



October 15, 2018

Mrs. Eva Ennis
The City of South Bend, Indiana
Venues Parks & Arts
301 South St. Louis Blvd.
South Bend, IN 46617

Eva,
Thank you for your help answering our questions during the City's bid process.
Enclosed you will find our bid documents.

We hope you find its content informative, accurate and persuasive. We're impressed with your vision and want to serve both you and our growing community.

Please accept this letter as my authorization notice. I am the official representative of the South Bend Chocolate Company to the City. This proposal is being submitted in good faith and in all respects is fair. We have also not been involved in any collusion or fraud. My signature binds me as the principal Respondent to you.

The ideas and concepts herein are proprietary and for the sole use of the South Bend Chocolate Company.

Please contact me with any questions you or the City may have.

Mark Tarner, President
The South Bend Chocolate Company
3300 W. Sample St. South Bend, IN 46619
Office: 574-233-2577; Fax: 574-233-3150
Cell: 574-993-0156
www.sbchocolate.com
mtarner@sbchocolate.com

Thank you for your consideration,

A handwritten signature in black ink, appearing to read "Mark", followed by a long horizontal line extending to the right.

Mark Tarner
President

Our family of restaurants and cafés.



OBJECTIVE

The City of South Bend seeks a concessionaire for the new Howard Park Community Center. This space is approximately 2,770 square feet with an adjoining 1,310 sq. ft. outdoor patio.

I. PROPOSAL

We propose to open the Howard Park Café & Grill. This innovative restaurant is designed to be an addition to the East Bank and downtown South Bend's mix of restaurants, cafes, breweries and bars – *not duplicating any but enhancing all.*

Our goal is to create an instant cultural and culinary experience that becomes one of South Bend's must visits for locals, suburbanites and travelers.



A. HOWARD PARK CAFÉ & GRILL (HPG)

The HPG will be made up of three operations:

- 1.) The Café & Grill
- 2.) Catering & Picnic-in-the-Park
- 3.) Concessions

These elements are designed to increase revenue, while providing an all-ages, all-season operation.



Interior will feature natural light and warm tones.



All entrees will be served on boards from locally sourced wood.

All sandwiches will be branded with our "HP" logo.



1.) THE CAFÉ & GRILL

We propose a restaurant open for breakfast, lunch and dinner, seven days a week. This operation will also support park concessions and catering.

i. DECOR AND ATMOSPHERE

The interior decoration will be warm, natural stone, reclaimed wood and brick in design. Ceiling will be open to the roof. Overall and track lighting with softly illuminate interior space.

Walls will be decorated with local memorabilia, including a 6'x6' 1908 antique map of South Bend.

Seating will be supported by interior and exterior fireplaces and a small stage.

ii. OUTDOOR SEATING AREA

Our goal is to develop our outdoor seating into the best in South Bend. To meet this goal, the deck must include more than games, entertainment and socializing. And, most importantly, appeal to a wide variety of consumers.

Our deck design will include overhead string lighting. This lighting will be greened up with ivy growing its length. The effect will be a living transparent ceiling.

iii. THOUGHT STONES

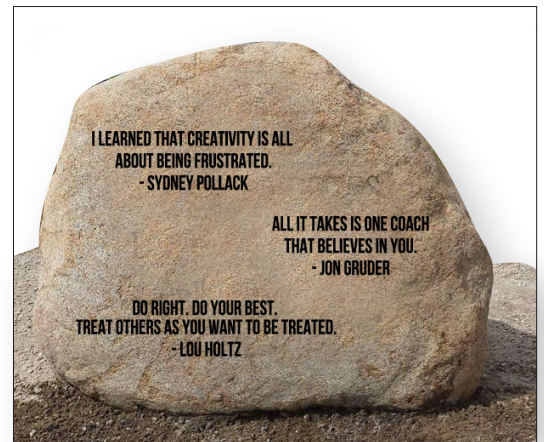
Mixed in the seating, we plan to place a monumental granite boulder engraved with sayings from famous South Bend residents.

iv. THEMED ENTERTAINMENT

Diverse outdoor entertainment ranging from country to classic. For example, Monday's night might be classical night featuring a quartet from the South Bend Symphony.



Interior will have warm tones with natural stone and reclaimed wood.



Thought Stones - boulder engraved with sayings from famous South Bend residents.

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B. MENU

Our menu is designed to be unique in the marketplace, maximize sales and provide an all-ages, natural experience. We want to take local to a new level — local meats and cheeses; homemade bread and buns; a tasteful mix of local beers and wines — plus locally roasted coffee and South Bend Chocolate style hot chocolate.

