

**City of Chicago
Department of Planning and Development**

**STAFF REPORT
TO THE
COMMUNITY DEVELOPMENT COMMISSION
REGARDING
A PROPOSED NEGOTIATED SALE OF CITY-OWNED PROPERTY
AND DESIGNATION OF DEVELOPER
August 11, 2009**

I. PROJECT IDENTIFICATION AND OVERVIEW

Project Name:	Mt. Greenwood Plaza
Applicant Name:	Gendell Partners - Mt. Greenwood LLC
Project Address:	3200 W. 111 th Street
Ward and Alderman:	19 th Ward: Alderman Virginia Rugai
Community Area:	Mt. Greenwood: Community Area #74
Redevelopment Project Area:	111 th Street/Kedzie Avenue Business District TIF Redevelopment Area
Requested Action:	Negotiated sale of a City-owned parking lot and designation of Developer.
Proposed Project:	Retail project (17,500 sf) with corner open space feature (4,000 sf)
Appraised Market Value:	\$485,000 (\$37.70 per square foot)
Sale Price:	\$1
Acquisition Assistance:	\$484,999
TIF Assistance:	\$1,500,000

II. PROPERTY DESCRIPTION

Address:	3218-24 W. 111 th Street
Location:	Northeast corner of 111 th Street and S. Sawyer
Tax Parcel Numbers:	24-14-423-036 24-14-423-035 24-14-423-034 24-14-423-033
Land Area:	12,865 sf
Current Use:	The property is currently used as a City-owned parking lot that accommodates 40 cars. It is improved with minimal landscaping and lighting. The developer will be responsible for preparing this site for redevelopment.
Current Zoning:	PD 1108 (Created to facility this specific project)
Proposed Zoning:	Same
Environmental Condition:	The City may require the applicant to obtain a Phase I environmental report prior to closing, and based on the conclusions of that report the City may also require submission of a Phase II analysis. The land will be sold "as-is" with no warranties or representations as to its environmental condition, and it will be the responsibility of the selected respondent to complete any remediation that may be required by the City or the Illinois EPA. The redevelopment agreement with the applicant will include release and indemnification language protecting the City from liability.
Inventory Profile:	The property was acquired by the City through purchase in the 1970s.

III. BACKGROUND

This project was first presented to the CDC on February 19, 2008. The project presented today remains essentially the same as the one presented in 2008; however, there are changes being proposed to the project's description and the financial structure of the project. (See below sections.)

This project was first conceptualized over eleven years ago by Mt. Greenwood community members and Alderman Rugai. It was planned to be the first step toward a partial realization of a plan completed by Camiros for the 111th/Kedzie Business District, funded by DPD.

The project will bring the first significant new retail redevelopment project to Mt. Greenwood in years.

With help from the Mt. Greenwood Local Redevelopment Corporation (a DCD delegate agency), the site is owned by the applicant, Gendell Partners - Mt. Greenwood, LLC.

IV. PROPOSED DEVELOPMENT TEAM

Development Entity: The development entity undertaking this project is Gendell Partners - Mt. Greenwood L.L.C. (Gendell). Gendell is an Illinois Limited Liability Company and is composed of two individuals: Scott Gendell (72%) and Zeb McLaurin (20%). The remaining 8% of Gendell is owned by multiple individuals, none of which own 7.5% or more of Gendell.

Both Mr. Gendell and Mr. McLaurin have multiple years of real estate development experience in all facets of real estate development. Mr. Gendell is President of Terraco Development Partners while Mr. McLaurin is President of McLaurin Development Partners. Examples of projects completed by Mr. Gendell and/or Mr. McLaurin include a Starbucks store at 71st and Stony Island, a grocery-anchored center at 75th and Stony Island and a Walgreen's at 103rd and Western.

Consultants: The architect for the project is Arcline Associates, located in Downers Grove. The general contractor for the project has not been selected.

V. PROPOSED PROJECT

The original project presented in 2008 to the CDC included a three building, 18,117 square foot Walgreen's –anchored new construction project.

The current project consists of the redevelopment of the 1.9 acre site at the northwest corner of 111th and Kedzie into a two building, 17,500 sf Walgreen's-anchored retail center, with a 4,000 sf corner green plaza and space for 73 cars in a fully landscaped parking lot.

The site has been assembled for several years and consists of the current location of the Mt. Greenwood Walgreen's, a one-story commercial property on Kedzie, three residential properties on S. Sawyer as well as the City-owned parking lot at 111th/Sawyer (the subject property: 3218-3224 W. 111th) and 15,445 sf of public rights of way to be vacated (a section of S. Sawyer and sections of two alleys between S. Kedzie and S. Spaulding.)

Under the proposed project, a new 13,650 sf drive-thru Walgreen's will be in a separate building set back from 111th Street. In addition, the existing 3,857 sf commercial building at 11040-44 S. Kedzie will be completely reoriented and rehabbed to accommodate modern retailing needs. In addition, this building will be rehabilitated to contain a drive-thru facility. As of August, 2009, tenants in this building are not finalized yet but will be complimentary to the proposed Walgreen's. Vehicular access to the site will be from 111th Street (two places) and S. Kedzie Avenue. An internal path within the site will help provide pedestrian access to the site.

Quality masonry materials will be used throughout the project.

The main benefits of the project include the creation of a 4,000 sf corner green plaza, identifying the Mt. Greenwood Community, which will act as the central focal point for the entire business district. This plaza will incorporate the architectural elements of the proposed commercial buildings, include significant landscaping itself and provide bench seating along a brick-paved path. In addition, the plaza will contain appropriate signage that will identify the Mt. Greenwood Community at this central location in the neighborhood. The idea for the corner plaza originated from a business district plan completed by Camiros for DPD, 11 years ago. It will be maintained privately.

This project will be the first significant redevelopment project in the Mt. Greenwood business district in years adding modern retailing space to 111th Street, including the replacement of a severely outdated Walgreen's facility.

A site plan, floor plans and elevation are provided as exhibits to this report.

Environmental Features: The project will incorporate a green roof on 50% of the Walgreen's building. The project will include a significant corner open space feature (4,000 total sf) that will include generous landscaping. The project will also fully comply with the City's landscaping and stormwater ordinances and will utilize permeable pavers.

VI. FINANCIAL STRUCTURE

The original project presented to CDC in 2008 contemplated a total level of TIF assistance of \$1,500,000 as does the current, proposed action. The TIF assistance, however, was originally proposed solely in the form of a \$1,500,000 TIF developer note.

This 17,500 sf retail project will be developed by Gendell Partners – Mt. Greenwood L.L.C. Walgreen's (13,650 sf), and the other occupants of the space will be tenants in this project.

This \$10.45 Million project is to be financed by a combination of equity and conventional debt. The developer has secured a letter of interest from First Bank of Highland Park to finance up to \$8,000,000. The developer will contribute \$1,972,911 in equity to the project.

