

GLENBROOK HIGH SCHOOLS
Office of the Assistant Superintendent for Business Affairs
Regular Meeting Monday, July 12, 2010

TO: Dr. Michael Riggle

FROM: Hillarie Siena

DATE: July 12, 2010

RE: Discussion: Nestlé U.S.A., Inc. - 885 Sunset Ridge Road – Cook County 6B Program Request

Attached is a 6B application from Nestlé U.S.A., Inc. (the “Applicant”). The applicant has submitted a request for a Cook County 6B Program tax incentive. The firm of DLA Piper, LLP, represents Nestlé U.S.A., Inc., and has filed the application on their behalf.

The Cook County 6B program basically allows for commercial and industrial properties to be treated as residential property for taxation purposes, for a period of up to thirteen years. As per the Village of Northbrook’s general procedures, 6B tax incentive requests are forwarded for review and comment to the affected school and park districts. Although the Village of Northbrook Board of Trustees is solely responsible for granting a 6B incentive, the Village actively seeks input from the impacted taxing districts.

Nestlé U.S.A., Inc., is seeking to lease the former Plunkett Furniture site located at 885 Sunset Ridge Road. Nestlé recently acquired a frozen pizza division from Kraft Foods, Inc., and wishes to relocate the operation from Kraft’s existing facility in Glenview. Nestlé plans to invest \$15 million for renovations to the property and would employ approximately 168 people, for an estimated payroll of \$18.5 million. The property will become Nestlé’s frozen pizza division headquarters, as well as its center for research and product development, consisting of a 26,000 square foot pilot plant, 7,000 square foot test kitchen and 42,000 square feet of office space.

Without the Class 6B classification, the property would generate a total of approximately \$1.1M in property taxes for District 225 over the thirteen-year incentive period. With the 6B classification, the property would generate approximately \$565,000 in property taxes, a loss in total of \$535,000 of tax revenue to the District, or approximately \$41,150 per year.

District 225 appreciates the opportunity to review and comment on Cook County 6B Program requests. In evaluating the application submitted by Nestlé U.S.A, Inc., the direct cost to District 225 represented by lost tax revenue must be weighted in proportion to the larger fiscal impact of economic growth in the Village of Northbrook. The property in question lies within a developmentally depressed area of the Village, with several proposed projects in the past failing to come to fruition. If the property sits vacant for an extended period of time, the assessed valuation will drop to a level of assessment far below that of a 6B classification. Nestlé’s project brings potential jobs and economic expansion opportunities to the community, which serves to enhance the overall tax base. In consideration of these factors, it is recommended that the Glenbrook Board of Education support Nestlé’s application for a Cook County 6B Program tax incentive.



Village of Northbrook

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JUN 21 2010

1225 Cedar Lane Northbrook, Illinois 60062 847.272.5050 Fax 847.272.9760 www.northbrook.il.us

June 18, 2010

Dr. Michael Riggle, Superintendent
School District #225
1835 Landwehr Road
Glenview, IL 60025

**RE: Nestle USA – 885 Sunset Ridge Road
Cook County 6B Program Request**

Dear Dr. Riggle:

The Village of Northbrook has received the attached request from Nestle USA, Inc. requesting that the Village adopt a resolution supporting a Cook County 6b Program application for the substantial rehabilitation of the property at 885 Sunset Ridge Road (the former Plunkett Furniture store). The Village's procedures for the review and approval of 6b tax incentives generally provide the local school and park districts with 45 days to review and comment on a request. Given the tight time schedule that Nestle is facing regarding its decision of whether or not to locate in Northbrook; **we ask that you provide your comments to the Village by the end of the work day on Tuesday, July 13, 2010.**

If you should have questions of the Village regarding the application, please contact David Schoon, Economic Development Coordinator, (847) 272-5050, x4281. Questions of the applicant should be directed to Rich Klawiter, the attorney for Nestle at (312) 368-7243. I would ask that you keep me informed of when your Board is scheduled to consider the request, and if you would like someone from the Village or the Applicant to attend the meeting. We look forward to receiving your Board's comments. Thank you.

Sincerely,


Richard Nahrstadt
Village Manager

Cc: Richard Klawiter, DLA Piper
David Schoon

Enclosures

PRESIDENT

Sandra E. Frum

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Richard A. Nahrstadt



VILLAGE OF NORTHBROOK MEMORANDUM DEVELOPMENT & PLANNING SERVICES

TO: RICHARD NAHRSTADT, VILLAGE MANAGER
FROM: DAVID SCHOON, ASST. DIRECTOR, PLANNING & DEVELOPMENT SERVICES
DATE: JUNE 18, 2010
SUBJECT: PRELIMINARY BOARD REVIEW – NESTLE USA, INC.
COOK COUNTY CLASS 6B PROGRAM REQUEST FOR 885 SUNSET RIDGE ROAD

INTRODUCTION

On June 22, 2010, the Board of Trustees is scheduled to hold its initial review of a request by Nestle USA (the "Applicant") as a potential lessee of a vacant building at 885 Sunset Ridge Road (the "Subject Property") for Village support of a Class 6b incentive application to Cook County to receive the Class 6b property tax classification for substantial rehabilitation of the building and property. The Applicant requests the Village adopt a resolution supporting and consenting to the filing of a Class 6b application and finds the incentive necessary for re-occupancy of the Subject Property.

Nestle plans to lease the Subject Property from 885 Venture, LLC (the "Property Owner"), who recently purchased the site in May 2010. Nestle would relocate its recently acquired pizza division's national corporate headquarters and center for research and product development to the site. Nestle recently purchased the pizza division from Kraft and needs to relocate the operation out of Kraft's existing facility in Glenview. In addition to the Northbrook location, Nestle is also considering a facility in Solon, Ohio, which is the corporate office to which the proposed Northbrook facility would report. If they select the Northbrook location, Nestle plans to invest \$15 million in the approximately 74,600 square foot building. The facility would employ 168 individuals with an average annual salary of \$110,000 and a total annual payroll of \$18.5 million.