- We plan on wood fired grills for grilling with different woods – oak and hickory – locally harvested.
- Entrees and sandwiches will be served on wooden boards from locally sourced wood, branded with the HP logo.

BREAKFAST*

Breakfast will consist of locally roasted coffee and in-house made bagels and breads.

Many breakfast entrees will be served on a breakfast board of cedar, oak or hickory.

Sundays will feature a breakfast buffet names “Sunday Brunch in the Park.”

LUNCH*

Lunch will have smaller portions, lighter fare and

DINNER*

Dinner will have rotating, nightly entrees.

* Menus are enclosed.



Wood fired grills



Custom beer created for
The Howard Park Café & Grill

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2.) CATERING AND PICNIC-IN-THE-PARK

Our proposal includes the option to cater events at the community center. We are fully capable and prepared to handle such events.

In addition, we propose to cater outside events on the park grounds. These events could be simple picnics or more elaborate occasions in tents.

PICNIC-IN-THE-PARK

Wicker baskets come complete with everything you need to have a beautiful day in the park or a romantic stroll along the river.



Picnic-in-the-Park customized baskets

3.) CONCESSIONS

We propose to offer an adjacent concessions venue. Our proposal calls for an old Studebaker postal vehicle, attached to the building or deck. This vehicle gives the cafe a food truck feel and a strong reference to South Bend's automotive history.

This operation would be of the express and offer convenience food & beverage options. Ice cream would be features in the summer and hot drinks in the winter.



Studebaker postal vehicle used for outside concessions

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2. Company Experience and References

A. Experience.

The South Bend Chocolate Company was founded in 1991 and is an award winning company. Over the past 24 years, South Bend Chocolate has received numerous honors. What follows is a summary:

- 2000 Indiana's Business of the Year
- 2001/03 Ranked 3 times in INC's Growth 100
- 2005 Ernst & Young Retail Company of the Year
- 2008 Indiana Top 50 companies to watch
- 2009 Outstanding Tourism Award St. Joseph County
- 2012 Main Street Business of the Year in State of Indiana
- 2015 TripAdvisor Top Award
- 2016 Vendor of the Year/South Bend International Airport

These honors and awards reflect our growth, commitment to our community and leadership in our industry. Mr. Turner, company president, was elected four year's ago to the Board of Directors for the National Candy Association. This distinction is awarded for sales, innovation and contribution to the overall industry.

The South Bend Chocolate Company currently operates an 80,000 sq. ft. factory at 3300 West Sample Street, South Bend, Indiana. In addition, the company owns 14 retail stores in Indiana and Michigan, along with overseeing franchise locations in a 3 state area. South Bend Chocolate Company has over 280 employees.

One of the company's franchised stores is located in the state's largest airport in Indianapolis, Indiana. This store has given South Bend Chocolate specific experience with airport consumers, operations, and security procedures. The company has stores located in key areas region wide and on the Circle in downtown Indianapolis.

Additionally, in 2014 the South Bend Chocolate Company won the bid for the South Bend International Airport (SBN), operating five retail concepts.



Our company was honored with the cover of the Indiana State Map in 2012.

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B. Statement of Business Philosophy

i. Business Philosophy

The South Bend Chocolate Company (SBCC) is founded on high standards of quality, service, and professionalism. This attitude is reflected in the products it produces, the employees it hires, and the positive attitude the community has toward it. We are committed to dealing honestly and fairly with other organizations.

The SBCC strives to produce the best quality product on the market. Great effort is expended to live up to this commitment even at the expense of a lower profit margin.

The SBCC wants to deliver the best service possible. Our goal is to work to please our customers at all times. Nothing is more important than serving the customer.

The SBCC wants to be a good example of a professionally run company so that its customers, employees, and the community will recognize and respect its way of doing business.

ii. Employee Hiring and Training.

Good employees begin with great recruiting. The SBCC hopes its employees will be proud to work for the company and happy while working. The company's commitment to its employees is best expressed by the acronym SBCC: S – selection of highly capable and innovative employees, B – being fair to employees and alert to their contributions and needs, C – commitment to maintain the highest standard of business ethics, and C – commitment to provide training and opportunities for advancement, even if such an advancement means placement outside the company.

Higher pay. We paid our employees above the average area wage, but demand more and require extensive product and customer service training.

Better training. Two weeks classroom training is standard, followed by two weeks in store mentoring.

