are hereinafter sometimes collectively referred to as the “**Parties**” and, individually, as a “**Party**”.)

IN CONSIDERATION OF the recitals and mutual covenants and agreements set forth herein, the receipt and sufficiency of which are hereby acknowledged, and pursuant to the City’s statutory and home rule powers, Developer and the City hereby agree as follows:

SECTION 1. RECITALS.

A. The City is a home rule unit of local government organized under the Constitution of the State of Illinois of 1970 and the laws of this State and as such has authority to promote the health, safety and welfare of the City and its citizens; authority to encourage private investment in industry, business and housing in order to enhance the tax base of the City; and, authority to enter into contractual agreements with third persons to achieve these purposes.

B. Developer is an affiliated entity of SDGFTU 300, LLC, the contract purchaser of the property and building improvements (“**Property Owner**”) located at 300 South Second Street in the City of St. Charles, Kane County, Illinois, and legally described in **Exhibit A** to this Agreement (“**Property**”). Developer proposes to re-tenant the Property as a national, best-in-class, organic grocery store, specifically as a Tenant Name[INSERT TENANT NAME AT EXECUTION] (“**Tenant Name**”).

C. The City is the owner in fee simple of certain parcels of real property located in the City of St. Charles, Kane County, Illinois, and legally described on **Exhibit B** to this Agreement (said Parcels hereinafter referred to as “**City Lot A**” and “**City Lot B**”). (City Lot A and City Lot B are collectively the “**City Lots**”).

D. It is anticipated that the proposed Tenant Name will generate substantial sales tax revenues for the City.

E. In order to attract Tenant Name to the City and ensure the viability and success of the Tenant Name on the Property, Developer intends to make significant investments in and improvements to the Property and the City Lots (“**Improvements**”), all at a substantial cost to Developer, totaling in excess of \$10,000,000.00 (“**Improvements Costs**”).

F. The Improvements to the Property and the operation of a Tenant Name within the City are expected to bring increased sales tax revenues for the City which will assist the City in providing essential municipal services to City residents.

G. The City and Developer desire to enter into this Agreement to foster the development, long-term use, and operation of the Tenant Name on the Property and to enable

the further development of the surrounding areas in a manner that will enhance the business environment of the City.

- H. The use and development of the Property subject to this Agreement will:
 - i. create a significant amount of new job opportunities in the City;
 - ii. further the development of land adjacent to the Property;
 - iii. facilitate the enhancement, improvement, and development of the Property that would not have occurred without an economic incentive agreement;
 - iv. strengthen the City's commercial sector;
 - v. enhance the City's tax base; and
 - vi. be in the best interests of the City and its residents.

I. The Property has been vacant for over one (1) year.

J. The City and Developer have determined that without this Agreement, the development and operation of the Tenant Name would not be possible.

K. The City has determined that Developer meets high standards of creditworthiness and financial strength necessary to construct and attract Tenant Name to the City.

L. The City and Developer have the power and authority to enter into this Agreement pursuant to the City's home rule authority and Section 8-11-20 of the Illinois Municipal Code (65 ILCS 5/ 8-11-20).

SECTION 2. DEFINITIONS. Whenever used in this Agreement, the following terms have the following meanings unless a different meaning is required by the context. All capitalized words and phrases throughout this Agreement have the meanings set forth in the preamble above and in this Section and the other provisions of this Agreement. If a word or phrase is not specifically defined in this Agreement, it has the meaning ascribed to it in the City Code, Zoning Code, or Subdivision Code.

A. ***“Commencement Date”*** means the date established pursuant to Section 4 of this Agreement.

B. ***“Corporate Authorities”*** means the Mayor and City Council of the City of St. Charles, Kane and DuPage Counties, Illinois.

C. ***“Force Majeure”*** means a strike, lockout, act of God, global, national or local pandemic or other factor beyond a party's reasonable control and reasonable ability to remedy; provided, however, that Force Majeure does not include (i) delays caused by weather conditions, unless those conditions are unusually severe or abnormal considering the time of year and the particular location of the subject property; and (ii) economic hardship, impracticability of performance, or commercial, economic, or market conditions.

D. ***“Gross Receipts”*** has the meaning ascribed to it in the Retailers' Occupation Tax Act.

E. **“Home Rule Sales Tax”** means that portion or component of the Sales Taxes generated by the Tenant Name from sales on any portion of the Property that the City collects as a home rule municipal corporations and actually receives from the State of Illinois.

F. **“IDOR”** means the State of Illinois Department of Revenue.

G. **“Municipal Sales Tax”** means that portion or component of the Sales Taxes generated by the Tenant Name from sales on any portion of the Property that the City actually receives from the State of Illinois.

H. **“Parties”** means the City and Developer, collectively.

I. **“Property Acquisition Date”** means the date on which Developer, or its assignee acquires fee simple title to the Property and provides evidence of the same to the City Clerk.

J. **“PUD Amendment Ordinance”** means that certain Ordinance _____ adopted by the Corporate Authorities on _____, 2023, to permit a free-standing pole sign for the _____.

K. **“Requirements of Law”** has the meaning set forth in Section 4.B.7 of this Agreement.

L. **“Retailers’ Occupation Tax Act”** means the Illinois Retailers’ Occupation Tax Act, 35 ILCS 120/1 *et seq.*, as the same has been, and may, from time to time hereafter be, amended.

M. **“Sales Tax Reimbursement Payment”** means the payments to be made by the City to Developer pursuant to Section 4 of this Agreement

N. **“Sales Taxes”** means only those taxes imposed and collected by the State of Illinois pursuant to the Retailers’ Occupation Tax Act, the Service Use Tax Act, 35 ILCS 110/1 *et seq.*, the Service Occupation Tax Act, 35 ILCS 115/1 *et seq.*, the Use Tax Act, 35 ILCS 105/1 *et seq.*, and the Home Rule Municipal Retailers’ Occupation Tax, 65 ILCS 5/8-11-1, specifically including the Home Rule Sales Tax and the Municipal Sales Tax.

O. **“Sales Tax Year”** means the period of time commencing on the Commencement Date and ending on the subsequent 12-month period thereafter until the termination of the Sales Tax Reimbursement Payment as set forth in Section 4.B of this Agreement.

SECTION 3. DEVELOPER’S OBLIGATIONS

A. **Standard Conditions.** The development, use, operation and maintenance of the Property must comply with all applicable City Codes and ordinances, as the same have been or may be amended from time to time, except to the extent specifically provided otherwise in this Agreement or the PUD Amendment Ordinance. The development, use, operation and maintenance of the Property must comply with the final development plans as submitted to the City in conjunction with building permit approvals

B. **Construction of Certain Site Development Improvements.** Developer shall be responsible for the construction of certain parking lot and streetscape improvements and related design work, as depicted and the scope of which is detailed on **Exhibit C**, attached hereto and

made a part hereof (“**Site Development Improvements**”), the actual documented costs of which shall be reviewed, approved and reimbursed by the City as set forth in Section 4.C of this Agreement, with a not to exceed cost of \$915,000.00, as set forth herein. If the cost of any particular category of Site Development Improvements exceeds the costs identified for such improvements, such costs shall continue to be reimbursed as set forth in this Agreement so long as the total cost of Site Development Improvements does not exceed \$915,000.00.

