

DRAFT
Economic Development Committee
Minutes
September 8, 2010

The DeKalb County Economic Development Committee met on Wednesday, September 8, 2010 @ 5:30p.m., in the Administration Building's Conference Room East. Chairman Eileen Dubin called the meeting to order. Members present were Sally DeFauw, Julia Fauci, Riley Oncken, Mark Todd and Pat Vary. Mr. Jeff Metzger, Sr., called in on the conference phone to take part in the meeting. Those present were Paul Borek and Margaret Whitwell.

It was moved by Ms. Fauci, seconded by Ms. Vary, and it was carried unanimously to allow Mr. Metzger, Sr. to participate in the meeting via the conference phone.

APPROVAL OF THE MINUTES

Moved by Ms. Fauci, seconded by Ms. DeFauw, and it was carried unanimously to approve the minutes from June, 2010.

APPROVAL OF THE AGENDA

Moved by Ms. Vary, seconded by Mr. Oncken, and it was carried unanimously to approve the agenda as presented.

CHAIR'S COMMENTS

Chairman Dubin contacted Mr. Brian Fleming who is with the Associated Bank in DeKalb. She said that she told him that we are still interested in helping him and to bring his request to the Health and Human Services Committee. She has heard nothing back from him to date.

Chairman Dubin said that she spoke with Mr. Andre Ashmore about two weeks ago on the small grant. He said that he is willing to come to DeKalb and speak to us to develop further plans. She also has met with Dr. Gleeson the other day because even though we have finalized the grant, we have not finished Phase III. There are three parts that we are looking at, she said. The first part is with the businesses and the possibility of developing a regional manufacturing area. The second possibility is to work with the high schools and community colleges to direct them to the courses that they really need to get a labor force to replace the aging labor force in DeKalb County. She and Jennie Tompkins are looking at grant possibilities. Speaking with Dr. Gleeson, we will start bringing people together regarding the 3rd possibility for Entertainment and Cultural Development. for this area. She is looking at a NEH Challenge Grant .

BROADBAND DISCUSSION – GARY HANSON AND HERB KURYLIW

Mr. Gary Hanson, Deputy County Administrator, explained to the committee about the Federal Grant that the County received six months ago to be a part of a fiber optic network. He introduced Herb Kuryliw and Ken Zehnder with Northern Illinois University's Information Technology Services, Dan Halverson and Cohen Barnes with DeKalb Fiber Optics (DFO), and Ed Harvey, DeKalb County Finance Office's Broadband Specialist, who have been working with him on this project. The first challenge was to define the actual route of the network and then to get an environmental impact study done – for the entire 140 miles of new construction.

Why is the County involved in this business? We are in it for the potential that it has for every public and private entity in the County who will benefit from broadband access. So, it was an opportunity for us to provide some leadership role to make this happen. For a few years, Herb and Dan have worked with the school districts and conceived this idea and tried to bring it to fruition, but money was always a problem. In early 2009 the Federal Economic Stimulus Package had some funding for this type of project. It became more of a reality. Whether we could compete with everyone else in the country for these dollars was going to be another matter. With funding becoming available, the schools definitely had interest and we looked into expanding into other public entities and brought it all together. Logistics, however, became a problem. We had to cover as many entities as we could and then get them all to agree to something, within a time frame meeting all the grant requirements. The County really had to step forward.

The Federal Government is not backing down on us meeting all requirements, he said. The common analogy that you have probably heard before is that a broadband network is like an interstate highway system. We know the immediate potential, which is very good, but the future potential out there is just incredible,. Mr. Hanson said that moving information is going to be the economic engine.

Mr. Kuryliw said that he visited with this committee in April 2009 with this idea. NIU has a unique department, that is, Broadband Development. They go out into the community and help various entities like local government and hospitals, with developing broadband plans. We know that there is no provider of fiber here in the community. About 5 years ago Dan Halverson and Cohen Barnes bought a fiber optic company together. When Mr. Kuryliw was talking to the schools he advised them that he now had a viable partner that can help with the project, but we now had to come up with a good plan. They knew that the plan wouldn't be good without the County. They have separated out public and private sectors. They formed the group data and spent a lot of time on the plan with the three partners.

DeKalb Fiber Optic (DFO) will contribute \$1.3 million in this project both in kind and in labor with engineering services and giving up a portion of what they currently own. National Telecommunications scrutinized the grant application because this is a unique project. The grant was distributed out of the Department of Economic

Development through the Broadband, Technology, and Opportunity Program. They liked the way we did things. They scrutinized our pricing, how we were going to sell this to both private and public entities, that we are sustainable, that we are compliant with the law for prevailing wages, and of course, job creation and economic development. They estimate around 45 jobs would be created. They saw us as a great partnership.