Financial Incentives. We frequently have contests to incentivize employees to sell more, deliver better customer service or be a better co-worker. Recondition works.

Innovative Approach to Customer Service. In-store we welcome every customer. We occasionally give something away for free. Our employees are asked to introduce themselves to a stranger every shift, every day. Simple in a sense; revolutionary in another. A similar strategy is used in the aviation industry by Southwest Airlines. Fun, personable, great service and value. Southwest has gone from a start-up to a national carrier by being different, being fun and making flying easier.

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iii. Community Policy

The SBCC is committed to helping local and national charitable, cultural, environmental, and educational projects and causes. Also, the company will gladly match employee donations and encourages employees to donate time and money to such causes.

Every company has a certain culture: ours is community based. The following quote best describes our commitment to our community, and more or less, our owner's personal philosophy and goal:

"I am of the opinion that my life belongs to the community, and as long as I live, it is my privilege to do for it whatever I can. I want to be thoroughly used up when I die, for the harder I work, the more I live. Life is no "brief candle" to me. It is a sort of splendid torch which I have got hold of for a moment, and I want to make it burn as brightly as possible before handing it on to future generations."

- George Bernard Shaw

This policy grows out of our owner's religious and educational background. It is his hope that the company can help others, as well as providing an income for the company and its employees, and nurture a way of life that gives meaning to work.

The company's award as Small Business of the Year in the State of Indiana for 2000 and the Sam Walton Business Leadership Award and Inc. Magazine's Inner City Top 100 Award in 2001, 2002 and 2003 are evidence that such a policy and commitment to one's community is rewarded. Our commitment to our community has had a big payoff.

iv. Family Policy

The SBCC is committed to building strong marriages and families by providing a good, stable working environment. We also will take into consideration any family matter when establishing policies or work rules.

v. Environmental Policy

The SBCC will do all it can to recycle within the company and keep waste to a minimum. The company recycles a large percentage of its cardboard at its Sample Street factory. Most malls also have recycling dumpsters. Please use them. Recycling may also be possible at your café or kiosk in cooperation with your waste management company or your city.

vi. Complaint Resolution

Complaints and problems are required to be sent to the corporate office immediately. Our office then replies within a minimum of 60 minutes. These incidents are filed and followed up on with a week again to ensure customer satisfaction. Our president, Mark A. Turner, replies personally whenever it is possible and follows up with a hand written note and his contact.

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vii. Work Ethic

We have built this company by working smart, working hard, and working long. Maybe others have had an easier path; however, our experience has been that there is no easy road to success.

Here is a reprint from our December 2005 issue of *Chain Store Magazine* where Mr. Tarner discussed working:

“Hoosiers work hard.” That’s the mantra that Indiana native and second- generation chocolate-maker Mark Tarner, 44, marches to. And it’s a mantra dictated directly by his father. “My dad had grocery stores, he started a candy company, he lost and made money- I was raised in that environment,” said Tarner. “He would tell me things like, ‘Tarners are never hourly.’ ‘Tarners never take welfare. Tarners never take breaks.’ I had no choice but to be what it is I am.”

Tarner is a hard-working, highly visionary manufacturer, and retailer. In 1989, he immersed himself in his father’s chocolate business and used that experience to launch his own company two years later. The earliest beginnings of The South Bend Chocolate Co. were as a strictly wholesale operation, which evolved into a “wildly successful mall kiosk program,” said Tarner, “and in 1996 a store called The Chocolate Café.” The café’ is a fusion of chocolates, ice creams, coffees, and gourmet foods - designed to satisfy what Tarner describes as the Midwestern “desire to have it all. If you can make it in the Midwest, where the customer wants it all, from quality to variety to convenience, you can make it anywhere,” he said.

Tarner credits his success and that of his concept, to nothing more or less, than hard work. “This may not sound very impressive, but what made us successful is that we practice great business fundamentals. I work and I work hard,” he said. “Plus, we are fiscally responsible and we have a great product and a great mission.”