1. Parking, resurfacing, and restriping on the Property, with a not to exceed cost of \$200,000.00;

2. Parking lot reconstruction, restriping, lighting, landscaping and stormwater management improvements on City Lot A and parking resurfacing and restriping of City Lot B, with a not to exceed cost of \$320,000.00;

3. Sidewalk construction, installation of angled parking spaces, and the removal of existing utility poles on adjoining City right-of-way and installation of lighting and landscaping, with a not to exceed cost of \$320,000.00.

4. Engineering and design work related to the Site Development Improvements set forth in Section 3.B.1-3, with a not to exceed cost of \$75,000.00.

C. Design and Construction of the Site Development Improvements.

1. General Standards. All Site Development Improvements must be designed and constructed pursuant to and in accordance with the plans to be provided to the City, and are subject to review and approval by the City in accordance with the City Code. All work performed on the Site Development Improvements must be conducted in a good and workmanlike manner, with due dispatch, as provided in this Agreement. All materials used for construction of the Site Development Improvements shall be subject to review and approval by the City and must be new and of first rate quality.

2. Design Work Bid and Approval Process. The Developer shall obtain three (3) bids for the Site Development Improvements which shall include the cost for engineering, design and construction plans, consistent with applicable City Codes and ordinances. The City shall have fourteen (14) days to review such bids and to request any reasonable changes. Upon receipt of such changes, the City shall approve a bid within fourteen (14) days. The City has reviewed and approved Developer engaging CAGE Engineering for the engineering and design work in Section 3.B.4 above.

3. City Inspections and Approvals. All work on the Site Development Improvements is subject to inspection and approval by City representatives at all times.

4. Other Approvals. Where the construction and installation of any Site Development Improvement requires the consent, permission, or approval of any public agency or private party, Developer must promptly file all applications, enter into all agreements, post all security, pay all fees and costs, and otherwise take all steps that may be required to obtain the consent, permission, or approval.

D. Final Inspection and Approval of the Site Development Improvements. Developer shall notify the City when it believes that the Site Development Improvements have been fully and properly completed and shall request final inspection and approval by the City

pursuant to the terms of this Agreement. The notice and request shall allow the City fourteen (14) days to inspect the Site Development Improvements and to prepare a punch list of items requiring repair or correction and to allow Developer reasonable time to make all required repairs and Developer shall promptly make all necessary repairs and corrections as specified on the punch list.

E. Transfer of Ownership of the Site Development Improvements to the City.

Upon the approval of, and prior to acceptance of, the Site Development Improvements to be accepted by the City, Developer must execute, or cause to be executed, all documents as the City may reasonably request to transfer ownership of, or to provide easements for that portion of the Site Development Improvements deemed public improvements, as defined under City Codes and ordinances ("**Public Improvements**") to, and to evidence ownership of the Site Development Improvements by, the City, free and clear of all liens, claims, encumbrances, and restrictions, unless otherwise approved by the City in writing. Developer must, at the same time, grant, or cause to be granted, to the City all insured easements or other property rights as the City may reasonably require to install, operate, maintain, service, repair, and replace the Site Development Improvements that have not previously been granted to the City, free and clear of all liens, claims, encumbrances, and restrictions, unless otherwise approved by the City in writing.

F. Insurance. Until the final certificate of occupancy has been issued for the Site Development Improvements, the Developer shall require its general contractor, or if there is none, then at its own expense, to obtain and maintain comprehensive general liability insurance and shall cause the City to be named as an additional insured, and workmen's compensation and automobile/vehicle liability insurance for the Site Development Improvements, and shall cause the City to be named as an additional insured where it has an insurable interest on such policies, except that on the worker's compensation insurance, the policy and certificate of insurance shall include a waiver of subrogation in favor of the City, and may be a blanket Additional Insured endorsement. Said insurance policies shall be issued in an amount not less than One Million Dollars (\$1,000,000) combined single limit for Auto Liability coverage and Commercial General Liability of Two Million Dollars (\$2,000,000) per occurrence and general aggregate, for bodily injury, personal injury or death and property damage, which can be met with Umbrella/Excess Liability coverage of no less than Five Million Dollars (\$5,000,000), or in the case of worker's compensation insurance, as required by statute. Each of said policies shall provide for not less than thirty (30) days prior written notice to the City and Developer before such policies may be materially changed, modified or cancelled. Prior to the commencement of any work on the Site Development Improvements, the Developer shall provide the City with appropriate certificates of insurance. The Developer shall keep in force at all times, or require be kept in force, until the Site Development Improvements have been completed, builder's risk insurance, against the risk of physical loss, including collapse, covering the total value of the building(s) and contents including the work performed and equipment, supplies and materials furnished for the Site Development Improvements. Should the City receive notice that premiums needed to maintain in force any of the required insurance policies have not been paid, the City shall notify the Developer of the receipt of said notice.

G. Mechanic's Liens. The Developer represents and warrants that it shall not cause or permit any mechanic's liens or other lien claims against public funds to remain against the City nor the City Lots, for labor or materials furnished in connection with demolition, site preparation, development, construction, additions, modifications, improvements or any other matter which might give rise to lien rights against the City. Notwithstanding the foregoing, the Developer shall be entitled to defend, prosecute or settle, as the case may be in a timely and commercially reasonable manner, any claims for mechanic's liens, other liens, claims or causes of action

relating to allegedly defective or incomplete work, provided that the City shall not be required to contribute to such settlement. The City shall have the right of offset to utilize any monies otherwise owed to or entitled by Developer (not otherwise earned but unpaid) under this Agreement to settle or satisfy any such claims and the Developer hereby agrees and covenants to indemnify, defend and hold harmless the Indemnified Parties, (including the payment of reasonable attorneys' fees and costs and expenses) from and against any such liens, claims or causes of action as may be asserted against the City.

SECTION 4. ECONOMIC INCENTIVE PAYMENTS.

A. **Conditions to Economic Incentive Payments.** The City's obligation to make any Economic Incentive Payments pursuant to this Section 4 are conditioned upon the Developer: (i) acquiring title to the Property no later than August 1, 2023 and; (ii) providing the City with an executed lease with Tenant Name for a period not less than twenty (20) years ("***Tenant Name Lease***").

B. Sales Tax Reimbursement Payments.

1. **Commencement.** The "***Commencement Date***" of the Sales Tax Reimbursement Payments shall occur on, but not before, the date that is the last to occur of all of the following: (1) the Property Acquisition Date; (2) the completion of the construction by Developer and acceptance by the City of all of the Site Development Improvements on the Property and City Lots and adjoining rights-of-way; and (3) the first of the month following the date on which the Tenant Name is open for business to the public, and operating fully stocked and staffed as typical for a Tenant Name store. In the event the Commencement Date does not occur on or before May 1, 2026, the City shall have the right to terminate this Agreement upon written notice to Developer, with no further obligations or liability under this Agreement.
2. **Termination of Sales Tax Reimbursement Payments.** The City's obligation to make the Sales Tax Reimbursement Payments will terminate on the date that is the earlier to occur of: (1) the date on which the Maximum Total Sales Tax Incentive has been paid by the City to Developer; (2) the permanent cessation of operations as a premium grocery store by Tenant Name or an affiliate that is owned in whole or in part by Tenant Name or Tenant Name's parent company, conditioned upon the written consent of the City; or (3) the date that is the 15th anniversary after the Commencement Date (regardless of whether the Maximum Total Sales Tax Reimbursement Incentive has been paid to Developer).
3. **Maximum Total Sales Tax Reimbursement Incentive.** The maximum amount of Sales Tax Reimbursement Payments generated by Tenant Name that the City will remit to Developer under this Agreement is \$2,600,000.00 ("***Maximum Total Sales Tax Reimbursement Incentive***").
4. **City Payment.** After the Commencement date, the City will make quarterly payments to Developer as follows:
 - i. For years 1 through 4 after the Commencement Date, the City will pay Developer 100% of the Municipal Sales Tax and 66.66% of the Home Rule Tax.

