

MEMORANDUM

To: Village Board of Trustees
From: Village Manager Cara Pavlicek
Date: 2024-11-12
Subject: A Resolution Approving an Economic Incentive and Development Agreement between the Village of Northbrook and Hometown Coffee Northbrook, LLC (1290 Shermer Road)

Overview

An incentive agreement reflecting the proposed terms for offering an economic incentive to bring Hometown Coffee & Juice into the Village of Northbrook is proposed.

Fiscal Impact

A loan of up to \$1.5 Million is proposed with interest rate of 6% and a 15-year term to be repaid in part through new Village sales tax revenues which are projected to be generated by Hometown Coffee and Juice (a type of sales tax rebate to the business). Based upon the success of this business in Glencoe, Winnetka and Lake Forest, staff is comfortable that Hometown will be able to generate the projected annual sales tax of \$60,000- \$80,000 annually to the Village which will support the incentive. Additionally, the loan would require a balloon payment directly from Hometown should any amount of the loan principal not be repaid by the new sales tax, all described in greater detail in the attached draft agreement.

Recommendation

Approval.

Background

A document outlining the details of proposed terms for offering an economic incentive, to bring Hometown Coffee & Juice into the Village of Northbrook, was reviewed by the Village Board and public comment heard at the August 27, 2024 board meeting. Following its review and discussion, the Village board provided conceptual support for the preliminary term document and directed the Village Attorney and Village Manager to prepare a binding incentive agreement for formal consideration at an open meeting of the Village Board of Trustees incorporating the incentives outlined in the term document. The incentive is described as a

sales tax rebate to Hometown Coffee & Juice from the revenues its Northbrook site would produce in the form of an upfront loan.

Attached is the incentive agreement that reflects the proposed terms for offering an economic incentive to bring Hometown Coffee & Juice into the Village of Northbrook. The Village Board is asked to consider approval of the incentive agreement as detailed in the attachment and briefly outlined below:

Hometown Coffee and Juice would acquire, and fully renovate the inside and outside of 1290 Shermer, with a large outdoor patio, all in accordance with site and development plans to be approved by the Village.

The property as 1290 Shermer has been on the market and the location of prior multiple uses, including commercial and the Northbrook Public Library. Project costs for renovation are estimated to be between \$1.5 Million and \$2.0 Million. As an economic incentive, a loan to Hometown Coffee would enable the business to complete the construction and renovation of the Property. The loan would be interest bearing with a 15-year term, and would be repaid in part through new Village sales tax revenues projected to be generated by Hometown Coffee and Juice (a type of sales tax rebate to the business). Based upon the success of this business in Glencoe, Winnetka and Lake Forest, staff is comfortable that Hometown will be able to generate the projected annual sales to generate new sales tax to the Village which will support the incentive. There are no property tax incentives proposed. Additionally, the loan would require a balloon payment directly from Hometown should any amount of the loan principal not be repaid by the new sales tax, all described in greater detail below.

Loan Amount	\$1.5 Million
Loan Term	15 Years
Interest	6%

A key to the incentive is the demonstrated success of this specific business in multiple locations indicating the ability to generate significant customer traffic and corresponding revenue. In the unlikely event the business does not generate adequate new sales tax revenue, all outstanding principal will be repaid by Hometown. A loan security shall be a condition to the benefit of the Village.

[A Resolution Approving an Economic Incentive and Development Agreement between the Village of Northbrook and Hometown Coffee Northbrook, LLC](#)
[Hometown_Coffee_-_Incentive_Agreement_11-12-24__2_.docx](#)
[Hometown_Coffee_Memo 10-31-24.docx](#)
[Exhibit C - Development Plans - Hometown Economic Incentive and Development Agreement.pdf](#)

Exhibit D - Budget - Hometown Economic Incentive and Development Agreement.pdf
Hometown Coffee Term Sheet.docx