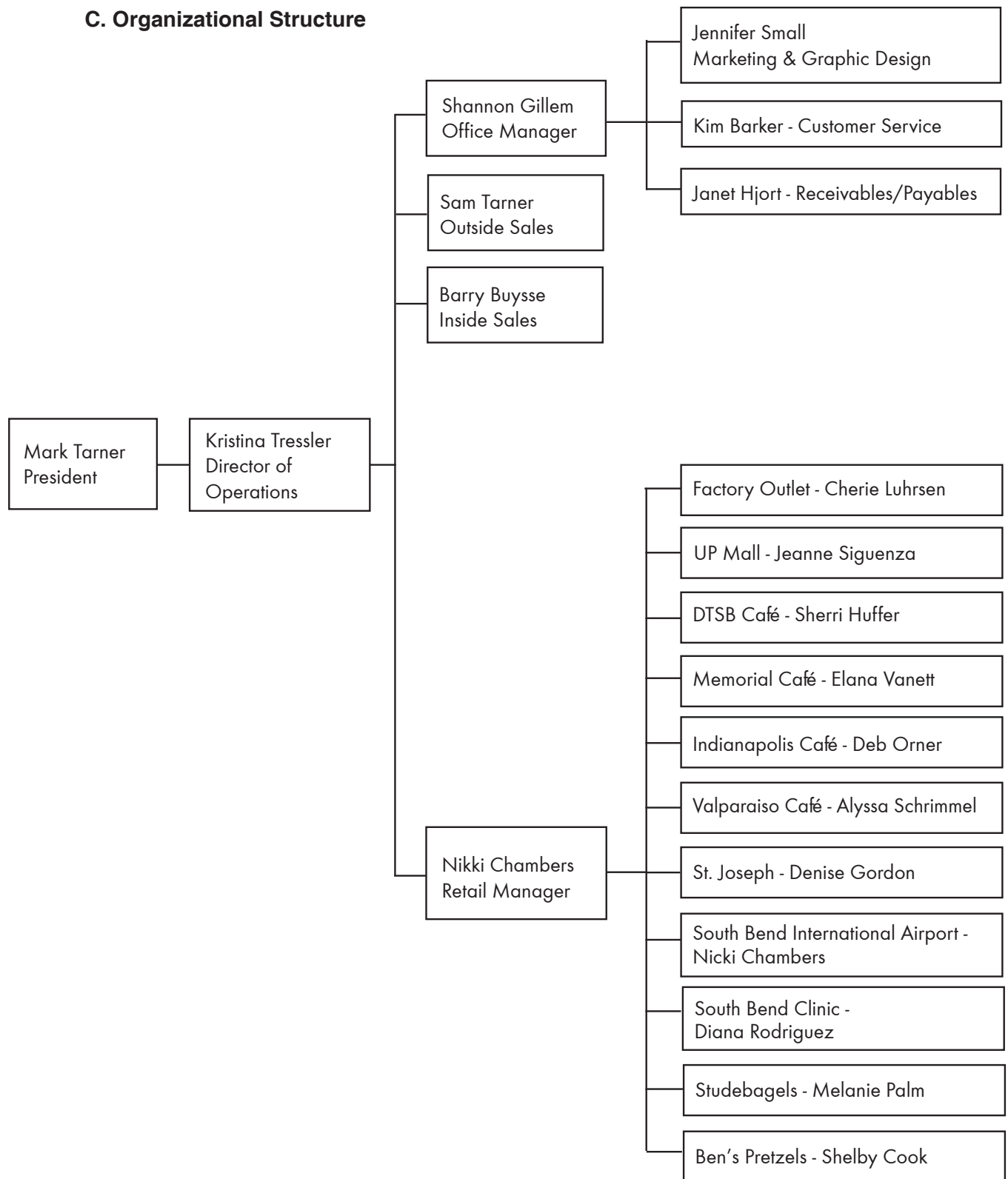
Part of Tarner’s mission is to move the company from a regional powerhouse to a national force. “But, more than that,” he said, “I’d like to create an institution, a business that lasts- for my community and for my family and for our industry.” Tarner likens his mission to that of another Hoosier, basketball-coaching legend John Wooden. “Coach Wooden said something that I’ve never forgotten,” said Tarner, a former college player himself. “He said, ‘Never mistake activity for achievement.’ And, to me, real achievement isn’t about money and power, but, instead, about making changes, about having great employees and about having staying power. I’m very greedy in that sense.”

- Chain Store Magazine, December 2005

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C. Organizational Structure



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D. List of Retail Locations

i. South Bend International Airport, South Bend, IN.

On June 1, 2015 the South Bend Chocolate Company won the contract to operate five retail locations in the terminal, both pre-and post-security. The lease is a 10 year contract through 2025. The work lasted 3 months, remodeling costs exceeded \$600,000. The construction occurred while we maintained retail operations. Fast, flawless, uninterrupted turn-a-round.



Increased sales. Prior sales were 1,300,000 on 314,000 enplanements. Our sales were \$1,500,000 on 301,000 enplanements in 2014-2015. This year sales will reach over \$2,000,000.