- ii. Beginning in year 5 after the Commencement Date, the City will pay Developer 50% of the Municipal Sales Tax and the Home Rule Tax until the Maximum Total Sales Tax Reimbursement Incentive is received by the Developer.
- iii. No later than 30 days following receipt by the City of the report from the IDOR which establishes the amount of Municipal Sales Tax and Home Rule Sales Tax generated and actually distributed to the City by the IDOR, the City will pay the applicable Sales Tax Reimbursement Payments for that applicable quarter to Developer, all based on the records of the IDOR, but only to the extent that the City actually receives Municipal Sales Taxes and Home Rule Sales Taxes from the State of Illinois. If, for any reason, the State of Illinois fails to distribute the Municipal Sales Tax and Home Rule Sales Tax revenue to the City in sufficient time for the City to make the quarterly payments, the City must provide notice of that fact to Developer. In that event, the City will make the required Sales Tax Reimbursement Payments no later than 30 days after the date on which the City actually receives the Municipal Sales Tax and Home Rule Sales Tax revenue due the City for the applicable year.
- iv. To the maximum extent permitted by law, the City shall maintain the confidentiality of the information provided by the State to the City, but shall be permitted to disclose such information to such City employees and consultants as the City, in its sole discretion, deems appropriate in order to monitor compliance and audit this Agreement. To the extent permitted by law, the City shall refuse to disclose information received from the State pursuant to the applicable exemptions of the Illinois Freedom of Information Act or similar statute, and in the event the City receives a request pursuant to the Illinois Freedom of Information Act or similar statute which the City determines to be exempt, then the City shall notify Developer prior to the City refusing to provide such information, and provide Developer with a copy of the request. Developer shall have the opportunity, within three (3) business days (or such lesser period of time as may be necessary for the City to respond to the request within the statutory time period), to notify the City that it consents to the request. In the event that no consent is received within said time period, the City may disclose the information.
- v. Following the close of each fiscal year of the City, the City shall provide a certified copy of an accounting of the receipts of Sales Taxes and Home Rule Sales Taxes and payments to Developer.

5. Change in the Law.

- 1. In the event that the State of Illinois amends or repeals the Retailers' Occupation Tax Act or makes any other promulgation, enactment, or change that eliminates the distribution of Sales Taxes to the City, or otherwise alters the distribution formula in a manner that prevents the City

from determining with a reasonable degree of certainty the amount of the Municipal Sales Tax (“**Change in Law**”), the provisions of this Agreement with regard to Municipal Sales Tax generated from the Property on or after the effective date of the Change in Law will automatically terminate and become null and void and be of no further force or effect, and the City will have no obligation whatsoever to make any additional Sales Tax Reimbursement Payment to Developer under this Agreement on or after the effective date of the Change in Law. However, if, at any time during the term of this Agreement, the State of Illinois effects another Change in Law that either results in the distribution of Sales Taxes to the City or allows the City to determine with a reasonable degree of certainty the amount of the Municipal Sales Tax, the provisions of this Agreement with regard to Municipal Sales Tax generated from the Property will automatically be reinstated and will continue through the remainder of the term of this Agreement, which shall be extended by such period of time as the Sales Tax Reimbursement Payment were halted or suspended, subject to the Maximum Total Sales Tax Reimbursement Incentive set forth in Section 4.C of this Agreement.

2. If there is a Change in Law, the Parties will cooperate in good faith with each other to accomplish the intent of this Agreement

6. **Limited Liability.** Notwithstanding any other provision of this Agreement to the contrary, the City’s obligation to pay the Sales Tax Reimbursement Payment is not and will not be a general debt of the City or a charge against its general credit or taxing powers, but is and will be a special limited obligation payable solely out of the Municipal Sales Tax and Home Rule Tax actually received by the City. Developer has and will have no right to, and agrees that it may not, compel any exercise of the taxing power of the City to pay the Sales Tax Reimbursement Payment, and no execution of any claim, demand, cause of action or judgment may be levied upon or collected from the general credit, general funds or other property of the City. No recourse may be had for any payment pursuant to this Agreement against any past, present, or future director, member, elected or appointed officer, official, agent, representative, employee, or attorney of the City in their individual capacity.

THE CITY’S OBLIGATIONS TO REIMBURSE (PAY) THE DEVELOPER THE INCENTIVE PAYMENT UNDER THIS AGREEMENT IS A LIMITED OBLIGATION, PAYABLE FROM A PORTION OF SALES TAXES RECEIVED BY THE CITY AS A RESULT OF THE RETAIL BUSINESS AT THE PROPERTY AND SHALL NOT BE SECURED BY THE FULL FAITH AND CREDIT OF THE CITY.

7. **Limitation on Payment of Sales Tax Reimbursement Payment.** Developer acknowledges and agrees that the Property must be used and maintained in strict compliance with all applicable City codes, ordinances, and regulations (collectively, the “**Requirements of Law**”), and that if Developer fails to comply with the Requirements of Law or cure any defects within the time allowed herein or in the Requirements of Law, whichever is longer, or if there is an uncured violation of City codes or ordinances, the City will have the right to suspend payment of the Sales Tax Reimbursement Payment for the period that Developer is not in material compliance with the Requirements of Law, and the City will have

no further obligation to provide any Sales Tax Reimbursement Payment to Developer until the City determines in its reasonable discretion that Developer or the Property, as the case may be is in material compliance with the Requirements of Law, at which time all suspended payments will be remitted to Developer. In the event of an uncured violation of City codes or ordinances within the control of Tenant Name, the City agrees to first provide forty-five (45) days prior written notice to Developer and the Property owner before suspending payments to the Developer pursuant to this Section. A legal nonconformity created as a result of the City's amendment to the Requirements of Law subsequent to the Commencement Date will not constitute a failure of Developer to comply with the Requirements of Law.

C. City's Reimbursement Obligations For Site Development Improvements.

1. Amount of City's Reimbursement Obligation. Subject to the below terms, the City agrees to reimburse the Developer for the not-to-exceed cost of the Site Development Improvements being constructed by the Developer set forth in Section 3.B of this Agreement.