Today the model is being duplicated throughout the second round of grants, one being the entire State. Mr. Kuryliw said that they have a grant in Central, Illinois, Southern, Illinois, and they may get the Western Illinois grant. The State of Illinois is bringing in a lot of fiber optic. DeKalb County is the Center for the Illinois Broadband Opportunity Partnership. So all of this fiber comes into DeKalb, into NIU and into the businesses here, which will help them to be able to deliver services through DeKalb out to the rural areas as far as Whiteside, Jo Davies and Carroll Counties.

Since, we finally have been approved for the special work conditions, Hinckley Schools has restructured their whole network that now will come into NIU and will save a lot of money. Sandwich Schools are preparing to do a similar thing. Genoa Schools are also preparing to join the enterprise. The Libraries and hospitals are also ready to come on board.

Private businesses are also looking into coming on board, A local ISP is already buying another wireless ISP in preparation for this because they understand the cost savings model that they will be able to operate and function as a business here in DeKalb County. NIU has been in conversations with technology businesses that have been looking at some of the I-88 area knowing that we are a fiber rich County now and that there is an ability to deliver technology from the east to the west. One of the companies that we are talking to is looking at a major site of DeKalb to deliver east and west broadband into this county. It will be a nice boom if we can make that happen for technology in this region tying us to places like NASA, Ames, Texas, Florida and Virginia. We see this developing into a nice plan.

Julia Fauci asked, what does sole source mean?

Mr. Hanson said it means that we do not bid this project out. DFO is considered a sole source on this contract.

Mr. Hanson also said that the State's Attorney has reviewed this contract and said that they are fine with it. The cost of the project is \$14,830,204.00.

Mr. Metzger, Sr., said that we have a much more forward thinking board then when this group came before us in 2006.

Mr. Hanson said that the grant funding is found under #9 of the ordinance. This contract is for a 99 year access agreement, which is considered an asset to the County. Our share is a contribution of \$75,000 with another possible contribution of \$75,000 in 2011.

Mr. Metzger, Sr., mentioned that one of the things that we discussed about 4 ½ years ago that relates to economic development as a possible future growth was data warehousing. Have you been approached by anyone related to data warehousing?

Mr. Kuryliw said yes, there is one particular company that we are talking to that is looking at building a fairly significant infrastructure of fiber that would come from Denver and Virginia. If we get that it would be a great seed to bring in even more data warehousing and technology to the area.

Mr. Hanson said that #15 answers why we need to proceed. Number 15 states that “DFO owns approximately 49 miles of fiber optic infrastructure located in the County and where not limited to capacity or prohibited by underlying agreements, such fiber will be available for future expansion at wholesale rates to supplement the Network as required.” The time is of the essence and we have a very tight timeframe to get this completed. He also mentioned that we have a “turn-key” package, which means that we just have to write the check and we get the package.

After a brief discussion, it was moved by Mr. Oncken, seconded by Ms. DeFauw, and it was carried unanimously to forward this recommendation to the full board for approval.

Before moving on to the next topic, Chairman Dubin said that she had heard through email that Navistar is staying in Lisle and will be expanding there, which is great since they will be creating many new jobs for the area.

She also wanted to mention that DeKalb County is now part of the Foreign Trade Zone with Rockford.

SUSTAINABLE LIVING CONFERENCE – PAT VARY

Ms. Pat Vary, said that she had attended a Sustainable Living Conference in Rockford. She passed out the notes and handouts that she received at this conference to the committee. The conference was held to encourage Green practices in development , for sustainability, energy conservation and future economic efficient practices.

Ms. Vary is proposing adding an extra abatement like an incentive abatement proportional to the industry effort for Green practices (please see her proposal attached to these minutes). We would become a progressive community and would make us more competitive.

Chairman Dubin said that maybe you could take this a step further, by directing businesses to include some Going Green opportunities if they are coming to the Economic Development Committee for tax abatements.

GOING GREEN INITIATIVE SURVEY

Ms. Supple, DeKalb County Coordinator, approached the committee to seek permission to conduct a survey of all county departments to receive feedback on how their offices have cut costs since the County began their Go Green Initiative.

The committee approved the survey and directed Ms. Supple to begin.

Before adjourning, Mr. Borek shared some news with the committee regarding Ideal Industries. He mentioned that they have recently acquired SK Hand Tools Corporation, a well known manufacturer of hand tools. They will be building a new 130,000 square foot building in the Sycamore Industrial Park, not far from their existing campus.

Earlier this year Ideal acquired Western Forge out of Colorado Springs, Colorado, and Pratt Reed in Connecticut, who are also manufacturers of hand tools. Western Forge produces half of Craftsman Tools brand line and Pratt Reed is one of the largest producers of screwdrivers. Now Ideal Industries is the largest producer of screwdrivers and adjustable wrenches in the United States, in addition to being the largest producer of electrical connectors (see press releases attached to these minutes).

ADJOURNMENT

Moved by Mr. Oncken, seconded by Ms. Fauci, and it was carried unanimously to adjourn the meeting.

Respectfully submitted,

Eileen Dubin, Chairman

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