The proposed project is extraordinarily costly to develop. To complete the corner green plaza and provide for adequate circulation within the site, the developer has engineered a plan that calls for vacating 15,445 net sf of public rights of way, to create the 1.9 acre site. In addition to purchasing the rights of way through the Chicago Department of Transportation at their full market value, the developer must incur the costs of relocating all of the utilities that exist in the rights of way. The combined approximate cost of this work, including the green plaza, is in excess of \$1,500,000. In addition, the developer must incur substantial private acquisition, demolition and other costs.

To offset the extraordinary site development and acquisition costs associated with this project, DCD is proposing selling the City-owned parking lot to the developer for a writedown, to \$1. The appraised value of the parking lot is \$485,000 which is \$37.70 psf.

In addition, DCD is proposing to provide \$585,000 to the developer at closing to reimburse the developer for the actual cost of acquiring the vacated public rights of way in the site from the Chicago Department of Transportation. In return for this reimbursement at closing, the developer will provide DCD a letter of credit for \$585,000 that will decline in value until the project is actually fully completed. Additionally, \$915,000 in the form of a TIF developer note will be provided to the developer when the project is fully completed. This note will be backed from the tax increment generated from area-wide PINs from the 111th Street/Kedzie TIF District, to be paid over ten years. (The total TIF assistance to the project is therefore \$1,500,000: (\$585,000 at closing and \$915,000 in the form of a TIF note to be paid over ten years.)

Both the proposed land writedown and TIF assistance represents a level of total City assistance of approximately 19% of the developer's total project costs. Without this assistance, DCD believes that this project would not be financially feasible.

The following table identifies the sources and uses of funds.

Sources and Uses of Funds

<u>Sources</u>	<u>Amount</u>	<u>% of total</u>
Equity	\$1,972,911	18.9%
Debt (First Bank of Highland Park)	\$8,000,000	76.5%
Subject Property: City Parking Lot	\$484,999	4.6%
Total Sources	\$10,457,910	100%
<u>Uses</u>	<u>Amount</u>	<u>\$/sf of Building*</u>
Land Acquisition		
Subject Property (\$37.70 psf)	\$485,000	
Private Acquisition (\$52.25 psf)	<u>\$3,750,744</u>	
Total Land Acquisition (\$50.04 psf)	\$4,235,744	\$242.04 psf
Site Clearance and Preparation		

Utility Work	\$750,000	
Demolition	\$266,464	
Corner Green Plaza	\$210,000	
Other Site Clearance Work	<u>\$290,000</u>	
Total Site Clearance and Preparation	\$1,516,464	\$86.66 psf
Hard Costs	\$2,975,000	\$170.00 psf
Soft Costs		
Architect's Fee (7.6% of hard costs)	\$225,000	
Loan Origination Fee (.6% of loan)	\$50,000	
Legal Fees (1.7% of total costs)	\$175,000	
Marketing (.7% of total costs)	\$75,000	
Loan Interest (5.5% of total costs)	\$570,962	
Other soft costs (5.1% of total costs)	<u>\$534,740</u>	
Total Soft Costs (15.6% of total costs)	\$1,630,702	\$93.18 psf
Developer Fee (1% of total costs)	<u>\$100,000</u>	<u>\$5.71 psf</u>
Total Uses	\$10,457,910	\$597.59 psf

*Gross building area is 17,500 square feet

VII. PUBLIC BENEFITS

The proposed project will provide the following public benefits.

Property Taxes: The project will expand the tax base by returning a tax exempt property to the tax rolls.

Environmental Features: The project will incorporate a green roof on 50% of the Walgreen's building. The project will also include a significant corner open space feature (4,000 total sf) that will include generous landscaping. The project will also fully comply with the City's landscaping ordinance.

Construction Jobs: The project will produce 50 temporary construction jobs.

Permanent Jobs: The project will retain and or/create approximately 30 permanent jobs. The Mayor's Office for Workforce Development (MOWD) has been informed of the project and will work with the developer on job training and placement.

Affirmative Action: The developer will comply with the requirements of Chicago's affirmative action ordinance, which requires contract participation of 24% by minority-owned business enterprises (MBEs) and 4% by woman-owned business enterprises (WBEs). The developer has provided notification of the proposed project, by certified mail, to several associations of minority and women contractors. A sample version of the letter and copies of the post office receipts for the certified letters are presented as exhibits to this report.

City Residency: The developer will comply with the requirements of Chicago's city residency ordinance, which requires that at least half of all construction-worker hours be filled by Chicago residents. The developer will also comply with the requirement that all construction jobs are paid the prevailing wage.

VIII. COMMUNITY SUPPORT

Alderman Rugai endorses the project and has provided a letter of support (see exhibits for copy). The project was presented to the community at multiple meetings held over the last several years. The community is overwhelmingly supportive of the project. The Mt. Greenwood Local Redevelopment Corporation fully supports the project. In addition, the developer worked closely with the 19th Ward Design Review Committee to design the project. (See exhibits for a copy of the support letter).

IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN

The proposed project is located in the 111th Street/Kedzie Avenue Business District TIF Redevelopment Project Area. The proposed project will satisfy the following goals of the area's redevelopment plan: 1) Promote new investment in high quality new development; 2) Incorporate a green space/plaza along 111th Street to enhance commercial and institutional facility improvements. The implementation strategy for achieving the plan's goals envisions the sale of City land for commercial development. The proposed project also conforms to the plan's land use map, which calls for commercial development at the subject site.

X. CONDITIONS OF SALE

If the proposed resolution is approved by the CDC, DCD will release a public notice announcing the proposed sale and seeking alternative development proposals. The public notice will be published in one of Chicago's metropolitan newspapers at least once for each of three consecutive weeks. If no responsive alternative proposals are received within 30 days of the publishing of the first notice, the department will accept a good faith deposit from the proposed developer, and a redevelopment agreement will be negotiated. The redevelopment agreement will incorporate the parameters of the proposed project as described in this staff report.

It is DCD policy that no business will be conducted with a development entity whose any principal has outstanding municipal debts (such as unpaid parking tickets, unpaid water bills, unpaid business licenses, and others), is in arrears of child support payments, or who is a debtor in bankruptcy, a defendant in a legal action for deficient performance, a respondent in an administrative action for deficient performance, or a defendant in any criminal action. Before today's action is presented to the city council for approval, the department will conduct a thorough background check of all principals having an ownership interest of 7.5 percent or

greater, and of the boards of directors and trustees of non-profit organizations. Similar background checks will be conducted on the development entity itself.

Closing of the sale of the property will not occur before the City Council has approved the redevelopment agreement, the developer has obtained all necessary City approvals including zoning and building permits, and the developer has presented proof of financing. The redevelopment agreement will include a development timetable.