2. Procedure for Reimbursement. Upon completion of the construction and installation of any of the Site Development Improvements, the Developer shall submit to the City Administrator (a) a written certified Developer statement setting forth the amount of reimbursement requested for such Site Development Improvement, along with supporting contractor's statement, lien waivers and other paid invoices evidencing full payment for the Site Development Improvements and (b) written certification that the Tenant Name Lease is in full force and effect. The City Administrator shall have fifteen (15) days after receipt of any request for reimbursement from the Developer to approve or disapprove such request and, if disapproved, to provide the Developer in writing and in detail with an explanation as to why it is not prepared to recommend such reimbursement. Conditioned upon Developer's certification that the Tenant Name Lease is in full force and effect, the City shall make payment on an approved request for reimbursement for the actual costs incurred with respect to (a) items 3.B.2, 3 and 4 above within thirty (30) days of the City Administrator's approval and (b) item 3.B.1 above within thirty (30) days after the Commencement Date.

D. Termination. The Parties recognize and agree that the City's commitment to provide the economic assistance under this Agreement to Developer is expressly contingent upon the Developer's completion of and the opening of the Tenant Name. If the Tenant Name ceases operations permanently, the City's obligation to make payments to the Developer of any Sales Tax Reimbursement Payments is terminated, except for payments that accrued and would be owed to the Developer prior to the cessation of operations of the Tenant Name. A failure to temporarily operate a Tenant Name due to ordinary or necessary maintenance, repair, rehabilitation or reconstruction work or Force Majeure that necessitates the temporary closure of the Tenant Name shall be considered a "Permitted Operational Delay." In the event of a Permitted Operational Delay, Developer shall notify the City of the nature of the event claimed to constitute a Permitted Operational Delay and the anticipated time for such Permitted Operational Delay. Operation of the Tenant Name impaired by reason of the designated event shall be tolled for that period of time reasonably necessary to remove or otherwise cure the impediment to performance and the Developer shall be obligated to pursue such remedy or cure diligently given the nature of the impairment, to the extent the same may be reasonably cured. However, in no event shall a Permitted Operational Delay exceed one hundred twenty (120) days, except: (1) a delay caused

by Force Majeure; or (ii) if a remedy or cure is being diligently pursued but could not reasonably be completed within the one hundred twenty (120) day period.

E. **Certification of Developer's Project Cost.** Within thirty (30) days of the issuance of the Certificate of Occupancy for Tenant Name, the Developer shall certify, in writing, to the City, the actual Improvements Costs incurred (inclusive of all land, hard and soft costs) to complete the Improvements. The owner's notarized sworn statement(s) and lien waivers relative to the Improvements Costs shall be provided to the City with the submittal called for herein. Within thirty (30) days of receipt of such certification, the City shall either: (1) notify the Developer that the certification of costs and submitted documentation are acceptable; or (2) after providing seven (7) days notice to the Developer, have the right to review Developer's Improvements Costs books and records at Developer's location and the Developer shall make available all books and records reasonably requested by the City and deemed necessary to confirm the total costs for the Improvements at such time. Within seven (7) days of such review, the City shall notify the Developer, in writing, whether the certification of costs and submitted documentation are acceptable. If the certifications are not acceptable, the parties shall negotiate in good faith to resolve the City's objections. In the event that the Improvements Costs as evidenced by the owner's notarized sworn statements and lien waivers are less than \$10,000,000.00, the amount of the Maximum Total Sales Tax Reimbursement Incentive will be reduced proportionally. For example, if the Improvements Costs are \$9,000,000.00 (90%) of the estimated Improvement Costs, the Maximum Total Sales Tax Reimbursement Incentive would be \$2,340,000.00.

SECTION 5. FORCE MAJEURE.

Except as expressly provided to the contrary in this Agreement, whenever a period of time is provided for in this Agreement for any Party to perform any act or obligation, and that Party is unable to perform or complete the act or obligation because of a Force Majeure, then upon the occurrence of the Force Majeure, the time period for the performance and completion of the acts or obligations will be extended automatically for a reasonable time to accommodate the delay caused by the Force Majeure.

SECTION 6. LITIGATION AND DEFENSE OF AGREEMENT.

A. **Litigation.** If, during the term of this Agreement, any lawsuits or proceedings are filed or initiated against either party before any court, commission, board, bureau, agency, unit of government or sub-unit thereof, arbitrator, or other instrumentality, that may materially affect or inhibit the ability of either party to perform its obligations under, or otherwise to comply with, this Agreement ("**Litigation**"), the party against which the Litigation is filed or initiated must promptly deliver a copy of the complaint or charge related thereto to the other Parties, and must thereafter keep the other Parties fully informed concerning all aspects of the Litigation.

B. **Defense.** Subject to Section 6.C below, the Parties must use their respective best efforts to defend the validity of this Agreement, and all ordinances and resolutions adopted and agreements executed by such party pursuant to this Agreement, including every portion thereof and every approval given, and every action taken, pursuant thereto. Each Party will have the right to retain its own independent legal counsel, at its own expense, for any matter. The Parties agree to reasonably cooperate with each other to carry out the purpose and intent of this Agreement.

C. **Third Party Claim Against Developer.** Notwithstanding Section 6.B above, in the event that any third party or parties institutes any legal proceedings against Developer and/or the City, which relates to the terms of this Agreement and such legal proceedings arise out of

Developer's breach or alleged breach of its obligations under this Agreement after the giving of any applicable notice and the expiration of any applicable cure period, then, in that event, Developer shall indemnify and hold harmless the City from any and all such proceedings. Further, Developer, upon receiving notice from the City of such legal proceedings, shall assume, fully and vigorously, the entire defense of such lawsuit or proceedings and any and all actual costs and expenses of whatever nature relating thereto; provided, however, that Developer may not at any time settle or compromise such proceedings without the City's consent and even then only so long as such settlement or compromise does not involve an admission of wrongdoing on the part of the City, nor any liability on the part of the City, monetary or otherwise.

If the City, in its sole reasonable discretion, determines that there is, or may probably be, a conflict of interest between the City and Developer on an issue of material importance to the City, or which may reasonably have a potentially substantial adverse effect on the City, then the City shall have the option of being represented by its own legal counsel. In the event that the City exercises such option, then Developer shall reimburse the City from time to time on written demand from the Mayor and notice of the amount due for any and all actual reasonable out-of-pocket costs and expenses, including but not to court costs, reasonable attorneys' fees and witnesses' fees incurred in connection therewith. Either party may, in its sole discretion, appeal any judgment rendered in relation thereto.

SECTION 7. ENFORCEMENT.

A. **Enforcement.** The Parties to this Agreement may, in law or in equity, by suit, action, mandamus, or any other proceeding, including without limitation specific performance (including, without limitation, payment by the City to Developer of payments due to Developer under this Agreement), enforce or compel the performance of this Agreement; provided, however, that Developer agrees that it will not seek, and does not have the right to seek, to recover a judgment for monetary damages against the City, or any past, present, or future director, member, elected or appointed officer, official, agent, representative, employee, or attorney, of the City on account of the negotiation, execution, or breach of this Agreement. In the event of a judicial proceeding brought by one party to this Agreement against the other party to this Agreement pursuant to this Section, the prevailing party will be entitled to reimbursement from the unsuccessful party of all costs and expenses, including without limitation reasonable attorneys' fees, incurred in connection with the judicial proceeding.