Contacts: Mike Daigel, Director, 574-233-2185, Ext. 230
Julie Curtis, Director of Marketing, 574-233-2185, Ext. 224

ii. Indianapolis Airport, Indianapolis, IN

Since 2008 AREAS, USA, a Barcelona, Spain based multinational, has operated a Chocolate Café franchise of ours in Terminal A. The 1,300 square foot store is under AREAS master lease with the Authority. Our contract with AREAS is renewal every four years. They are in their second renewal with us.



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i. The Chocolate Café, Downtown South Bend, IN

Opened in 1996, this store has expanded in three phases to become one of the world’s largest chocolate stores. At 10,000 sq. ft. the Café consists of a restaurant, bar, ice cream shop, children’s play area, two meeting rooms, and the original store that sells coffee and chocolates. Sales are \$1,600,000.



This uber Café employs 35 and is managed by Sherri Huffer. Over the last 22 years this landmark store represents a \$2,100,000 investment in infrastructure, buildings, and improvements.

The building is owned by the company itself. Therefore, no traditional lease exists.

ii. The Chocolate Café, Memorial Hospital, South Bend, IN

This Café evolved from a struggling restaurant operated by the hospital. We took over operation in 2005. Sales have improved every year.



2018 sales are projected at \$700,000. This store represents an amazing improvement when we took over operation in 2005. Sales that year for the hospital were \$119,000.

iii. The Chocolate Café, Indianapolis

Our Indianapolis store is located in the most prominent location in the city, Monument Circle. This store opened in 2001 and has become an Indianapolis tradition. The remodeling took three months and cost \$390,000. Gross sales were \$774,149 in 2013, \$904,785 in 2014 and \$941,276 in 2015. Rent is \$8,400 per month with no percentage.



This store employs 13 and is managed by Deb Orner.

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iv. Chocolate Café, Saint Joseph, MI.

This store began as a franchised location. The company repurchased it in 2004 for \$350,000 and put another \$70,000 into simple changes. The store occupies 2,300 sq. ft. This year's current sales are expected to reach \$700,000, translating into sales of \$304 per sq. ft. The Café is a major tourist destination in Saint Joseph.



This Café serves chocolates, our fresh roasted coffee and prepares fresh made sandwiches. Our lease payment is \$3,300 a month; no percentage agreement.

This store employs 14 and is managed by Denise Gordon.

vi. The Chocolate Café, Valparaiso, IN

This 2,800 sq. ft. store started as a franchise location. We purchased it 2008 for \$250,000. The Café serves freshly made sandwich, soups and salads.



Our store sales in 2013 were \$378,426, 2014 were \$401,462 and were \$400,168 in 2018.

This store employs 10 and is managed by Alyssa Schrimmel.

vii. Factory Outlet Store, South Bend, IN

This 4,100 sq. ft. store is located with our factory. Its sales are limited to chocolates, coffee, factory seconds and a limited food menu. The store manager is also responsible for giving tours to our factory and through our Chocolate Museum. One of the world's largest collections of chocolate boxes, signs, posters, tins and memorabilia is on public display here.



This store employs 7 and is managed by Cherie Luhrsen.

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viii. University Park Mall Kiosk, Mishawaka, IN

This 190 sq. ft. kiosk was our first store. We are one of the mall's oldest tenants. The kiosk only sells chocolates, both packaged and bulk. It is open 7 days a week.

This location employs 10 and is managed by Jeanne Siguenza.



viii. South Bend Clinic, South Bend, IN

Our newest store, The Chocolate Cafe at the Clinic employs 4 and increased sale four times over the previous operator. This store is set to expand this year.



E. Judgments and Lease Terminations

In the past ten years no judgments have been entered against the Company. No leases have been terminated in the last three years.

In the past ten years no agreement or contract was canceled for cause, including failure to perform or the company had no part in any illegal activity, or failed to provide full details of such a cancellation.

In the past ten years the Company has not been party to a dispute with a public agency which was resolved either through litigation or negotiation, nor which involved either apparent scandal nor inadequate revenue control procedures.

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3. Conclusion

Our goal is to create a great destination restaurant on par with our Chocolate Café in the downtown area. The Howard Park Café & Grill is unique, multi-faceted and affordable.

From its broad, locally-inspired menu to its setting in the park, The Howard Park Café & Grill will breathe life into the park and drive business into the downtown.

Howard Park Café & Grill — come grow with us.



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