XI. RECOMMENDATION

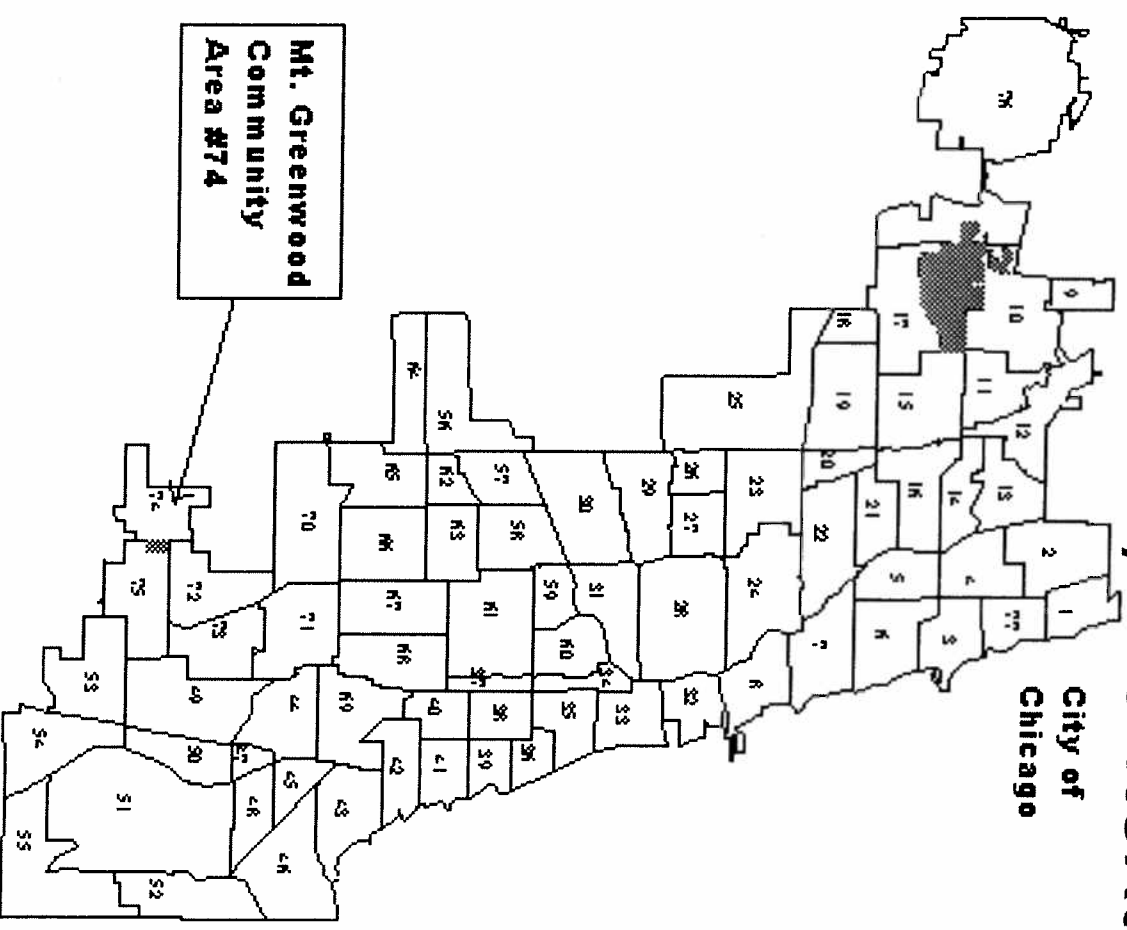
The Department of Community Development has thoroughly reviewed the proposed project, the qualifications of the development team, the financial structure of the project, the need for public assistance, its public benefits, and the project's conformance with the redevelopment area plan, and DCD recommends that the CDC approve the sale of 3218-3224 W. 111th Street to Gendell Partners – Mt. Greenwood L.L.C. for development of a 17,500 square foot retail project with 4,000 square foot open space feature and recommends the designation of Gendell Partners – Mt. Greenwood L.L.C. as Developer.

EXHIBITS

Redevelopment Area Map
Neighborhood Map or Aerial
Survey or Plat
Site Plan
Typical Floor Plan
Front Elevation or Rendering
Sample M/WBE Letter
Copies of M/WBE Certified Letter Receipts
Lender's Letter of Interest
Alderman's Letter of Support