THE 6B PROGRAM

The Cook County Class 6b program reduces the overall property tax bill for industrial and warehouse buildings over the course of 12 years. Under the program, properties receiving Class 6b will be assessed at 10% of market value for the first 10 years, 15% in the 11th year, and 20% in the 12th year. In year 13, the property is assessed at the normal assessed value of 25% of market value.

Real estate is eligible for Class 6b status if it is used primarily for "industrial purposes" and is either (a) new construction, (b) substantial rehabilitation, or (c) substantial reoccupancy of "abandoned" property. Within its definition of industrial purposes, the County includes "research and development associated with the production of goods." The facility will be used for such research and development activities. The Applicant is only requesting the Class 6b status on the substantial rehabilitation of the structure. That is, the reduced incentive level of assessment is applicable to only the additional market value attributable to the rehabilitation. Though the Applicant plans to invest \$15 million into the facility, it is estimated that the market value of the site would increase by only approximately \$5 million for property tax purposes. The \$15 million dollar investment would convert the building from a furniture store to a division headquarters and center for research and product development consisting of: (a) a 26,000 square foot pilot plant; (b) a 7,000 square foot test kitchen,

Nestle USA, Inc. – 885 Sunset Ridge Road
June 18, 2010

and (c) a 42,000 square feet of office space. Included with the application is a breakdown of the preliminary project budget and floor plans for the proposed improvements.

VILLAGE PROCEDURES FOR PROCESSING CLASS 6B APPLICATIONS

Attached is Resolution No. 07-R-48, “Establishing Eligibility Guidelines and Procedures for Review and Approval of Cook County Class 6B Classification Requests” The eligibility guidelines consist of three basic categories:

1. Economic & Fiscal Impacts of the Business on the Community (50% consideration)
2. Conditions of Existing Building/Site and Private Financial Contribution Compared to Public Assistance (30% consideration)
3. Quality of Jobs Created (20% consideration)

In addition, bonus consideration of up to 5% can be awarded due to environmental features of the proposed business. When the Village Board established these eligibility guidelines, they were adopted as general guidelines as a way for the Board to evaluate requests. The “consideration” percentages were provided as a means to weigh the three guidelines categories in terms of their importance to the Village Board. Attachment A to this memo elaborates further as to how this request is consistent with the guidelines. In addition, attached is a spreadsheet comparing the current request with previous Class 6b requests that past Village boards have considered.

The Village’s general procedures for processing a County 6b tax incentive request provides impacted school districts (in this case, School Districts 28 & 225) as well as the Northbrook Park District with a 45 day time period to comment on the proposed request prior to the Board taking final action on the resolution of support. Given Nestle’s tight time schedule, we will be asking each district to expedite its review with the goal of having the Village Board consider the resolution of support and consent much sooner than the end of the 45 day period (August 10).

The Village’s procedures also provide the ICDC and EDC an opportunity to comment on the proposed requests. Staff has already forwarded the application material along with this staff report to the other taxing districts, ICDC, and EDC for review at their June/July meetings.

APPLICANT’S REQUEST

As previously stated, the Applicant requests that the Subject Property be eligible for the Class 6b property tax incentive on the added value to the site as a result of their substantial improvement to the site. That means the existing improvements will be taxed at the standard assessment rates, while the added value will be taxed at the lower assessment rates. In the attached materials, the Applicant has projected the potential property taxes that would be collected over a 13-year period on only the added value from the improvements to the Subject Property. A summary of those numbers are in the table on the next page. It is projected in the first year, the total property taxes collected from the added value of improvements would be approximately \$117,000 with the Class 6b incentive and \$280,000 without the Class 6b.

**Potential Property Taxes Collected Over 13 Year Period
 On Only the Added Value from the Proposed Improvements to 885 Sunset Ridge Road***

	Property Occupied <u>With</u> the Class 6B	Property Occupied <u>Without</u> the Class 6B	<u>Difference</u> Between Without the Class 6b & With the Class 6B*
All Taxing Districts	\$2,041,000	\$3,955,000	\$1,914,000
Village	\$123,000	\$239,000	\$116,000
School District 225	\$571,000	\$1,107,000	\$536,000
School District 28	\$750,000	\$1,453,779	\$704,000
Park District	\$137,000	\$265,761	\$129,000
Library Fund	\$40,000	\$77,514	\$37,000

*These projections do not include the taxes collected on the value prior to the improvements.

Given the economic state of the big box retail market, especially furniture stores, the Board will need to decide if the Class 6b incentive is necessary to encourage the reuse of the subject building by attracting a division headquarters and center for research and product development for a multi-national corporation to Northbrook.

SUMMARY

Staff suggests that the Board of Trustees focus on the following questions in reviewing this request:

1. Does the Applicant's 6b proposal satisfy the general Cook County criteria for the approval of a 6b incentive involving the substantial rehabilitation of an existing building?
2. Does the Applicant's 6b proposal satisfy the general Village criteria for the approval of a 6b incentive?
3. Is there a significant economic benefit to the Village and the community to financially assist this new business to locate in the community?
4. Should staff be directed to prepare a resolution supporting and consenting to the filing of the Class 6b application by Nestle for the Subject Property?

I, along with the Applicant's representatives, will be present at the June 22 meeting to answer any questions from the Board.

