



Agenda Cover Memorandum

Meeting Date: March 21, 2016

Meeting Type: COW (Committee of the Whole) City Council Budget Workshop

Item Title: Approve agreement allowing Uptown Station LLC to enter into a lease agreement with Pure Barre based on a guarantee of sales tax revenue of \$300.00 per square foot, plus annual sales increases based on Consumer Price Index.

Action Requested: Approval Discussion Feedback Requested For Your Information

Staff Contact: Shawn Hamilton, City Manager Phone #: (847) 318-5205 Email: shamulto@parkridge.us

Background:

The City received a request from Uptown Station LLC to lease space in the Uptown with Pure Barre. The Final Reading of the Ordinance approving the special use is on tonight's agenda under Planning and Zoning. The First Reading was approved (5-2) at the 3/7/2016 City Council meeting. The Condition #3 with the approval of the special use is approval of the agreement to offset the retail sales tax in accordance with the Uptown Development Agreement. That agreement is attached.

The Redevelopment Agreement, Exhibit E (Approved Categories), states "In the event the Developer finds a service (non-sales producing) tenant, Developer shall make up the difference between the actual expected City proceeds from the retail sales tax as an annual payment to the City." In addition Exhibit E of the agreement lists approved retail uses, and states that, any proposed retail use not listed is required to have the express written permission of the City prior to the leasing Agent entering into the Letter of Intent. If the sales tax generated by the development exceeds the amount in this sharing agreement, the annual amount would not be billed. Any amount of sales tax generated below this threshold would be additional revenue the City would receive on top of this agreement.

The formula for calculation of the sharing agreement is 2% of sales based upon an average annual sales performance of \$300 per square foot. In the first full year, the City will receive \$11,268.00 plus any additional sales tax generated below this threshold. There is an escalator in the agreement based upon CPI.

Recommendation:

Approve agreement allowing Uptown Station LLC to enter into a lease agreement with Pure Barre based on a guarantee of sales tax revenue of \$300.00 per square foot, plus annual sales increases based on Consumer Price Index.

Budget Implications:

Does Action Require an Expenditure of Funds: Yes No

If Yes, Total Cost:

If Yes, is this a Budgeted Item: Yes No Requires Budget Transfer

If Budgeted, Budget Code (Fund, Dept, Object)

Attachment(s), if any:

- Request letter from Phillips Edison for Uptown Station LLC

PHILLIPS EDISON & COMPANY

February 8, 2016

SENT VIA E-MAIL

Mr. Shawn Hamilton
City Manager
City of Park Ridge
505 Butler Place
Park Ridge, IL 60068

RE: Formal Request for Approval – Pure Barre
Shops of Uptown
Park Ridge, Illinois

Dear Shawn:

Pursuant to the requirement for retail sales tax generating uses within the Development Agreement, I am writing on behalf of Uptown Station LLC to request the City of Park Ridge's formal approval to enter into a lease with Pure Barre, a fitness facility, for space B1D (consisting of 1,878 square feet) at the Shops of Uptown (see attached site plan).

Pure Barre offers a one-of-a-kind, group and personal training workout utilizing the ballet barre for the performance of small isometric movements strengthening the entire body. A Pure Barre fitness facility at the Shops of Uptown will give Park Ridge residents the opportunity to conveniently experience a new type of workout in their home town.

Pursuant to the Development Agreement, and contingent on the execution of a lease between Pure Barre and Uptown Station LLC, after the opening for business of the Pure Barre fitness facility at the Shops of Uptown and continuing for the duration of the lease term with Pure Barre, Uptown Station LLC will reimburse the City of Park Ridge a base amount of \$11,268.00 annually, derived from 2% of sales based on an average annual sales performance of \$300.00 per square foot ("Sales Threshold") with annual Sales Threshold increases based on CPI.

Please acknowledge your agreement by signing below and returning the document to my attention via email scan at dshanov@phillipsedison.com. Should you have any questions upon your review, please do not hesitate to contact me directly at 513-746-2570.

Sincerely,
Phillips Edison & Company Ltd.,
As Management Agent for Uptown Station LLC



Diana Shanov
Senior Real Estate Attorney



The undersigned hereby consents to Uptown Station LLC., a Delaware limited liability company ("Landlord") entering into a lease with Pure Barre, its successors and assigns, d/b/a Pure Barre Park Ridge for the use described above, at the Shops of Uptown.

City of Park Ridge

By: _____

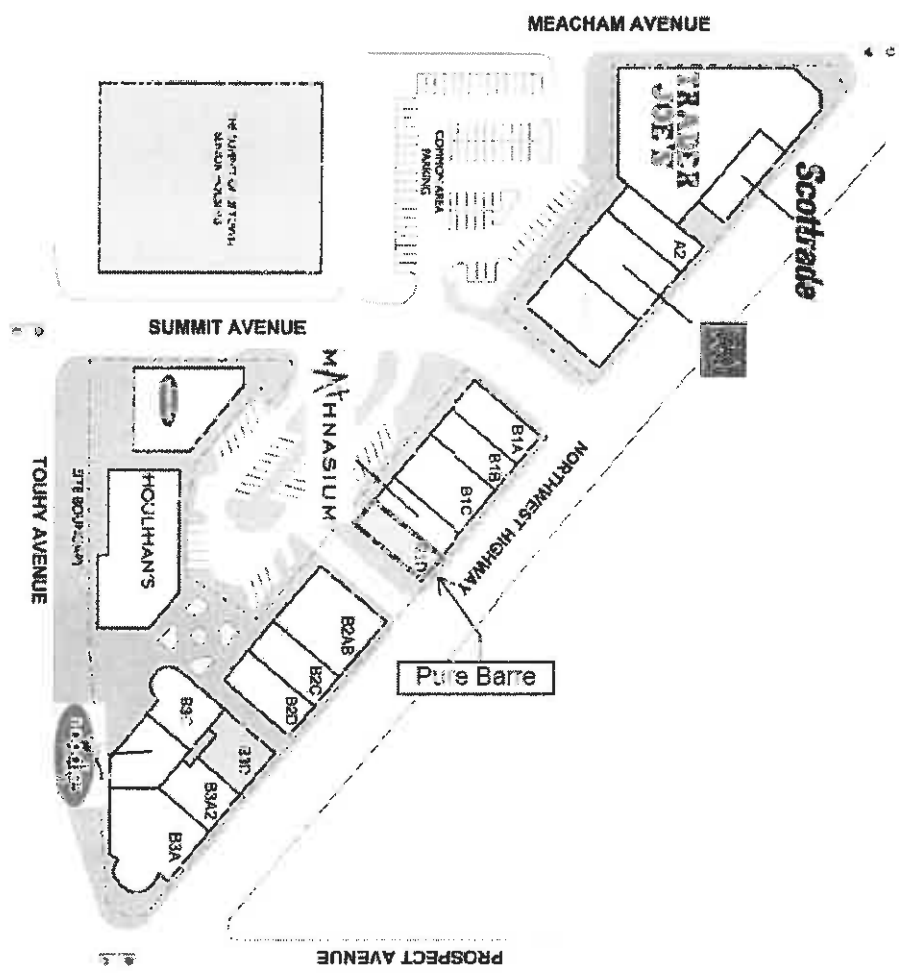
Name: _____

Title: _____

Date: _____

SITE PLAN

THE SHOPS OF UPTOWN
190 N Northwest Hwy | Park Ridge, IL 60068



PHILLIPS EDISON & COMPANY