B. **Notice and Cure.** Neither party may exercise the right to bring any suit, action, mandamus, or any other proceeding pursuant to Section 7.A of this Agreement without first providing written notice to the other party of the breach or alleged breach and allowing 30 days to cure the breach or alleged breach. If the breach cannot be cured within the 30-day period ("***Time for Cure***"), then the Time for Cure will be extended accordingly, provided that the notified party has promptly commenced to cure the breach within the Time for Cure and continued to prosecute the cure of the breach with diligence.

SECTION 8. NATURE, SURVIVAL, AND TRANSFER OF OBLIGATIONS.

A. **Obligations.** The Parties agree that all charges payable pursuant to this Agreement, together with interest and costs of collection, including attorneys' fees, constitute both the personal obligation of the party liable for its payment, and the successors of that party.

B. **Survival.** The provisions of this Agreement run with and bind the Property and inures to the benefit of, is enforceable by, and obligates the City, Developer, and any of their

respective grantees, successors, assigns, and transferees, including all successor legal or beneficial owners of all or any portion of the Property.

C. **Transferee Assumption.** To assure that any potential heir, successor, or permitted assign has notice of this Agreement and the benefits and obligations created by it, Developer agrees to require, prior to the transfer of a legal or beneficial interest in all or any portion of the Property, the transferee to execute an enforceable transferee assumption agreement in a form acceptable to the City Attorney ("***Transferee Assumption Agreement***"). The City agrees that, upon a successor becoming bound to the obligation created in this Agreement in the manner provided, the liability of Developer or other predecessor obligor will be released to the extent of the transferee's assumption of liability. Developer agrees to notify the City in writing at least thirty (30) days prior to the date on which Developer proposes to transfer a legal or beneficial interest in all or any portion of the Property to a transferee. Developer must, at the same time, provide the City with a fully executed copy of the Transferee Assumption Agreement.

D. **Transfer Defined.** For purposes of this Agreement, the term "transfer" includes any assignment, transfer, sale, transfer to a receiver or to a trustee in bankruptcy, transfer in trust, or other disposition of the Property, in whole or in part, by voluntary or involuntary sale, foreclosure, restructuring, merger, sale and leaseback, consolidation, or otherwise.

SECTION 9. REPRESENTATIONS AND WARRANTIES.

In order to induce the City to enter into this agreement and to adopt the ordinances and grant the rights herein provided for, Developer hereby warrants and represents to the City as follows:

A. Developer is a duly organized, validly existing limited liability company in good standing under the laws of the State of Illinois.

B. Developer has the corporate authority and the legal right to make, deliver, execute, and perform this Agreement and has taken all necessary corporate, partnership, and venture actions to authorize the execution, delivery, and performance of this Agreement.

C. All necessary consents of any board of directors, shareholders, creditors, investors, partners, judicial, or administrative bodies, governmental authorities, or other parties including specifically, but without limitation, all secured parties regarding the execution and delivery of this Agreement have been obtained.

D. The consent or authorization of, filing with, or other act by or in respect of any governmental authority (other than the City, and the State of Illinois with respect to distribution of Sales Taxes) is not required in connection with the execution, delivery, performance, validity, or enforceability of this Agreement.

E. The individuals executing this Agreement on behalf of Developer have the power and authority to execute and deliver this Agreement on behalf of Developer

F. The execution, delivery, and performance of this Agreement: (i) is not prohibited by any Requirement of Law or under any contractual obligation of Developer; (ii) will not result in a breach or default under any agreement to which Developer is a party or to which Developer, in whole or in part, is bound; and (iii) will not violate any restriction, court order, or agreement to which Developer or the Property, in whole or in part, is or are subject.

G. Developer has entered into a binding and unconditional lease with a term of at least twenty (20) years with Tenant Name.

SECTION 10. ESTOPPEL CERTIFICATES. Each of the Parties hereto agrees to provide the other, upon not less than ten (10) business days' prior request, a certificate certifying that this Agreement is in full force and effect (unless such is not the case, in which case such Party shall specify the basis for such claim), that the requesting Party is not in default of any term, provision or condition of this Agreement beyond any applicable notice and cure provision (or specifying each such claimed default) and certifying such other matters reasonably requested by the requesting Party. If either Party fails to comply with this provision within the time limit specified, it shall be deemed to have appointed the other as its attorney-in-fact for execution of same on its behalf as to the specific request only.

SECTION 11. PREVAILING WAGES. To the extent required, the Developer shall comply with the Illinois Prevailing Wage Act, 820 ILCS 130/1 *et seq.*, as amended ("Illinois Prevailing Wage Act"). The Developer agrees to assume all responsibility for such compliance with the Illinois Prevailing Wage Act in connection with the Project under this Agreement in the event of any action by any Party to enforce its provisions. The Developer warrants and represents that it has reviewed the Illinois Prevailing Wage Act, that it has reviewed the regulations promulgated thereunder, and that it understands the obligations imposed on it by this Section 11. The Developer agrees to indemnify, hold harmless, and defend the City, its governing body members, officers and agents, including independent contractors, consultants and legal counsel, servants and employees thereof ("***Indemnified Parties***") against all loss, cost, damage, judgments, awards, fines or interest sustained by the Indemnified Parties resulting from any regulatory actions, complaints, claims, suits, liabilities, liens, or judgments, including reasonable attorneys' fees, to the extent caused by noncompliance with the Prevailing Wage Act, including, but not limited to, a complaint by the Illinois Department of Labor under Section 4(a-3) of the Prevailing Wage Act. In any such claim, complaint or action against the Indemnified Parties, the Developer shall, at its own expense, appear, defend and pay all charges of reasonable attorneys' fees and all reasonable costs and other reasonable expenses arising therefrom or incurred in connection therewith.

SECTION 12. GENERAL PROVISIONS.

A. **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties and supersedes any and all prior agreements and negotiations between the Parties, whether written or oral, relating to the subject matter of this Agreement.

B. **Amendments and Modifications.** No amendment or modification to this Agreement will be effective until it is reduced to writing and approved and executed by all Parties to this Agreement in accordance with all applicable statutory procedures.

C. **Notices.** Any notice, communication, or demand required or permitted to be given under this Agreement must be in writing and must be delivered: (i) personally, (ii) by a reputable overnight courier, or (iii) by certified mail, return receipt requested, and deposited in the U.S. Mail, postage prepaid. Unless otherwise provided in this Agreement, notices will be deemed received after the first to occur of: (a) the date of actual receipt; or (b) the date that is one business day after deposit with an overnight courier as evidenced by a receipt of deposit; or (b) the date that is three business days after deposit in the U.S. mail, as evidenced by a return receipt. By notice complying with the requirements of this Section, each party to this Agreement has the right to

change the address or the addressee, or both, for all future notices and communications to them, but no notice of a change of addressee or address will be effective until actually received.

Notices and communications to the City must be addressed to, and delivered at, the following address:

City of St. Charles
2 East Main Street
St. Charles, Illinois 60174
Attn: City Manager

With a copy to: Storino, Ramello and Durkin
9501 W. Devon Avenue
Suite 800
Rosemont, Illinois 60018
Attention: Nicholas Peppers, City Attorney

Notices and communications to Developer and Property Owner must be addressed to, and delivered at, the following address:

SDGFTU, LLC
444 North Michigan Avenue
Suite 350
Chicago, Illinois 60611
Attention: Matt Hendy

With a copy to:

Thompson Coburn LLP
55 East Monroe Street, 37th Floor
Chicago, Illinois 60603
Attention: Katriina S. McGuire

D. **Governing Law.** This Agreement is to be governed by, and enforced in accordance with, the internal laws, but not the conflict of laws rules, of the State of Illinois.