**ATTACHMENT A
 VILLAGE OF NORTHBROOK CLASS 6B ELIGIBILITY GUIDELINES
 NESTLE USA – 885 SUNSET RIDGE ROAD**

Nestle USA	
<p>ECONOMIC & FISCAL IMPACTS OF BUSINESS ON THE COMMUNITY (50% consideration) <i>Higher consideration to be given for:</i></p>	
<p>1. Potential for future growth of <u>industry</u>.</p>	<p>Industry – Frozen Specialty Food Manufacturing Falls within NAICS Industry 311412</p> <p>The Applicant states that the U.S. is the largest pizza market in the world, with consumer sales of approximately \$37 billion. Frozen pizza is a rapidly growing market, with Nestle’s newly acquired brands experiencing double-digit growth in the U.S. and Canada over the last four years.</p>
<p>2. A greater increase in the assessed value of the property through the construction of building additions or making other significant improvements to the site.</p>	<p>The applicant intends to invest \$15 million into the facility, which is anticipated to increase the market value of the property by \$5 million for property tax purposes.</p>
<p>3. Projects not requiring new public capital improvements. If public infrastructure improvements are necessary, a greater contribution by the developer for public infrastructure improvements.</p>	<p>None required.</p>
<p>4. A greater amount of sales tax base expansion.</p>	<p>No direct sales tax base expansion; Indirect sales tax base expansion as a result of employees buying goods and services in the community.</p>
<p>5. Businesses that have a history of contributing to their communities through volunteer work, financial contributions or other means. If a new start-up business, the business demonstrates its commitment to becoming involved in the community.</p>	<p>Nestle lists its community involvement as supporting initiatives that benefit children, literacy, health and wellness and hunger relief through organizations such as Susan G. Koman Breast Cancer Foundation, Feeding America, Reading is Fundamental, Fruit Tree Planting Foundation, United Way, American Cancer Society, American Diabetes Society, Adopt a School programs, and Very Best in Youth program. The employees in the recently acquired pizza division have been involved with KPC Cares Day and Off The Street Club.</p>
<p>6. Start-up companies and expansions of existing local operations.</p>	<p>New business to the community</p>

**ATTACHMENT A
 VILLAGE OF NORTHBROOK CLASS 6B ELIGIBILITY GUIDELINES
 NESTLE USA – 885 SUNSET RIDGE ROAD**

	Nestle USA
<p>CONDITIONS OF EXISTING BUILDING /SITE AND PRIVATE FINANCIAL CONTRIBUTION COMPARED TO PUBLIC ASSISTANCE (30% consideration)</p> <p><i>Higher consideration to be given for:</i></p>	
<p>1. Buildings that have been vacant for two years or more.</p>	<p>Building has been vacant since the summer of 2009. Given that the Applicant is not filing under the Class 6b “abandonment” criteria, but only the substantial rehabilitation criteria, the vacancy factor is not as a critical a factor.</p>
<p>2. Sites for which prior to applying for a Class 6b exemption, a vacancy appeal for the site has been granted by Cook County.</p>	<p>The Applicant has provided documentation that in 2009 an appeal was filed on the partial vacancy and to contest an artificial increase in market value that resulted from the County’s application of new assessment percentages. The appeal is currently pending. If successful, the Applicant anticipates a reduction the assessed value of the property.</p>
<p>3. A property owner demonstrating that reasonable efforts have been made to market the property over time.</p>	<p>Nestle will be purchasing the property. To date no information has been provided regarding</p>
<p>4. Sites that are difficult to lease or sell due to age, size, condition, or unique characteristics of the building.</p>	<p>The building was designed for large-scale furniture store and not generally suited for other retail users. The Applicant also argues that the design of the building makes it more difficult to convert to conventional retail or office uses.</p>
<p>5. Sites for which the purchase price of the property is market rate and is not the reason for needing a 6b incentive and for which deferred maintenance issues are not the reasons for needing the 6b incentive.</p>	<p>Nestle will be leasing the property. The current property owner purchased the property in May 2010 at a price of approximately \$54.60/sq.ft.</p> <p>The Applicant has indicated that deferred maintenance is not the reason for the need for the 6b incentive. The need for the incentive is due to the considerable investment the company must make in the building to convert it from a large format furniture store to its pizza division’s national corporate headquarters and center for research and product development.</p>
<p>6. A greater ratio of investment (value of improvements to existing building) by the assisted business compared to amount of Class 6b relief.</p>	<p>The Applicant plans to invest \$15 million into the facility and the Class 6b relief would provide a savings of approximately \$1.9 million in taxes over a 13 period resulting in an investment to Class 6b relief ratio of 7.84.</p>

**ATTACHMENT A
 VILLAGE OF NORTHBROOK CLASS 6B ELIGIBILITY GUIDELINES
 NESTLE USA – 885 SUNSET RIDGE ROAD**

Nestle USA	
7. A lower ratio of Class 6b relief compared to total annual payroll.	The Class 6b tax savings would equal approximately \$1.9 million over a 13 year period. The Applicant has stated its total annual payroll will be approximately \$18.5 million resulting in a Class 6b relief total annual payroll ratio of 0.10.
8. A greater ratio of value of improvements to the existing building to purchase price of the real property.	The Applicant plans to invest \$15 million into the facility and the current property owner recently purchased the property for approximately \$4.1 million, resulting in an improvement to purchase price ratio of 3.68. (Note: Nestle is not purchasing the property, but is leasing the property.)
9. Quality of the case being made that the Class 6b is necessary for the project to move forward.	The Applicant has presented a case that the Class 6b is necessary due to the considerable investment the company must make in the building to convert it from a large format furniture store to its pizza division's national corporate headquarters and center for research and product development. The Applicant has indicated that they are considering all factors, including costs, associated with operating the proposed facility in Northbrook or at its existing facilities in Solon, OH.
QUALITY JOBS TO BE CREATED (20% consideration) <i>Higher consideration to be given for:</i>	
1. Higher wage rates.	Nestle's average annual salary = \$110,000. Nestle's estimated total annual payroll = \$18.5 million For comparison purposes: Cook County Living Wage with benefits = \$9.43/hr (40 hrs/wk for 52 wks = \$19,614) Cook County Living Wage without benefits = \$11.78/hr (40 hrs/wk for 52 wks = \$24,502) According to the Illinois Department of Employment Services, the median annual salary for all occupations in Cook County is approximately \$37,000, while the annual salary for experienced workers over all occupations in Cook County is approximately \$63,000.
1. Full-time; long-term, non-seasonal positions.	168 full-time and full-time equivalent jobs

