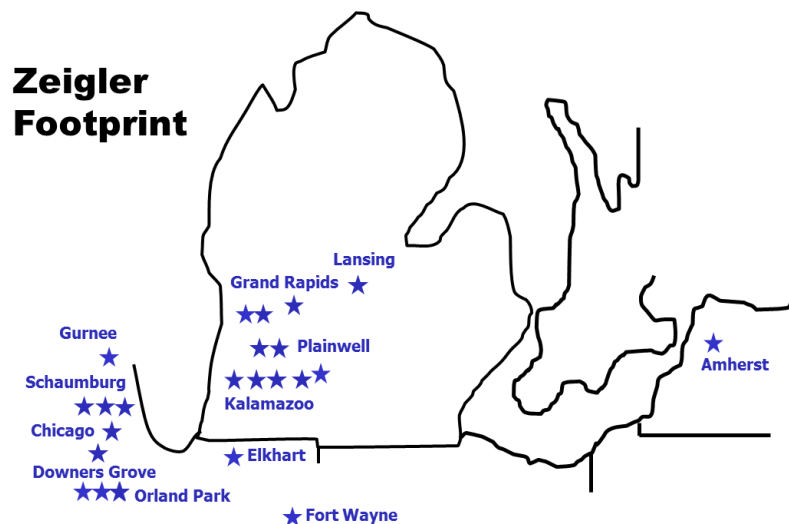


### **About Zeigler**

Zeigler Auto Group is a family owned and operated retail automotive dealership group headquartered in Kalamazoo, Michigan. The company was founded in 1975 with a single Ford dealership and has since grown to 23 locations representing multiple brands and franchises. Zeigler currently owns and operates 9 dealership in Illinois, 2 in Indiana, 11 in Michigan and 1 in New York. Our most recent acquisitions include the BMW dealership in Orland Park in August 2013 and the Nissan and Infiniti dealerships in Orland Park in January 2016.



The Zeigler philosophy has always been to provide our customers an exceptional retail automotive experience. Our success is built on this foundation. We accomplish this through extensive employment engagement and development, professional training and providing our employees the tools to be successful. Our success here is evidenced by our selection as one of West Michigan and Chicago's 101 Best Places to Work each year for the past decade. We believe in maintaining world class facilities and staying current with the latest manufacture design standards. We have invested over \$100 million in the last 10 years in facilities to achieve these standards.

Our growth has come through both organically growing our core business as well through acquisitions. Our acquisition strategy has been to identify underperforming and undercapitalized dealerships, purchase their franchise and their assets and implement our processes and often times install new management. We have had great success turning around failing operations and making them successful.

## Zeigler Dealership Property Examples

Elkhart Ford



Orland Park BMW



Grandville  
Chrysler  
Dodge  
Jeep  
Ram



Schaumburg  
Fiat  
Alfa Romeo  
Maserati

Amherst  
Honda





Downers  
 Grove  
 Chrysler  
 Dodge  
 Jeep  
 Ram

Zeigler  
Training  
Facility



## The Project

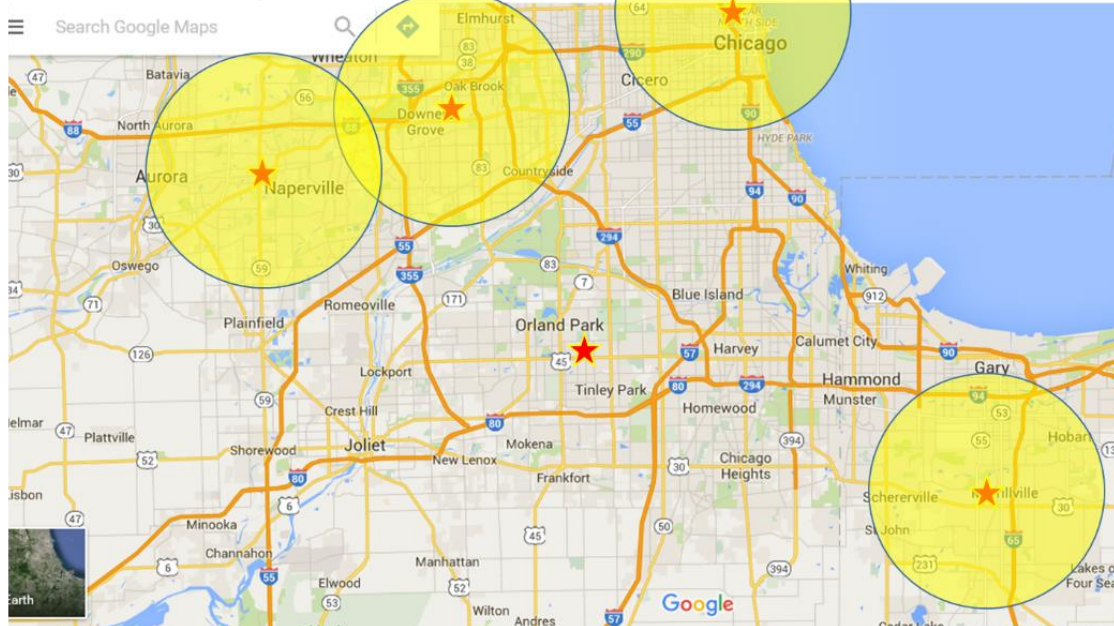
Zeigler Auto Group acquired the Infiniti and Nissan dealerships in Orland Park in January 2016. Those dealerships currently share a parcel of land that is approximately five acres in size located at 8500 and 8550 West 159<sup>th</sup> Street in Orland Park. This land area is considerably smaller than would otherwise be necessary to operate two successful dealership operations. Typical land area required to operate a single successful dealership is between four and five acres of usable land.