E. **Interpretation.** This Agreement is to be construed without regard to the identity of the party who drafted the various provisions of this Agreement. Moreover, each and every provision of this Agreement is to be construed as though all Parties to this Agreement participated equally in the drafting of this Agreement. As a result of the foregoing, any rule or construction that a document is to be construed against the drafting party is not applicable to this Agreement.

F. **Time of Essence.** Time is of the essence in the performance of this Agreement.

G. **No Third-Party Beneficiaries.** Except as expressly provided in this Agreement, no claim as a third-party beneficiary under this Agreement by any person, firm, or corporation may be made or will be valid against any Party.

H. **Severability.** If any term, covenant, condition, or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of

the provisions will remain in full force and effect and will in no way be affected, impaired, or invalidated.

I. **Calendar Days and Time.** Unless otherwise provided in this Agreement, any reference in this Agreement to “day” or “days” means calendar days and not business days. If the date for giving of any notice required to be given, or the performance of any obligation, under this Agreement falls on a Saturday, Sunday, or federal holiday, then the notice or obligation may be given or performed on the next business day after that Saturday, Sunday, or federal holiday.

J. **Counterparts.** This Agreement may be executed in several counterparts, each of which, when executed, is to be deemed to be an original, but all of which together constitute one and the same instrument.

K. **Waiver.** None of the Parties are or will be under any obligation to exercise any of the rights granted to them in this Agreement except as it determines to be in its best interest from time to time. The failure of any Party to exercise at any time any of those rights is not to be deemed or construed as a waiver of that right, nor will the failure void or affect that Party’s right to enforce those rights or any other rights.

L. **Rights Cumulative.** Unless expressly provided to the contrary in this Agreement, each and every one of the rights, remedies, and benefits provided by this Agreement are cumulative and are not exclusive of any other rights, remedies, and benefits allowed by law.

M. **Consents.** Unless otherwise provided in this Agreement, whenever the consent, permission, authorization, approval, acknowledgement, or similar indication of assent of any party to this Agreement, or of any duly authorized officer, employee, agent, or representative of any party to this Agreement, is required in this Agreement, the consent, permission, authorization, approval, acknowledgement, or similar indication of assent must be in writing.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date set forth on the first page of this Agreement.

ATTEST:

CITY OF ST. CHARLES, an Illinois home rule municipality

Nancy Garrison, City Clerk

Mayor Lora A. Vitek

ATTEST:

SDGFTU, LLC, an Illinois limited liability company

By: _____

By: _____

Its: _____

Its: _____

ACKNOWLEDGEMENTS

STATE OF ILLINOIS)
)
COUNTY OF KANE) SS

This instrument was acknowledged before me on _____, 2023 by Lora A. Vitek, the Mayor of the **CITY OF ST. CHARLES**, an Illinois home rule municipal corporation, and by Nancy Garrison, the City Clerk of said municipal corporation.

Notary Public

My Commission Expires:

(SEAL)

STATE OF ILLINOIS)
)
COUNTY OF COOK) SS

I, _____, a Notary Public in and for said County, in the State aforesaid, do hereby certify that _____, personally known to me to be the _____ of **SDGFTU, LLC**, an Illinois limited liability company, and _____, personally known to me to be the _____ of said company, appeared before me this day in person and acknowledged that as such _____ and _____, they signed and delivered said instrument as their free and voluntary act and as the free and voluntary act of **SDGFTU, LLC**, for the uses and purposes therein set forth.

Given under my hand and notarial seal this _____ day of _____, 2023.

Notary Public

My Commission Expires:

(SEAL)

EXHIBIT A

Legal Description of the Property

PARCEL 1:

LOT 5 OF THE FIRST STREET REDEVELOPMENT SUBDIVISION OF PART OF THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 27 AND THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 34, TOWNSHIP 40 NORTH, RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN, ALL IN KANE COUNTY, ILLINOIS, ACCORDING TO THE PLAT OF SUBDIVISION RECORDED WITH THE KANE COUNTY RECORDER OF DEEDS ON MARCH 29, 2007 AS DOCUMENT NO. 2007K035551, INCLUDING ALL OF THE PORTION OF INDIANA STREET VACATED BY ORDINANCE NO. 2006-M-72 RECORDED DECEMBER 13, 2006 AS DOCUMENT 2006K134903 SHOWN LYING WITHIN LOT 5 ON SAID PLAT.

PARCEL 2:

LOT 9 IN FIRST STREET REDEVELOPMENT SUBDIVISION, IN CITY OF ST. CHARLES, KANE COUNTY, ILLINOIS, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 29, 2007 AS DOCUMENT NUMBER 2007K035551.

P.I.N.s: 09-34-128-012; 09-34-132-016; 09-34-132-017; 09-34-132-018

EXHIBIT B

Legal Description of the City Lots

LOTS 6 AND 14 IN FIRST STREET REDEVELOPMENT SUBDIVISION, IN CITY OF ST. CHARLES, KANE COUNTY, ILLINOIS, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 29, 2007 AS DOCUMENT NUMBER 2007K035551.

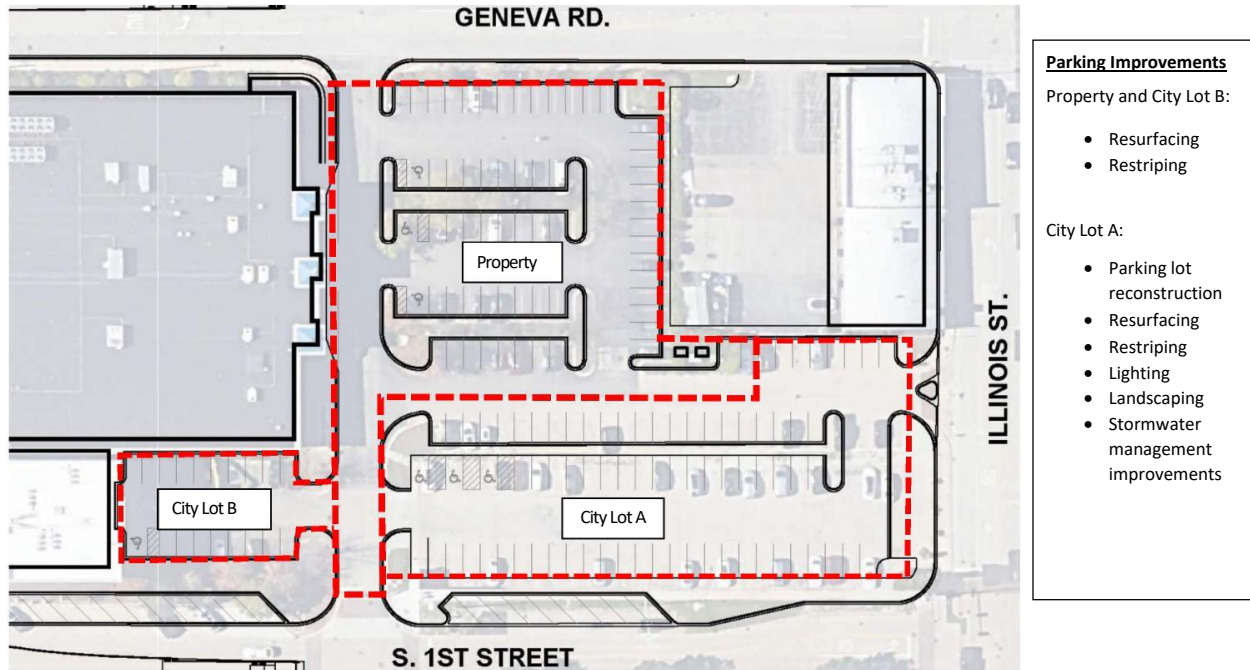
P.I.N.s: 09-34-128-011; 09-34-132-019; 09-34-132-020