**ATTACHMENT A
 VILLAGE OF NORTHBROOK CLASS 6B ELIGIBILITY GUIDELINES
 NESTLE USA – 885 SUNSET RIDGE ROAD**

ATTACHMENT A VILLAGE OF NORTHBROOK CLASS 6B ELIGIBILITY GUIDELINES NESTLE USA – 885 SUNSET RIDGE ROAD	
	Nestle USA
TOTAL (100% Consideration)	
ENVIRONMENTAL IMPACT <i>(Bonus Consideration of up to 5%)</i> Higher consideration to be given for:	
<ul style="list-style-type: none"> • The more environmentally sound the company’s operation, including but not limited to: <ul style="list-style-type: none"> ○ Comprehensive energy and resource efficiency programs, including green buildings (e.g. LEED certification, binding energy efficiency commitments, etc.) ○ Comprehensive waste reduction, waste exchange, and recycling programs. 	The Applicant states it is its policy to utilize sound environmental, pollution prevention and control, energy conservation and recycling/solid waste management practices. It intends to implement a recycling program and investigate other energy efficiency and environmentally sustainable programs.
<ul style="list-style-type: none"> • The more environmentally sound the company’s products/services, including but not limited to: <ul style="list-style-type: none"> ○ Products/services that expand markets for recycled materials. ○ Development of renewable energy resources or products that conserve energy. 	The Applicant states it is its policy to develop and utilize packaging that reduces the amount of materials used, contains already recycled materials, and/or can be recycled or disposed of in an environmentally sensitive way. The Applicant provided two examples.
CLASS 6B GENERAL REQUIREMENTS & STANDARDS	
1. The proposal must satisfy all applicable Cook County criteria for the approval of a Class 6b incentive;	Complies with basic criteria. Cook County will make the final determination.
2. The proposal must be consistent with the Comprehensive Plan and Strategic Plan for Economic Development	The proposal complies with the existing zoning for the site, which is consistent with the Comprehensive Plan, and the proposal is consistent with Strategic Plan for Economic Development
3. The applicant shall agree to develop, operate, and maintain the Subject Property in compliance with all codes and ordinances of the Village of Northbrook;	Applicant agrees. Resolution consenting to Class 6b would include such a requirement.
4. The Village shall not renew a Class 6b incentive after the initial 12-year 6b assessment time period has expired.	Applicant has acknowledged this policy. Resolution consenting to Class 6b would include such statement.
5. The Village’s support of a particular Class 6b request shall be tied to a specific business(es) that will occupy the subject property and benefit from the Class 6b property classification.	Complies. Resolution consenting to the Class 6b would include such a requirement.

**ATTACHMENT A
VILLAGE OF NORTHBROOK CLASS 6B ELIGIBILITY GUIDELINES
NESTLE USA – 885 SUNSET RIDGE ROAD**

Nestle USA	
6. During the life of the Class 6b schedule, the applicant shall agree not to seek a property tax protest that would result in a property value less than the fair market value set by the Cook County Assessor's Office during the first year of the Class 6b schedule.	Applicant has agreed. Resolution consenting to Class 6b would include such a prohibition.
7. The Village shall require an agreement with the applicant setting the terms and conditions for Class 6b approval.	Applicant has acknowledged. The resolution of consent or a separate agreement will outline the terms and conditions for Class 6b approval.

**Current and Past Class 6b Applications
As of April 2007**

Business	Property Address	Year	Request Approved or Denied by Village	Type of Application	Project Status	Length of Vacancy of Building (in months)	Vacancy Appeal Granted Prior to 6b Request	Purchase Price of Real Property (Building & Land)	Building Floor Area (Existing Sq.Ft.)	Purchase Price Per Building Square Foot
Nestle USA (lessee)	885 Sunset Ridge	2010	Pending	Substantial Rehabilitation - Incentive Only on Added Improvements	Pending	<10	Yes	\$ 4,073,541	74,626	\$ 54.59
Granite America	3200 Arnold Lane	2007	Approved	Abandoned Property and Substantial Rehabilitation	Applicant occupying building	37+	Yes	\$ 3,412,500	84,600	\$ 40.34
Panek Precision Products	455 Academy Lane	2006	Approved	Abandoned Property and Substantial Rehabilitation	Applicant occupying building	13	No	\$ 2,950,000	106,000	\$ 27.83
International Derivatives	2300 Carlson Drive	2006	Approved	Abandoned Property and Substantial Rehabilitation	Applicant occupying building	> 24	No	\$ 1,850,000	16,283	\$ 113.62
Genesis Technologies	2942 MacArthur Blvd.	2006	Approved	Abandoned Property and Substantial Rehabilitation.	Applicant occupying building	20	Significant	\$ 2,934,000	49,700	\$ 59.03
Highland Baking	2301 Shermer Road	2006	Approved	Abandoned Property and Substantial Rehabilitation.	Applicant occupying building	0	No	\$ 8,000,000	250,000	\$ 32.00
Diversified Metal Products	2205 Carlson Drive	2006	Denied	Renewal	Applicant occupying building	NA - Renewal	NA	NA	26,000	NA
Wittek Golf Supply	3865 Commercial Ave.	2006	Denied	Abandoned Property	Applicant occupying building	6	No	\$ 1,800,000	36,000	\$ 50.00
Speculative Building (The Misner Group)	3200 Arnold Lane	2005	Approved	Abandoned Property	See Granite America	25		\$ 2,725,000	84,600	\$ 32.21
Nestle Waters North America	310 Huehl Road (31,400 sq.ft. of 71,000 sq.ft. bldg.)	2004	Approved	Substantial Rehabilitation - Incentive Only on Added Improvements	Applicant occupying building	> 24		Lease	31,400	Lease

