



837 S. Westmore Meyers Road
Suite A4-1
Lombard, IL 60148
www.prairiefood.coop

MEMORANDUM

TO: Anthony Puccio
Chairperson, Economic and Community Development Committee

FROM: Leslee Keri, Board President, Prairie Food Co-op

DATE: October 10, 2024

RE: Prairie Food Co-op Update

Prairie Food Co-op has made significant progress towards the opening of our store since the last update to the ECDC in May 2024. This memo summarizes efforts to-date and forecasts events expected to occur before the store opens.

High Level Summary

- \$1,039,085 in leasehold improvements paid to-date; \$2,534,757 anticipated due over next two months.
- \$1,557,000 awarded in state and federal grants; Budgets for both grants predominantly include construction and equipment costs. The money is reimbursed to PFC upon submission and approval of qualifying expenses. **Reimbursements delayed.**

To date:

- \$273,559 submitted to the state; only \$82,695 received.
- \$542,458 submitted to federal; \$0 received.

PFC is awaiting \$733,322 in total reimbursements from state and federal grants. An additional \$816,017 remains available for reimbursement, pending payment of future construction invoices.

PFC depends on reimbursement of these expenses to continue to pay future construction and other operating costs before the store opens.

- \$1,200,000 bank loan; PFC has provided all information requested; per bank, additional 90-120 days needed for UW process. **Underwriting timeframe extended.**



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Construction details

Working with our general contractor, WB Olson, and local architecture firm 845 Design Group, construction began in June. Since then, the following building improvements have been completed:

- | | |
|---|---|
| 1. HVAC system 100% replaced | 5. New MCT floor installed |
| 2. Electrical system including switchgear 100% replaced | 6. Fire alarm system installed |
| 3. All new LED lighting installed | 7. Kitchen exhaust hood installed |
| 4. All plumbing 100% replaced | 8. Front facade of building redone with Nichiha |

In addition to these construction efforts, PFC has also procured necessary equipment for the interior of our grocery store:

- | | |
|-----------------------------------|---|
| 1. Point of Sale (POS) system | 6. Interior signage |
| 2. IT equipment and speakers | 7. Scales |
| 3. Refrigerated cases and coolers | 8. Bulk department merchandising equipment and bins |
| 4. Combi-oven and stove | 9. Smallwares |
| 5. Grocery shelving | |

Attached are some photos demonstrating the significant and exciting forward progress made to date. Village inspections completed to date have been positive.

Construction is expected to finish by November 15th.

Pathway to Open

Once construction is complete and our certificate of occupancy obtained, we will transition to tasks related to store operations. These tasks include:

- | | |
|--|--|
| 1. Set shelving and merchandising equipment | 4. Hire and train approximately 30 staff members |
| 2. Instal POS system | 5. Order and stock product |
| 3. Work with local vendors to stock their products | 6. Apply for liquor license |



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With these tasks completed, taking holidays into account, we anticipate to be ready to **open our store in February 2025.**

Request for Owner Bridge Loans

In September, the PFC Board proactively recognized that the grant reimbursement delays and extended bank loan underwriting timeframe would prevent PFC from paying future construction and equipment invoices.

To ensure that the project remained on track, the PFC Board elected to request short-term (12 month term) bridge loans from our owners to provide the necessary capital to cover expenses until the grant funds were received. Once received, the loans will be repaid to Owners. It is important to emphasize that these funds are necessary only because of timing and matters beyond PFC's control and not because of inappropriate planning or excess spending.

Based on projections of anticipated expenses, the Board set a goal to raise \$500,000 by October 15th. Our owners demonstrated an incredible showing of support and passion to open our grocery store by pledging over \$450,000 in three weeks. Our efforts to pursue this bridge funding continue, and we are optimistic that we will meet our goal.

Fluid Situation

However, this is a fluid situation. Within the next week or two, any bureaucratic barriers could be overcome and PFC could receive a check from both the state and/or federal government for our full reimbursement amount owed to date (\$733,322). Receipt of these funds will allow us to pay additional bills, thereby allowing us to request the balance of our grant money in reimbursements. If that occurs, PFC may not require any additional short-term funding from Owners at this time. An updated status on grant reimbursements can be provided to the ECDC at the time of the meeting.

Lombard Incentive Agreement

The current terms of this agreement allow for reimbursement of 50% of expenses paid for both interior and exterior capital improvements up to \$70,000 following the certificate of occupancy.

If more agreeable, as a matter of public policy, PFC would be open to modifying the terms so that 50% of exterior signage expenses specifically related to PFC branding be



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reimbursable upon store opening instead. Interior and exterior capital improvements would remain reimbursable per the current terms.

As a startup, unexpected challenges are anticipated, but the Board is actively monitoring and managing the situation, and remains steadfast in our efforts to ensure the store opens in early 2025.



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