EXHIBIT C

Site Development Improvements

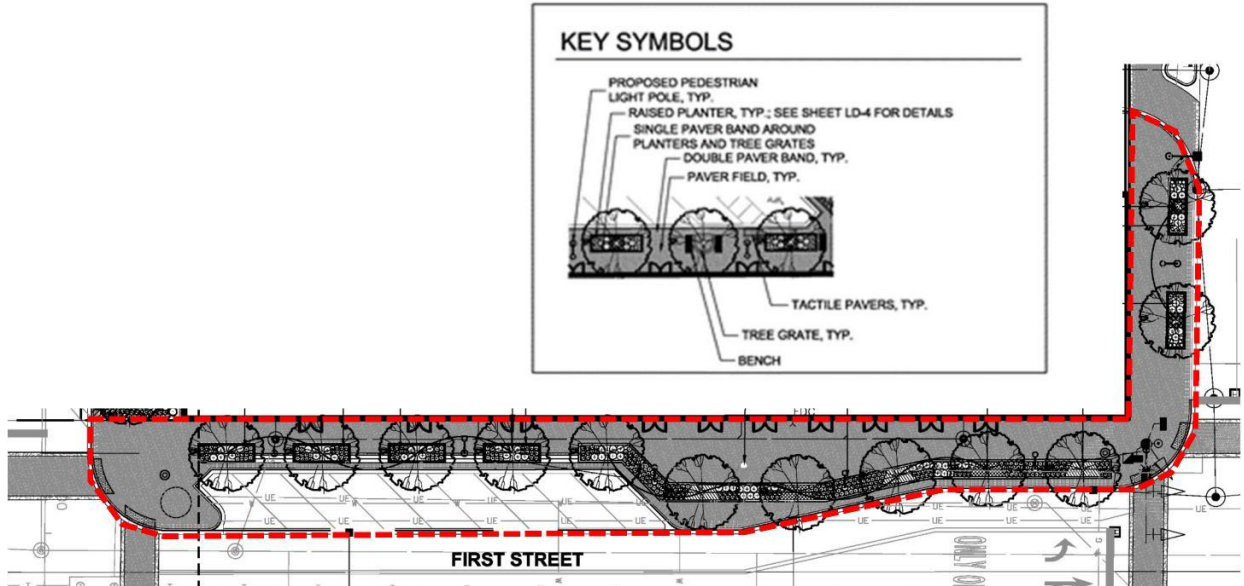
Conceptual Parking Lot Improvements

Subject to City Codes and Ordinances, including St. Charles Zoning Ordinance- Municipal Code Title 17 (minimum layout dimensions, pavement design, parking lot landscaping requirements, and parking lot lighting standards), Title 18- Stormwater Management, and City Engineering Design and Inspection Manual.

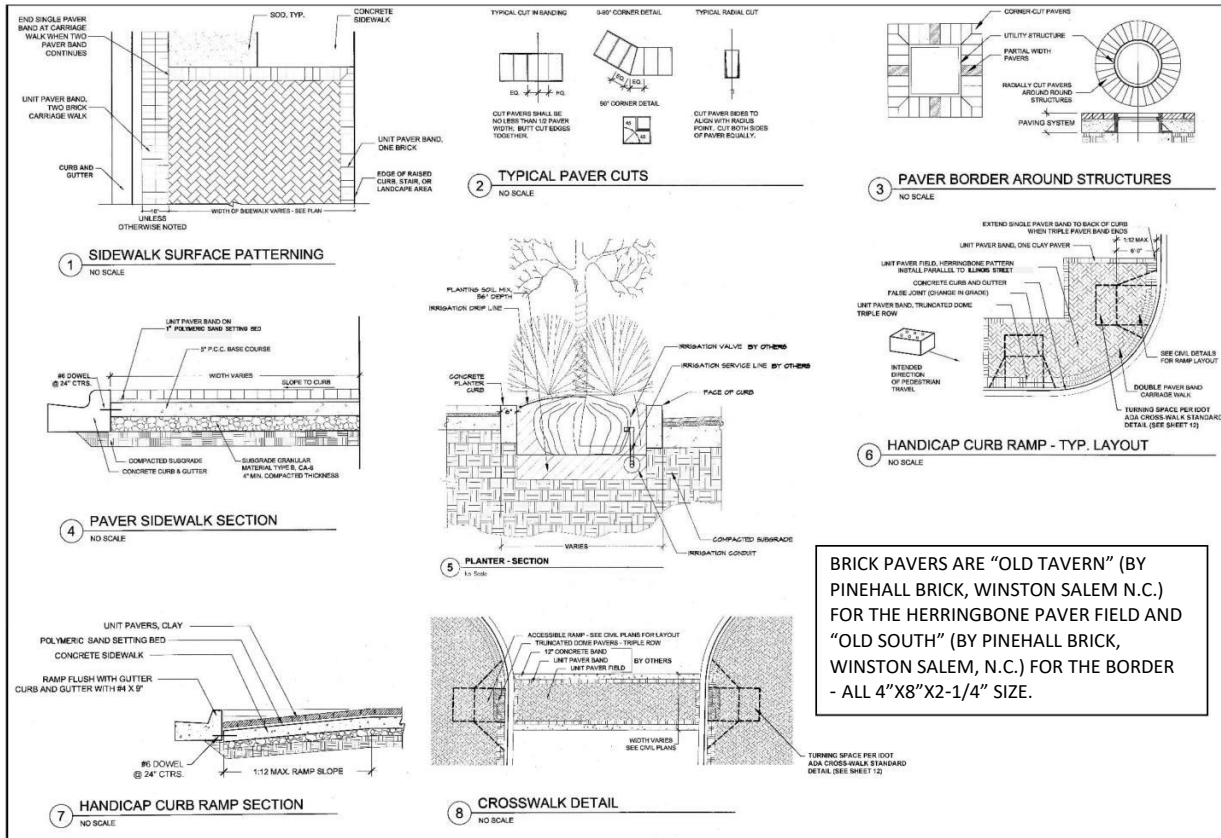


Conceptual Streetscape Improvements and Layout

Layout for reference only with respect to on-street angled parking and sidewalk layout. Design subject to City approval. Improvements subject to St. Charles Municipal Code and City Engineering Design and Inspection Manual.