NA - Not applicable
A blank means the information is not available.
(1) Improvements to existing building do not necessarily lead to increased EAV.

**Current and Past Class 6b Applications
As of April 2007**

Business	Property Address	Year	Request Approved or Denied by Village	Type of Application	Project Status	Length of Vacancy of Building (in months)	Vacancy Appeal Granted Prior to 6b Request	Purchase Price of Real Property (Building & Land)	Building Floor Area (Existing Sq.Ft.)	Purchase Price Per Building Square Foot
Revell-Mongram	725 Landwehr Road	2003	Approved	Abandoned Property & Substantial Rehabilitation	Applicant vacated building. Building now occupied by Dreams Retail.	20	Significant	\$ 8,000,000	166,000	\$ 48.19
Bell Flavors	500 Academy Drive	1998	Approved	Enlarge an Existing Building	Applicant occupying building	NA	NA	NA		
Pylon Tools	1855 Holste Road	1998	Tabled by Applicant	Enlarge an Existing Building	NA	NA	NA	NA		
Bernhard Woodwork	3670 Woodhead Drive	1997	Approved	Enlarge an Existing Building	Applicant occupying building	NA	NA	NA		
Gold Realty	1000 Sunset Ridge	1997	Approved	Refurbish an Existing Building. Application denied by County because not all PINS were industrial.	Site Proposed for Senior Housing Project					
Diversified Metal Products	2205 Carlson Drive	1996	Approved	New Building	Incentive expired 2007 Applicant occupying building	NA - New building	NA	NA	26,000	NA
Institutional Foods Packaging	2900 Shermer Road	1995	Approved	New Building	Incentive expired 2006 Building now occupied by Optimum Food	NA - New building	NA	NA		NA
Rose Group	3411 Commercial Drive	1995	Withdrawn	Refurbish an Existing Building	NA					

NA - Not applicable
A blank means the information is not available.
(1) Improvements to existing building do not necessarily lead to increased EAV.

**Current and Past Class 6b Applications
As of April 2007**

Business	Property Address	Projected Property Tax Savings for Applicant (Comparing w/ 6b to w/out 6b)	Projected Value of Improvements to Existing Building(1)	Projected Number of Full-Time Jobs	Average Hourly Wage or Annual Salary	Estimated Total Annual Payroll	Projected Class 6b Relief per Job	Ratio of Value of Building Improvements to Property Tax Savings	Ratio of Value of Improvements to Existing Building to Purchase Price of Real Property	Ratio of Class 6b Relief Compared to Total Annual Payroll
Nestle USA (lessee)	885 Sunset Ridge	\$ 1,914,000	\$ 15,000,000	168	\$ 110,000	\$ 18,480,000	\$ 11,393	7.84	3.68	0.10
Granite America	3200 Arnold Lane	\$ 1,314,000	\$ 600,000	11	\$14.40 to \$48.00		\$ 119,455	0.46	0.18	
Panek Precision Products	455 Academy Lane	\$ 1,135,400	\$ 1,400,000	135	\$ 14.20	\$ 3,987,360	\$ 8,410	1.23	0.47	0.28
International Derivatives	2300 Carlson Drive	\$ 712,000	\$ 1,000,000	20			\$ 35,600	1.40	0.54	
Genesis Technologies	2942 MacArthur Blvd.	\$ 1,129,000	\$ 1,600,000	65	\$ 49,000	\$ 3,185,000	\$ 17,369	1.42	0.55	0.35
Highland Baking	2301 Shermer Road	\$ 4,500,000	\$ 7,000,000	360	\$ 16.00	\$ 11,980,800	\$ 12,500	1.56	0.88	0.38
Diversified Metal Products	2205 Carlson Drive		NA	17			NA	NA	NA	
Wittek Golf Supply	3865 Commercial Ave.	\$ 680,000		40	\$ 16.00	\$ 1,331,200	\$ 17,000			0.51
Speculative Building (The Misner Group)	3200 Arnold Lane	\$ 520,000	\$ 1,100,000	NA	NA	NA	NA	2.12	0.40	
Nestle Waters North America	310 Huehl Road (31,400 sq.ft. of 71,000 sq.ft. bldg.)	\$ 545,000	\$ 1,300,000	45	\$ 21.75	\$ 2,035,800	\$ 12,111	2.39	NA	0.27

NA - Not applicable
A blank means the information is not available.
(1) Improvements to existing building do not necessarily lead to increased EAV.