As part of the acquisition, Zeigler agreed with Infiniti and Nissan to do some nominal renovations to the Nissan dealership and build a new Infiniti dealership in a new separate location. An alternative was also provided to sell the entire existing Infiniti Nissan dealership site and build a new Infiniti Nissan dealership in a new location comprised of greater land area to support the combined operation.

When considering our options, the franchise laws need to be taken into consideration. New vehicle auto dealerships are protected in the state of Illinois under the franchise laws which prohibit a franchise from locating inside a radius of another franchise of the same brand. The map below depicts the Infiniti dealerships that are located closest to Orland Park. Zeigler's agreement with Infiniti and Nissan allows for the relocation of the Infiniti and Nissan dealerships to any area in the map below so long as it does not conflict with the area highlighted around the other Infiniti dealerships



## Infiniti Dealerships



Zeigler has evaluated its options with the investigation of land in and around the Orland Park, Tinley Park and other surrounding municipalities in the region. Our plan, pending approvals and considerations, is to renovate the Nissan dealership and build a new Infiniti dealership in a new location. We have targeted the site located at 88<sup>th</sup> Street and 159<sup>th</sup> Street as a good location to relocate Infiniti. This would involve acquiring the land, of which we currently have a purchase option in place, and proceed with the renovation of Nissan and construction of Infiniti. An aerial view of this site is depicted below as well as rendering of the Infiniti dealership and the cost estimates of the project. Additional details, including parking, site layout and traffic flow will be provided upon agreement with Orland Park of an inducement agreement as described more fully herein.



	Renovated Nissan Dealership	New Infiniti Dealership	Total Project
Land Acquisition	-	2,300,000	2,300,000
Demolition	150,000	50,000	200,000
Sitework	100,000	750,000	850,000
Building Construction	800,000	4,250,000	5,050,000
Furniture & Equipment		700,000	700,000
Total Investment	1,050,000	8,050,000	9,100,000

## Sales Projections

The prior dealer operator at the Orland Park Nissan and Infiniti dealerships was achieving results far below the manufacture requirements for the Orland Park market. Below is a summary of the last annualized full year results available to us based on financial statements provided by the dealer. Total sales for both Infiniti and Nissan were well below the expectations of the manufacture and resulted in the dealer being forced to sell the operation or risk losing the franchise. The poor results were a function of many variables including lack of investment in people and processes, lack of investment in facilities, lack of investment in marketing and advertising and an overall outdated approach to sales and the customer experience.

	Prior Dealer		
	Infiniti	Nissan	Total
New Vehicle Annual	231	658	889
Used Vehicle Annual	169	211	380
Average New Vehicle Sales Price	42,620	42,553	42,570
Average Used Vehicle Sales Price	28,997	18,152	22,972
New Sales	9,826,568	28,010,039	37,836,607
Used Sales	4,899,302	3,833,690	8,732,992
Parts Sales	1,880,226	1,349,821	3,230,047
Service Sales	1,195,103	1,381,964	2,577,067
Total Sales	17,801,199	34,575,514	52,376,713
New Sales at 35% Trade Rate	6,387,269	18,206,525	24,593,795
Used Sales at 10% Trade Rate	4,409,372	3,450,321	7,859,693
Parts Sales	1,880,226	1,349,821	3,230,047
Total Taxable Sales	12,676,867	23,006,667	35,683,534

The Zeigler approach with the Infiniti Nissan dealerships will be much different than the prior dealer. Zeigler was selected by Infiniti and Nissan to acquire the dealerships based on our success with our existing operations. We have made the commitment to hire talented management to lead the operations and invest in additional sales professionals, technicians and administrative staff. In the first three months following the acquisition, we have added ten (10) people in various positions. The total headcount when we acquired the dealerships was approximately fifty (50) employees. When the Project is completed, the total head count is planned to be approximately one hundred (100) employees.