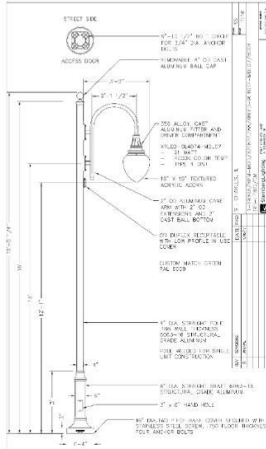
Typical Detail for General Design Reference – First Street Streetscape Improvements



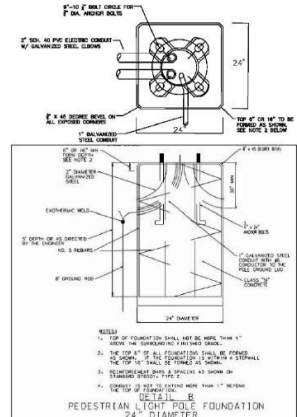
BRICK PAVERS ARE "OLD TAVERN" (BY PINEHALL BRICK, WINSTON SALEM N.C.) FOR THE HERRINGBONE PAVER FIELD AND "OLD SOUTH" (BY PINEHALL BRICK, WINSTON SALEM, N.C.) FOR THE BORDER - ALL 4"X8"X2-1/4" SIZE.

Streetscape Pedestrian Lighting

Electric facilities, including lighting design and layout, subject to review and approval of the St. Charles Municipal Electric Utility.



PEDESTRIAN LIGHT POLE DETAIL
NO SCALE



PEDESTRIAN LIGHT POLE FOUNDATION
NO SCALE

Summary Letter

City of St. Charles
Attn: Community & Economic Development Department
2 Main Street
St. Charles, IL 60174

Developer: SDGFTU, LLC

Projected Start Date:

Projected End Date:

Description of Site: 2.02 Acres including a 31,650 SF building on the corner of 2nd and Indiana Streets. Formerly known as Blue Goose Market.

PINS: 09-34-132-016, 09-34-132-017, 09-34-132-018, 09-34-128-012

Current Use: Previous Blue Goose grocery, now vacant

Future Use: Grocery

Description of End User: Best-in-Class Grocer

Total Development Costs: \$10,600,000

Financing: Combination of private investment and bank debt

Amount of Assistance Required: \$2.6M Sales tax rebate

Why Assistance is Necessary: But for City assistance the project would not proceed. Extraordinary financial environment / macro-economic backdrop, dilapidated City lot needs upgrading for best in class operations.

Description of Public Benefits: Maintaining a grocer in the downtown of the City has been a priority for the City and this project accomplishes that goal with a superior brand, operating under a long term lease.

Project Narrative

The site currently sits vacant today as the former Blue Goose Market that serviced the City of St. Charles for over 90 years. Blue Goose was first opened by Annunciata Lencioni in 1928 as a Fruit Market in St. Charles. Annunciata's son Vaco and his wife expanded the operation in 1943 and 1946 to include frozen food and meat departments. In 1963 the Family moved into a 20,000 SF building on the corner of First and Illinois Streets as a full grocery store. In 2007 construction of their current 31,650 SF building began and was completed in 2008. The building sits on 2.02 acres of land with 80 dedicated parking spaces at 300 S. Second Street.

The proposed use for the site is a National Best-in-Class Grocer to service the City of St. Charles. The commercial use and zoning will remain the same with amendments to allow for pylon signage.

The project will use the current standing building with changes to the façade to match the new Tenant's design requirements. Façade work will potentially include whitewashing brick, and painting of the exterior walls. Interior will be built out to Tenants standards utilizing the same square footage of the former Blue Goose Market, 30,505sf.

Applicant is seeking a sales tax rebate and grant for costs related to hard and soft costs.

Project Timeline

Site acquisition: Early Summer 2023

Lease execution: Prior to acquisition

Entitlement Completion Date: Prior to June 1 2023

Landlord Construction Start: Late 2024

Tenant Construction Start: Spring/Summer 2024

Projected Tenant Opening: Spring 2025

Public Benefit

Fully describe the public benefits that can be realized by the completion of this project. Projects with a high degree of public benefit are typically more likely to receive financial assistance. Examples of public benefits include, but are not limited to the following:

- **Creation of affordable housing**
- **Creation of new permanent jobs**
- **Creation of new retail choices in an underserved segment of the community**
- **Catalyst for new private investment**
- **Re-occupancy of a vacant building**
- **Elimination of blight**
- **Incorporation of environmentally friendly features**
- **Creation of public infrastructure or facilities**
- **Increased sales tax revenue**
- **Increased property tax revenue**
- **Job creation and/or retention**

Filling the largest commercial vacancy in downtown St Charles.

Approximately 50 temporary construction jobs

Approximately 70 full time permanent jobs.

Best in class operator will provide a catalyst for future development, and stability for existing businesses.

Increase of property tax revenue in the downtown area.

Demonstration of Need

Provide a detailed statement that accurately and completely explains why financial assistance is needed. This statement should provide the reasons why the project would have unacceptable financial returns without financial assistance. The applicant shall provide sufficient information to the City to prove their business case and to substantiate why the project cannot move forward without financial assistance. This application may be accompanied by, but not limited to the following: preliminary financial commitments from financial institution(s), plans and/or conceptual drawings for the project, background information on the developer, a pro forma analysis one with assistance and one without, financial statements, preliminary engineers or design professionals costs estimates for any public improvements or construction costs, preliminary estimates for any extraordinary costs such as unsuitable soils, remediation, or similar.

Since the closure of the Blue Goose, the federal funds rate has climbed almost 400bps, the fastest rate increases in history. Inflation is at 40 year highs. There has been a recession on the horizon for many months and just recently the second and third largest bank failures in United States history have occurred.

Developer needs assistance in the face of these economic headwinds to justify the high risk and expenditures needed to complete this project.

Developer & Ownership Information

The development of this project will be a collaboration between Swanson Development Group and Fort Union (SDGFTU).



Swanson Development
Group

Swanson Development Group (SDG) is a real estate development, investment & advisory firm focused on single tenant net lease retail (STNLR) real estate. SDG's goal is to position its retail partners and investors together to achieve value for both short and long-term financial stability by identifying, creating and managing diverse, strategic real estate structures. SDG has worked with companies such as: Walgreens, CVS, Rite Aid, Pep Boys, Chick-fil-A, 7-Eleven, Vitamin Shoppe, Advance Auto & Family Dollar. Over the past decade, SDG has acquired and disposed of over 140 single tenant net lease retail properties across 40 states in excess of \$1.2B.

Steven M. Swanson II is the founder of Swanson Development Group. SDG was founded to utilize tenant relationships in an effort to assist retailers with growth & expansion as well as restructuring existing leases on their high performing units.



Fort Union (FTU) is a real estate development and investment firm, with a specialization in grocery anchored shopping centers and developments for best-in-class tenants. Tenants transacted with include Whole Foods, Tesla, Mariano's, Jewel, Nordstrom Rack, REI, Shake Shack, Wintrust, amongst others.

Matthew Hendy started FTU after working 14 years at Regency Centers where he was VP Market Officer, based out of Chicago. Matthew's responsibilities included overseeing all business (operations, development, acquisitions) in the Upper Midwest. In this role was responsible for direct oversight of a portfolio comprising of 16 assets (\$750M in market value) and development program where he successfully completed over \$500 million worth of developments, redevelopments, and off-market acquisitions.