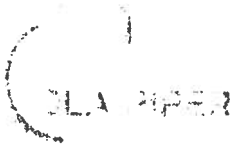
**Current and Past Class 6b Applications
As of April 2007**

Business	Property Address	Projected Property Tax Savings for Applicant (Comparing w/ 6b to w/out 6b)	Projected Value of Improvements to Existing Building(1)	Projected Number of Full-Time Jobs	Average Hourly Wage or Annual Salary	Estimated Total Annual Payroll	Projected Class 6b Relief per Job	Ratio of Value of Building Improvements to Property Tax Savings	Ratio of Value of Improvements to Existing Building to Purchase Price of Real Property	Ratio of Class 6b Relief Compared to Total Annual Payroll
Revell-Mongram	725 Landwehr Road	\$ 3,360,000		160		\$ -	\$ 21,000			
Bell Flavors	500 Academy Drive									
Pylon Tools	1855 Holiste Road									
Bernhard Woodwork	3670 Woodhead Drive									
Gold Realty	1000 Sunset Ridge									
Diversified Metal Products	2205 Carlson Drive									
Institutional Foods Packaging	2900 Shermer Road									
Rose Group	3411 Commercial Drive									

NA - Not applicable

A blank means the information is not available.

(1) Improvements to existing building do not necessarily lead to increased EAV.



DLA Piper LLP (US)
203 North LaSalle Street, Suite 1900
Chicago, Illinois 60601-1293
www.dlapiper.com

Richard F. Klawiter
richard.klawiter@dlapiper.com
T 312.368.7243
F 312.630.7337

June 17, 2010
VIA OVERNIGHT COURIER

David Schoon
Assistant Director/Economic Development Coordinator
Department of Development and Planning Services
Village of Northbrook
1225 Cedar Lane
Northbrook, Illinois 60062

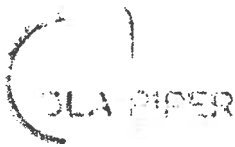
**Re: Nestlé USA, Inc. - Nestlé Pizza Division
885 Sunset Ridge Road (P.I.N. 04-12-112-001-0000)
Application for Cook County Class 6b Property Tax Incentive**

Dear Mr. Schoon:

On behalf of my client, Nestlé USA, Inc., I am pleased to enclose a copy of the Class 6b Eligibility Application being submitted to Cook County with respect to the property located at 885 Sunset Ridge Road. The enclosures also include materials requested by the Village in connection with its consideration of Nestlé's request for the Village's support of and consent to the Class 6b application.

The enclosures include the following items:

- (1) Review fee in the amount of \$5,000
- (2) Cook County Class 6b Eligibility Application, with the following attachments:
 - (a) Legal Description of the Property
 - (b) Site and Building Data
 - (c) Identification of Owner and Applicant
 - (d) Description of Intended Use
 - (e) Copies of Materials Explaining the Occupant's Business
 - (f) Specific Description of the Proposed Substantial Rehabilitation
 - (g) Current Plat of Survey for Subject Property
 - (h) 1st Floor Plan or Schematic Drawings
 - (i) Building Permits, Wrecking Permits and Occupancy Permits
 - (j) Cost Description
 - (k) Local Approval Letter, previously provided by your office
- (3) Village of Northbrook Class 6b Application Materials, consisting of the following items:
 - (a) Economic and Fiscal Impacts of Business on the Community
 - (b) Conditions of Existing Building/Site and Private Financial Contribution Compared to Public Assistance
 - (c) Quality Jobs to be Created



David Schoon
June 17, 2010
Page Two

- (d) Environmental Impact
- (e) Class 6b General Requirements and Standards

As described in the enclosed materials, Nestlé is considering establishing the Nestlé Pizza Division corporate headquarters and center for research and product development at 885 Sunset Ridge Road, in the Village of Northbrook. Nestlé recently acquired Kraft Foods' U.S.-based pizza business, which included 168 employees located in Glenview, Illinois. Nestlé has been operating out of the Glenview facility on a temporary basis, pending establishment of permanent facilities for the Nestlé Pizza Division. Continuing to operate out of the Glenview facility is not feasible, as it is owned by Kraft, and is used by many other Kraft business units. Nestlé is considering establishing the Nestlé Pizza Division in Northbrook, or at its current Nestlé USA, Inc. headquarters facility in Solon, Ohio. The existing building at the Northbrook site, a former furniture showplace, has been vacant for almost a year, and requires substantial rehabilitation in order to accommodate a new user. In order to establish the proposed facility in Northbrook, Nestlé must invest approximately \$15,000,000 to substantially rehabilitate the existing building to create approximately 42,000 square feet of office space, a 26,000 square foot pilot plant and a 7,000 square foot test kitchen. Nestlé estimates that a \$2,000,000 investment would be required to expand its existing headquarters facility in Solon, Ohio to accommodate the new divisional facility.

In order to facilitate the substantial rehabilitation of the Northbrook site, Nestlé is seeking a Class 6b property tax incentive. As part of the County's application process for this incentive, Nestlé must submit a resolution from the Village of Northbrook supporting and consenting to the Class 6b application. A copy of Nestlé's letter formally requesting the resolution, which was previously forwarded to you, is enclosed for your reference.

We look forward to working with the Village on this exciting proposal. Please contact me if you have any questions.

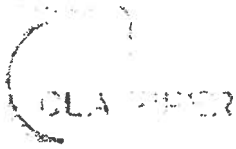
Very truly yours,

DLA Piper LLP (US)

A handwritten signature in black ink that reads 'Rich Klawiter' followed by a horizontal line and the initials 'mfid'.