Mt. Greenwood Plaza-111th/Kedzie

Community Context



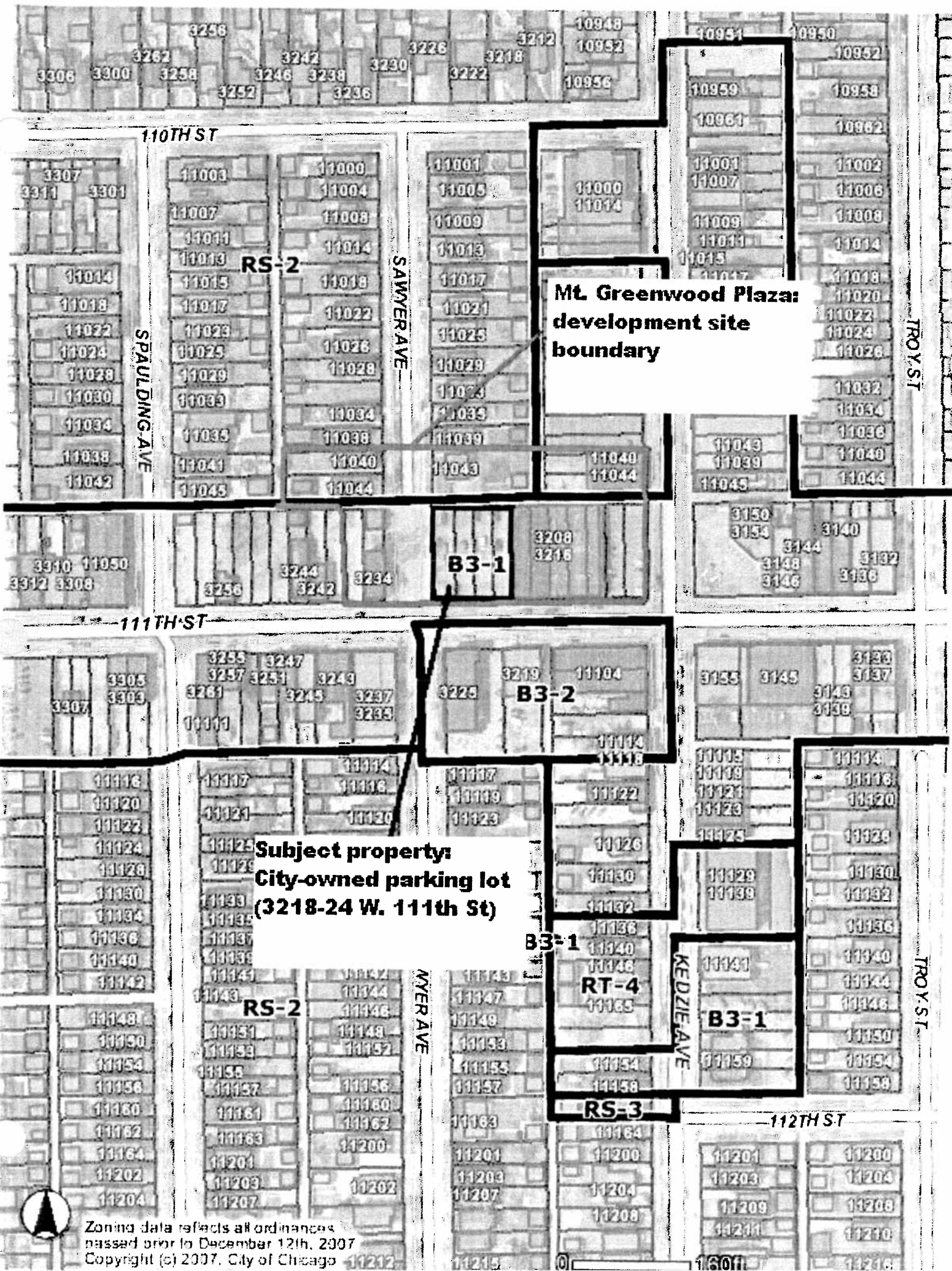


111TH / KEDZIE
TIP

Scale
0 100 200
Feet



111TH / KEDZIE
TIP



RS-2

**Mt. Greenwood Plaza:
development site
boundary**

B3-1

B3-2

**Subject property:
City-owned parking lot
(3218-24 W. 111th St)**

B3-1

RT-4

B3-1

RS-3

RS-2

Zoning data reflects all ordinances passed prior to December 12th, 2007
Copyright (c) 2007, City of Chicago

PLAT OF SURVEY

BY

HNTB CORPORATION

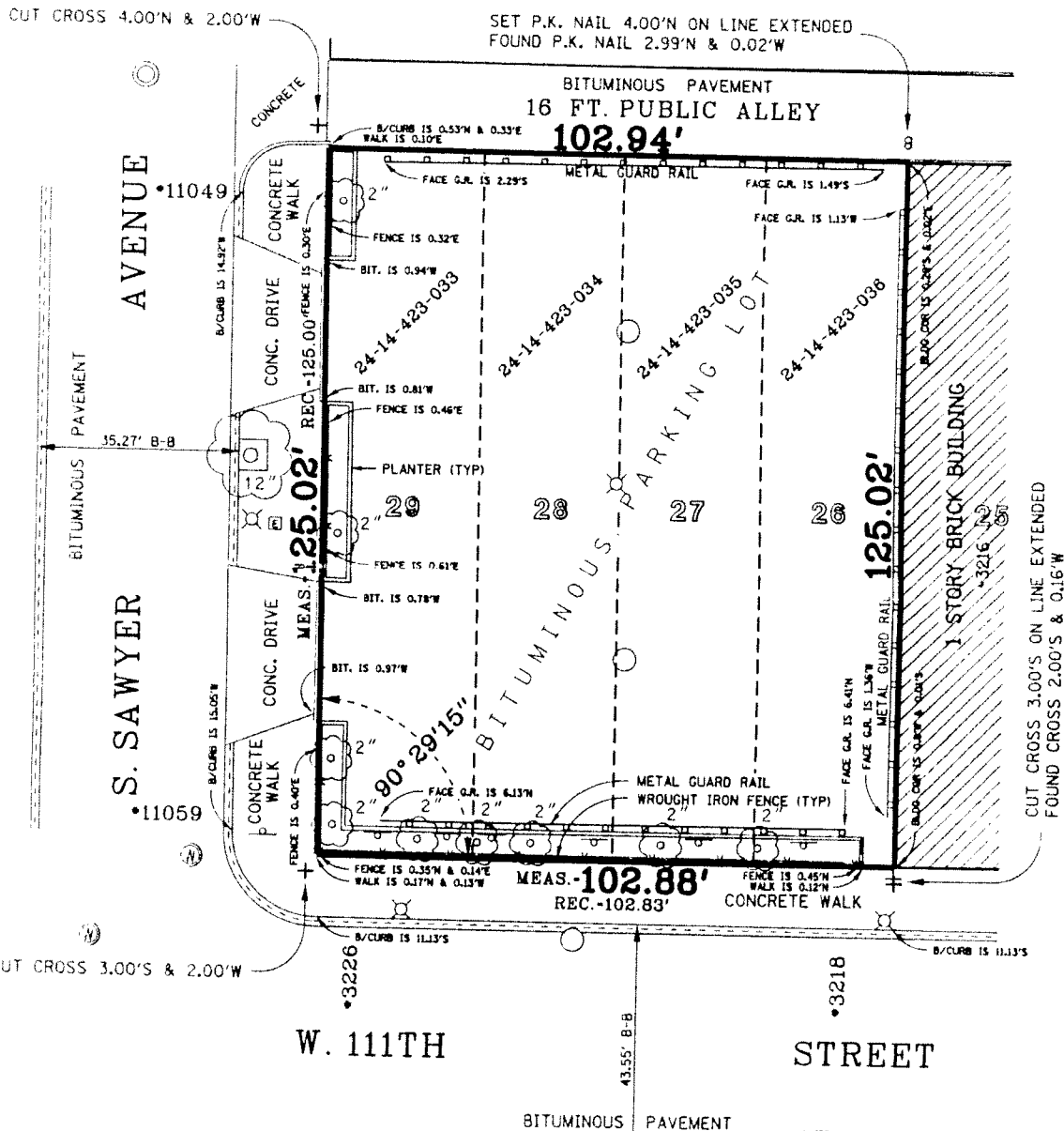
SURVEYORS · ENGINEERS · ARCHITECTS · PLANNERS

111 N. CANAL STREET, SUITE 1250, CHICAGO, ILLINOIS 60606 (312) 930-9119

OF

LOTS 26, 27, 28 AND 29 IN BLOCK 1 OF GEORGE BRINKMAN'S ADDITION TO MT. GREENWOOD, BEING A SUBDIVISION OF BLOCKS 25, 26, 31 AND 32 IN HILL'S SUBDIVISION OF THE EAST 1/2 OF THE SOUTHEAST 1/4 OF SECTION 14, TOWNSHIP 37 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

CONTAINING 12,865.8 SQ. FT.