In addition to bringing on board the right talent, we are implementing sales processes and technologies that have proven successful in our other dealerships. We have had great success in many past

acquisitions by simply applying proven processes throughout our operations. An example of our success is illustrated in the “Evidence of Success” section later in this report. As the projections below indicate, we expect and have built our financial models which supported the acquisition of the Infiniti Nissan dealerships in Orland Park around a taxable sales increase of over 100% of the prior dealer sales amounting to over \$35 million in additional taxable sales. We see these results as very achievable and are already experiencing the increase in the business to support these projections.

	Zeigler			Increase	
	Infiniti	Nissan	Total		
New Vehicle Annual	600	1,080	1,680	791	89%
Used Vehicle Annual	420	720	1,140	760	200%
Average New Vehicle Sales Price	42,620	42,553	42,577	42,574	
Average Used Vehicle Sales Price	21,000	18,000	19,105	21,039	
New Sales	25,572,000	45,957,240	71,529,240	33,692,633	89%
Used Sales	8,820,000	12,960,000	21,780,000	13,047,008	149%
Parts Sales	2,800,000	2,400,000	5,200,000	1,969,953	61%
Service Sales	1,800,000	2,400,000	4,200,000	1,622,933	63%
Total Sales	38,992,000	63,717,240	102,709,240	50,332,527	96%
New Sales at 35% Trade Rate	16,621,800	29,872,206	46,494,006	21,900,211	89%
Used Sales at 10% Trade Rate	7,938,000	11,664,000	19,602,000	11,742,307	149%
Parts Sales	2,800,000	2,400,000	5,200,000	1,969,953	61%
Total Taxable Sales	27,359,800	43,936,206	71,296,006	35,612,472	100%

## Evidence of Success

To support the projections for the Project and the increase we expect, below are the actual results that we have achieved with the BMW dealership in Orland Park. We acquired the BMW dealership in August 2013. In 2014, our first full year of operation, we achieved an increase in total sales of 41% over the last full year results of the prior dealer. The increase was attributable to many factors including a change in key management, implementation of processes, a change in the culture and a renewed focus on the selling process and the customer experience. With only three months of operation at the Nissan Infiniti dealership, we can confirm that we expect similar, if not greater, results from that acquisition.

Orland Park BMW	Prior Dealer Annual Results	Zeigler Annual Results	Increase
Vehicle Sales	878	1,283	405
New Sales	25,389,241	41,219,106	15,829,865
Used Sales	22,872,125	27,460,913	4,588,788
Parts Sales	5,554,388	6,707,780	1,153,392
Service Sales	4,055,290	6,236,176	2,180,886
Total Sales	57,871,044	81,623,975	23,752,931

## **Incentive and Inducement Request**

As an incentive and inducement to proceed with the Project in Orland Park, we request the following agreement with Orland Park:

- (1) Establish a tax base using the total 2015 sales tax received, based on the former dealer operator in Orland Park, from Orland Park Nissan, Inc. (IL Tax ID #2129-9463) and Infiniti of Orland Park, Inc. (IL Tax ID #2345-6019) (the "Tax Base").
- (2) Provide for a tax sharing of 50% of the total sales tax received in excess of the Tax Base by Orland Park from Zeigler Nissan Orland Park, LLC (IL Tax ID #4196-8018) and Zeigler Infiniti Orland Park, LLC (IL Tax ID #4196-7951) as follows:
  - a. Tax sharing commences on the date of receipt of the certificate of occupancy or similar completion documentation for the renovated Nissan dealership and the newly constructed Infiniti dealership continuing through the fifteenth (15<sup>th</sup>) anniversary of the commencement date.
  - b. Total tax sharing not to exceed the total cost of the Project.

## **Contact Information**

Thank you for your consideration of our project and request provided for herein. For additional information, feel free to contact us at the following:

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### **Daniel Scheid, Chief Financial Officer**

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- [ds@zeigler.com](mailto:ds@zeigler.com)