Richard F. Klawiter
Enclosures

cc: Rich Nahrstadt, Village Manager
Tom Poupard, Director, Development & Planning Services
Steve Drozda, Nestlé USA, Inc.
Mariah F. DiGrino



DLA Piper LLP (US)
303 North LaSalle Street, Suite 1900
Chicago, Illinois 60601-1293
www.dlapiper.com

Richard F. Klawiter
Richard.klawiter@dlapiper.com
T 312.368.7243
F 312.630.7337

June 10, 2010
VIA OVERNIGHT COURIER

David Schoon
Assistant Director/Economic Development Coordinator
Department of Development and Planning Services
Village of Northbrook
Village Hall, 2nd Floor
1225 Cedar Lane
Northbrook, IL 60062

**Re: Request for Resolution Supporting and Consenting to Class 6b Property Tax Incentive
885 Sunset Ridge Road (P.I.N. 04-12-112-001-0000)**

Dear Mr. Schoon:

As you know, this firm represents Nestlé U.S.A., Inc. in connection with its proposed reuse of the building located at 885 Sunset Ridge Road (the "Property"), in the Village of Northbrook. Nestlé is considering establishing the Nestlé Pizza Division national corporate headquarters and center for research and product development at the Property. In order to establish this use, Nestlé must substantially rehabilitate the existing building at the Property to convert the building from a former furniture showplace, which has been closed since Summer 2009. Nestlé's proposed use would include approximately 55,000 square feet of office space, an approximately 26,000 square foot "pilot plant," and an approximately 7,000 square foot R&D test kitchen.

In order to facilitate the substantial rehabilitation, Nestlé has determined that it will be necessary to obtain financial assistance in the form of a property tax incentive under Cook County's Class 6b program. Nestlé must include in its application to the County a resolution stating that the Village supports and consents to the filing of a Class 6b application, and that it finds Class 6b necessary for development to occur on the Property, or a letter from the Village confirming that Nestlé has requested such a resolution. Please consider this Nestlé's formal request for such a resolution, and for a letter confirming Nestlé's request pending consideration of the resolution.

We look forward to working with the Village on this exciting proposal. Please contact me or my colleague, Mariah DiGrino, at 312/368-7261 if you have any questions.

Very truly yours,

DLA Piper LLP (US)


Richard F. Klawiter

cc: Steve Drozda
Mariah F. DiGrino



COOK COUNTY ASSESSOR'S OFFICE
JAMES M. HOULIHAN, ASSESSOR

118 NORTH CLARK STREET, CHICAGO, IL 60602
 PHONE: 312.443.7550 WEBSITE: WWW.COOKCOUNTYASSESSOR.COM

CLASS 6b
ELIGIBILITY APPLICATION

Carefully review the Class 6b Eligibility Bulletin before completing this Application. For assistance, please contact the Assessor's Office, Development Incentives Department, (312) 603-7529. This application, **a filing fee of \$500.00**, and supporting documentation (except drawings and surveys) must be filed as follows:

This application must be filed **PRIOR TO** the commencement of New Construction or **PRIOR TO** the commencement of Substantial Rehabilitation Activities or **PRIOR TO** the commencement of Reoccupation of Abandoned Property.

Applicant Information

Name: Nestle USA, Inc. Telephone: (952) 649-9357
 Address: 800 North Brand
 City: Glendale State: CA Zip Code: 91203

Contact Person (if different than the Applicant)

Name: Richard Klawiter and Mariah DiGrino
 Company: DLA Piper LLP (US) Telephone: (312) 368-7243/7261
 Address: 203 North LaSalle Street, Suite 1900
 City: Chicago State: IL Zip Code: 60601
 Email Address: richard.klawiter@dlapiper.com
mariah.digrino@dlapiper.com

Property Description (per PIN)

If you are applying for more than three different PINs, please submit the additional PIN information in an attachment.

Street address: (1) 885 Sunset Ridge Road (933 Skokie Blvd.)
 Permanent Real Estate Index Number: 04-12-112-001-0000
 (2) _____
 Permanent Real Estate Index Number: _____
 (3) _____
 Permanent Real Estate Index Number: _____
 City: Northbrook State: IL Zip Code: 60062
 Township: Northfield Existing Class: 5-92

Attach legal description, site dimensions and square footage, and building dimensions and square footage.

Identification of Persons Having an Interest in the Property

Attach a complete list of all owners, developers, occupants and other interested parties (including all beneficial owners of a land trust) identified by names and addresses, and the nature and extent of their interest.

Industrial Use

Attach a detailed description of the precise nature and extent of the intended use of the subject property, specifying in the case of multiple uses the relative percentages of each use.

Include copies of materials, which explain each occupant's business, including corporate letterhead, brochures, advertising material, leases, photographs, etc.

Nature of Development

Indicate nature of the proposed development by checking the appropriate space:

- New Construction (Read and Complete Section A)
- Substantial Rehabilitation (Read and complete Section A)
Incentive only applied to market value attributable to the rehabilitation
- Occupation of Abandoned Property – No Special Circumstances
(Read and complete Section B)
- Occupation of Abandoned Property – With Special Circumstances
(Read and complete Section C)

A. If the proposed development consists of *new construction* or *substantial rehabilitation*, provide the following information:

Estimated date of construction commencement (excluding demolition, if any): September 2010
Estimated date of construction completion: December 2010

Attach copies of the following:

1. Specific description of the proposed new construction or substantial rehabilitation.
2. Current plat of survey for subject property.
3. 1st floor plan or schematic drawings.
4. Building permits, wrecking permits and occupancy permits (including date of issuance).
5. Complete description of the cost and extent of substantial rehabilitation or new construction (including such items as contracts, itemized statements of all direct and indirect costs, contractor's affidavits, etc.)

B. If the proposed development consists of the reoccupation of abandoned property, purchased for value, complete (1) and (2) below: N/A

1. Was the subject property vacant and unused for at least 24 continuous months prior to the purchase for value?

YES NO

When and by whom was the subject property last occupied prior to the purchase for value?