-LEGEND-

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| <ul style="list-style-type: none"> ○ WATER MANHOLE ○ WITH BASIN ○ WITH INLET ○ WITH ELECTRIC MANHOLE ○ MET. OR S. MANHOLE ○ MANHOLE MANHOLE ○ LIGHT POLE ○ WER. POLE | <ul style="list-style-type: none"> ○ TELEPHONE POLE ○ TRAFFIC LIGHT ○ TRAFFIC LIGHT/STREET LIGHT ○ TRAFFIC LIGHT W/MAST ARM ○ DRY WIRE ○ TELEPHONE PEDESTAL ○ TELEPHONE MANHOLE ○ POWER POLE W/TRANS ○ POWER POLE W/LIGHT | <ul style="list-style-type: none"> ○ REGULATORY SIGN ○ WATER VALVE ○ FIRE HYDRANT ○ WATER METER ○ WATER R-BOX ○ GAS R-BOX ○ TREE W/DIAMETER ○ RAILROAD SIGNAL ○ PARKING METER | <ul style="list-style-type: none"> ○ CONTROL BOX ○ BOLLARD ○ GAS METER ○ MAIL BOX ○ GAS MANHOLE ○ PUBLIC TELEPHONE ○ COAL CHUTE ○ EMERGENCY FIRE BOX ○ ELECTRIC MANHOLE |
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NOTES:

1. PLEASE CHECK LEGAL DESCRIPTION WITH DEED AND REPORT ANY DISCREPANCY IMMEDIATELY.
2. COMPARE ALL POINTS BEFORE BUILDING BY NAME AND REPORT ANY DISCREPANCIES AT ONCE.
3. BUILDING LINES, IF ANY, SHOWN HEREON ARE BUILDING LINES SHOWN ON THE RECORDED SUBDIVISION PLAT.
4. ALL DIMENSIONS ON THIS PLAT ARE TO THE PROPERTY LINES, UNLESS OTHERWISE NOTED.
5. ALL DIMENSIONS ARE IN FEET AND DECIMAL PARTS THEREOF.

NOTE:

THIS PROFESSIONAL SERVICE CONFORMS TO THE CURRENT ILLINOIS MINIMUM STANDARDS FOR A BOUNDARY SURVEY.



TO ALL PERSONS INTERESTED IN TITLE TO PREMISES SURVEYED:
 I HEREBY CERTIFY THAT I PERSONALLY MADE AN ACTUAL SURVEY OF THE PREMISES SHOWN HEREON ON THE 10TH DAY OF NOV. 20 06, AND THAT THIS SURVEY IS A CORRECT REPRESENTATION OF THE PREMISES AS DETERMINED BY SAID SURVEY. I FURTHER CERTIFY THAT THERE ARE NO ENCROACHMENTS EITHER WAY ACROSS ANY BOUNDARY LINE OF THE PREMISES EXCEPT AS SHOWN HEREON.

CHICAGO ILLINOIS NOVEMBER 20, A.D. 2006.
Edward J. Smeltzer
 ILLINOIS PROFESSIONAL LAND SURVEYOR NO. 2378 / EXPIRES 11/30/08

PLAT OF SURVEY

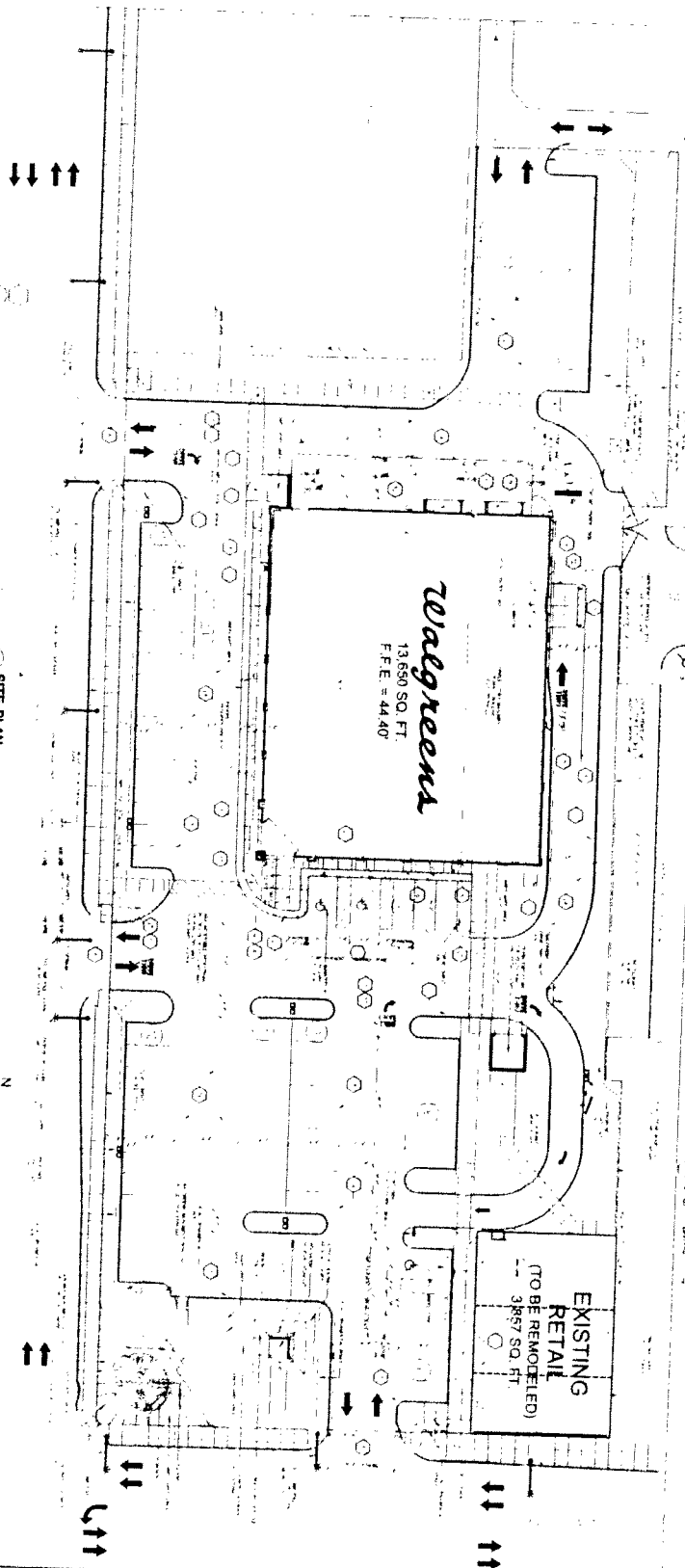
CITY OF CHICAGO
 CHICAGO, COOK COUNTY, ILLINOIS

BY: HNTB ILLINOIS, INC.
 SCALE: 1" = 20'
 DATE: NOVEMBER 20, 2006

111TH & KEDZIE

PARCEL:

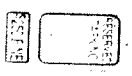
6 TYP. PEDESTRIAN RAMP DESIGN



2 SECTION AT BIKE RACK ISLAND



3 FT-8 & FT-101 HANDICAPPED PARKING SIGN



4 HANDICAP STALL GRAPHIC

5 BIKE RACK DETAIL

Walgreens

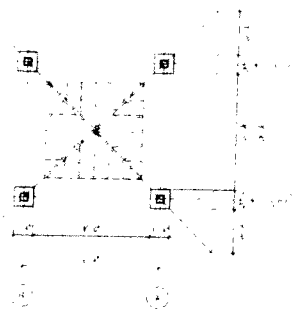
Arcline ASSOCIATES
 2000 W. SHAW BLVD
 SUITE 100
 MARIETTA, GA 30067

Terraco, Inc.
 1000 N. SHAW BLVD, SUITE 200
 MARIETTA, GA 30067

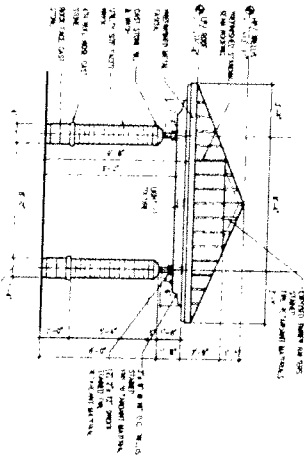
SITE DATA

ON SITE PARKING DATA

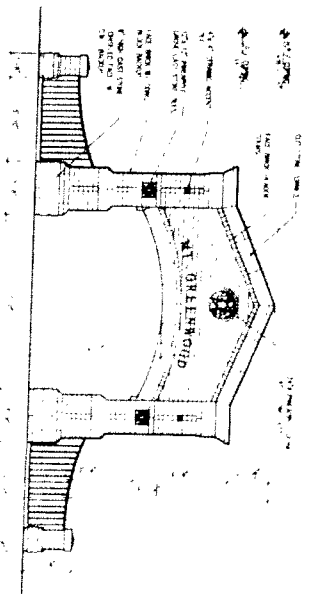
BUSINESS PLANNED DEVELOPMENT NO. _____
 LANDSCAPE PLAN DETAILS



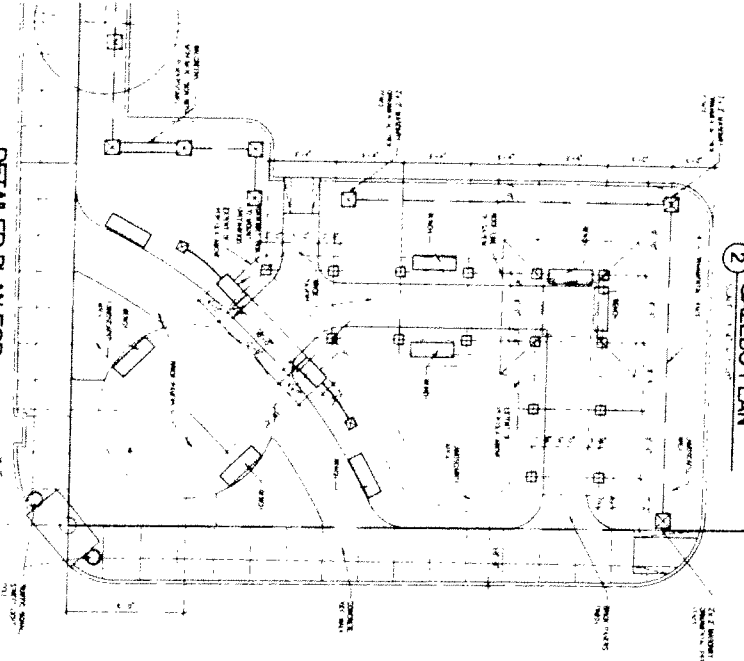
2 GAZEBO PLAN



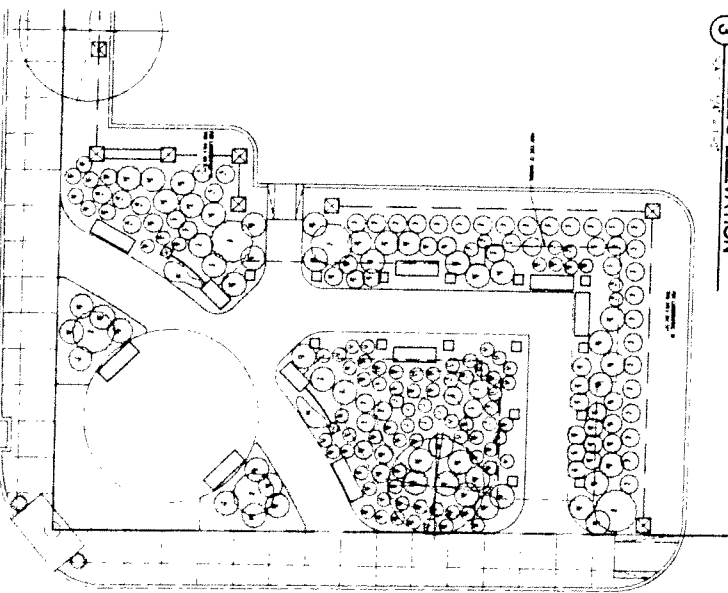
3 GAZEBO ELEVATION



4 GATEWAY ELEVATION



1 DETAILED PLAN FOR CORNER LANDSCAPED PARK

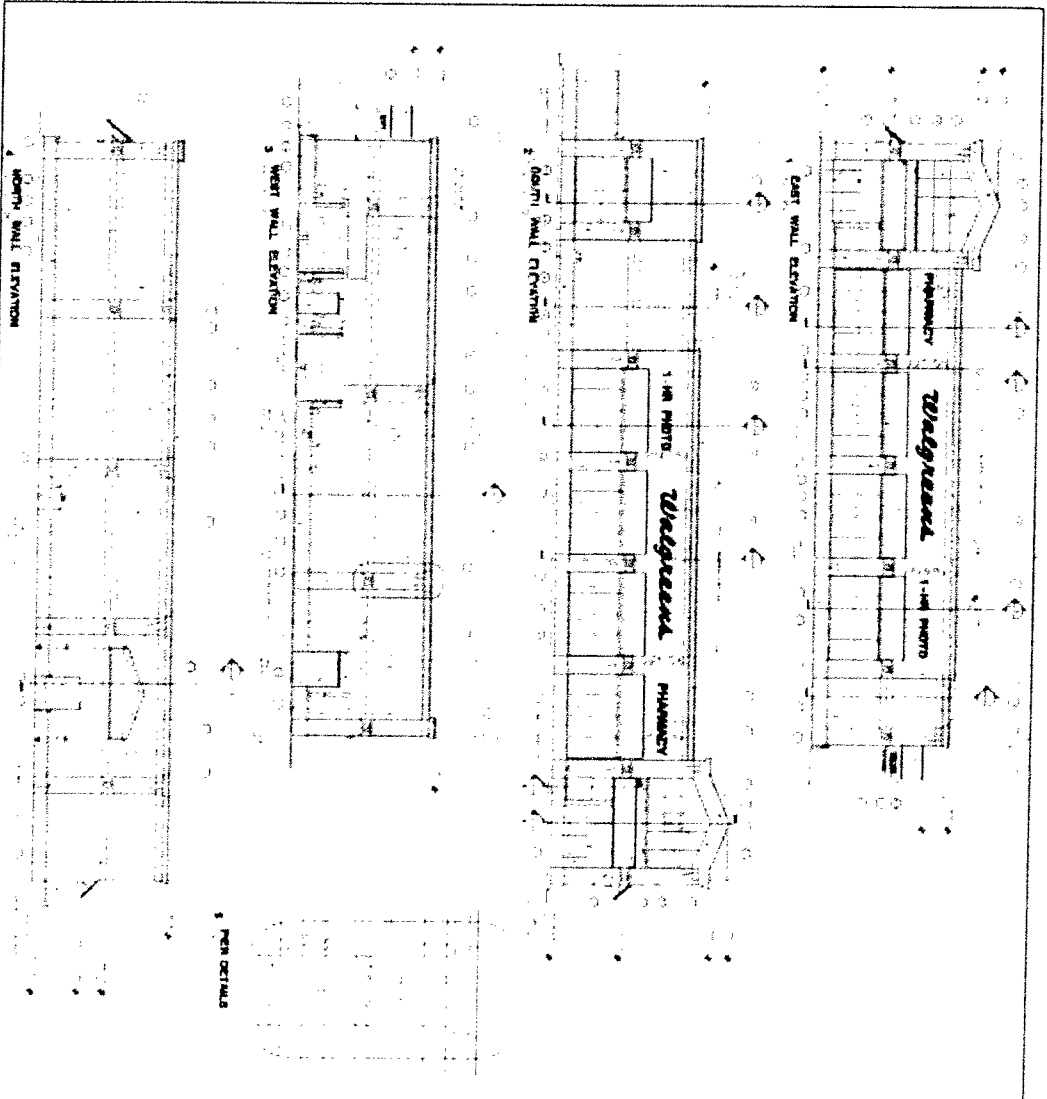


5 DETAILED LANDSCAPING PLAN FOR CORNER LANDSCAPED PARK

Plant List

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Applicant: Gendell Partners-Mt. Greenwood, L.L.C.
 Address: 11044 South Kedzie Avenue: 3200 West 111th Street, Chicago, Illinois
 Date: February 8, 2006
 Revised:



EXTERIOR ELEVATIONS - 1/8\"/>

Walgreens

Arcline ASSOCIATES

Tetico, Inc.

SCALE: 1/8\"/>

DATE: 10/15/2011

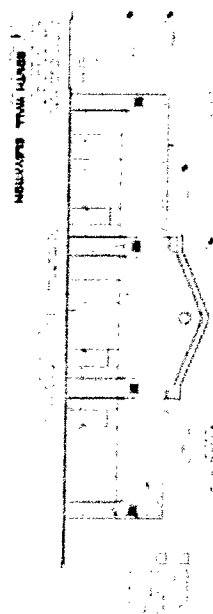
PROJECT: WALGREENS

BY: [Signature]

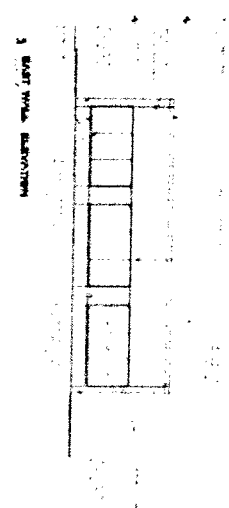
A2*

MATERIAL SCHEDULE

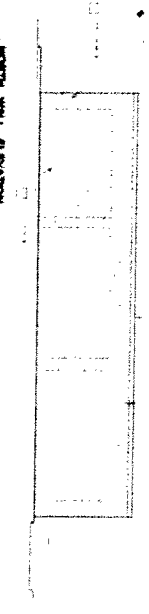
NO.	DESCRIPTION	QTY	UNIT
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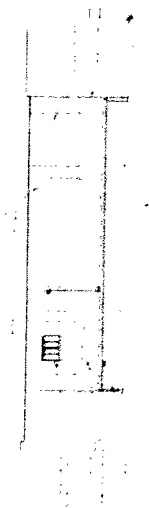
1 NORTH WALL ELEVATION



3 EAST WALL ELEVATION



4 SOUTH WALL ELEVATION



2 WEST WALL ELEVATION

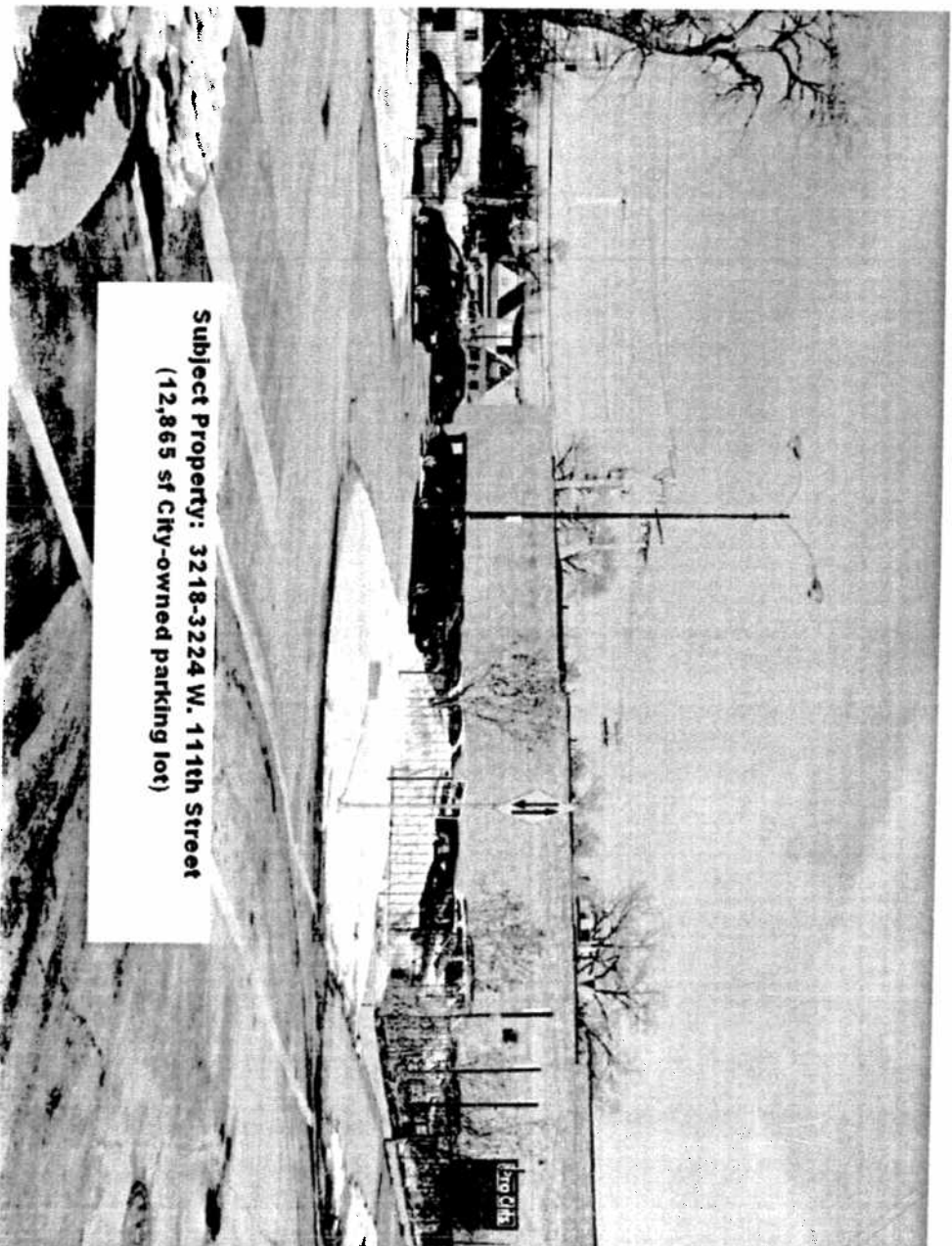
RETAIL BUILDING RENOVATION
11TH AND KEDZIE, CHICAGO, IL
ERHARDT REAL ESTATE
ARCHITECT