Attach copies of the following documents:

- (a) Sworn statements from persons having personal knowledge attesting to the fact and duration of vacancy and abandonment.
- (b) Records (such as statements of utility companies) which demonstrate that the property was vacant and unused and indicate duration of such vacancy.

2. Application must be made to Assessor prior to reoccupation:

Estimated date of reoccupation: _____

Date of purchase: _____

Name of purchaser: _____

Name of seller: _____

Relationship of purchaser to seller: _____

Attach copies of the following documents:

- (a) Sale contract
- (b) Closing statement
- (c) Recorded deed
- (d) Assignment of beneficial interest
- (e) Real estate transfer declaration

C. If the applicant is seeking special circumstances to establish that the property was abandoned for purposes of the incentive where there was a purchase for value, but the period of *abandonment prior to purchase was less than 24 continuous months*, please complete section (1) below. If the applicant is seeking special circumstances to establish that the property was abandoned for purposes of the incentive where there was *no purchase for value*, but the period of abandonment prior to application was 24 continuous months or greater, please complete section (2) below.

1. How long was the period of abandonment prior to the purchase for value? N/A

When and by whom was the subject property last occupied prior to the purchase for value?

Attach copies of the following documents:

- (a) Sworn statements from person having personal knowledge attesting to the fact and duration of vacancy and abandonment.
- (b) Records (such as statements of utility companies) which demonstrate that the property was vacant and unused and indicated duration of such vacancy.
- (c) Include the finding of special circumstances supporting "abandonment" as determined by the municipality, or the County Board, if located in an unincorporated area. *Also include the ordinance or resolution for the Board of Commissioners of Cook County stating its approval for the less than 24-month abandonment period.*

Application must be made to Assessor prior to commencement of reoccupation of the abandoned property.

Estimated date of reoccupation: _____
Date of purchase: _____
Name of purchaser: _____
Name of seller: _____
Relationship of purchaser to seller: _____

Attach copies of the following documents:

- (a) Sale contract
- (b) Closing statement
- (c) Recorded deed
- (d) Assignment of beneficial interest
- (e) Real estate transfer declaration

2. Was the subject property vacant and unused for at least 24 continuous months prior to the filing of this application?

YES NO

When and by whom was the subject property last occupied prior to filing this application?

Attach copies of the following documents:

- (a) Sworn statements from persons having personal knowledge attesting to the fact and duration of vacancy and abandonment.
- (b) Records (such as statements of utility companies) which demonstrate that the property was vacant and unused and indicate duration of such vacancy.
- (c) Include the finding of special circumstances supporting "abandonment" as determined by the municipality, or the County Board, if located in an unincorporated area. *Also include the ordinance or resolution for the Board of Commissioners of Cook County stating its approval for lack of a purchase for value.*

Application must be made to Assessor prior to commencement of reoccupation of the abandoned property.

Estimated date of reoccupation: _____

Employment Opportunities

How many construction jobs will be created as a result of this development? _____

How many permanent full-time and part-time employees do you now employ in Cook County?

Full-time: 168* Part-time: _____

How many new permanent full-time jobs will be created as a result of this proposed development?
168

How many new permanent part-time jobs will be created as a result of this proposed development?
_____ *The Applicant recently acquired Kraft Foods' frozen pizza business, which had been headquartered in Glenview. The Applicant is operating out of the Glenview building on a temporary basis, pending establishment of a permanent facility. Long-term use of the Glenview building is not feasible, as Kraft owns the building, and operates many of its other business units out of the building.

Cook County Living Wage Ordinance

Applicant confirms that it has reviewed a copy of Chapter 34, Article IV, Division 1, of the COOK COUNTY LIVING WAGE ORDINANCE, Sec. 34-123, as amended.

Please mark the appropriate blank below to indicate which statement applies to the applicant:

_____ Applicant acknowledges that during the appeal process it must provide an affidavit to the Cook County Assessor's Office stipulating it is in compliance with the above referenced Living Wage Ordinance because applicant is currently paying a living wage to its employees.

OR

^x
_____ Applicant acknowledges that during the appeal process it must provide an affidavit to the Cook County Assessor's Office stipulating it is in compliance with the above referenced Living Wage Ordinance because applicant is not required to pay a living wage.

Note: Although the Applicant is not subject to the Living Wage Ordinance, the salaries paid to be paid by the Applicant exceed the living wage standard.

Local Approval

A certified copy of a resolution or ordinance from the municipality in which the real estate is located (or the County Board, if the real estate is located in an unincorporated area) should accompany this Application. The ordinance or resolution must expressly state that the municipality supports and consents to this Class 6b Application and that it finds Class 6b necessary for development to occur on the subject property. If a resolution is unavailable at the time the application is filed, a letter from the municipality or the County Board, as the case may be, stating that a resolution or ordinance supporting the incentive has been requested may be filed with this application instead. If the applicant is seeking to apply based on the reoccupation of abandoned property and will be seeking a finding of "special circumstances" from the municipality, in addition to obtaining a letter from the municipality confirming that a resolution or ordinance supporting the incentive has been requested, the applicant must file a letter from the County Board confirming that a resolution validating a municipal finding of special circumstances has been requested. If, at a later date, the municipality or the County Board denies the applicant's request for a resolution or ordinance, the applicant will be deemed ineligible for the Class 6b incentive, whether or not construction has begun. In all circumstances, the resolution must be submitted by the time the applicant files an "Incentive Appeal".

I, the undersigned, certify that I have read this Application and that the statements set forth in this Application and in the attachments hereto are true and correct, except as those matters stated to be on information and belief and as to such matters the undersigned certifies that he/she believes the same to be true.

Steve D. Drozda
Signature

STEVE D. DROZDA
Print Name

June 16 / 2010
Date

VP - Finance Nestle
Title