A201

Mt. Greenwood Plaza-111th/Kedzie

Existing Conditions



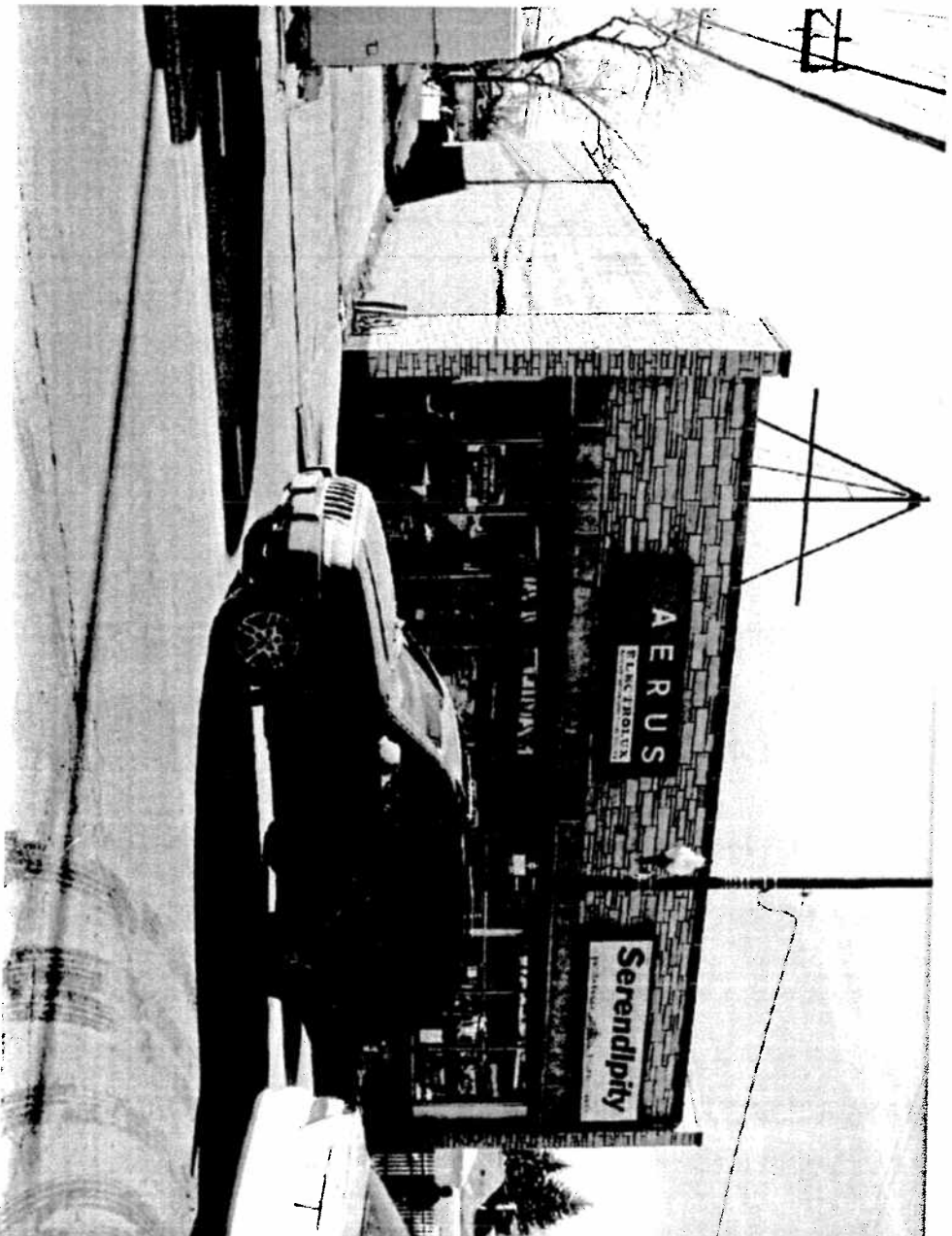
**Subject Property: 3218-3224 W. 111th Street
(12,865 sf City-owned parking lot)**

Mt. Greenwood Plaza-111th/Kedzie

Existing Conditions



Mt. Greenwood Plaza-111th/Kedzie Existing Conditions



SAMPLE OF CONTRACTOR'S LETTER

March 20, 2007

Mr. John Smith
MBE/WBE Contractor's Association
123 W. East St.
Chicago, IL 60601

BY CERTIFIED MAIL

Re: 111 N. South Street

Dear Mr. Smith:

Able Development Co. is pleased to announce the redevelopment of the property located at 111 N. South Street, Chicago, Illinois. The property consists of a 10,000 square foot vacant building that will be redeveloped into sit-down, family style restaurant with on-site parking.

Able Development has chosen Acme Construction Co. to be the general contractor for the project. The project will require participation of trades such as carpentry, electrical, mechanical, plumbing, paving, roofing, and others. Attached to this letter is the project budget, which identifies the items subject to minority business enterprise (MBE) participation of 24 percent and women business enterprise (WBE) participation of 4 percent. The attachment also includes the estimated project schedule and contact information for the general contractor.

At your request, the general contractor will meet with a representative of your organization to present the project budget and schedule. At your request, the general contractor will also provide your organization with one copy of the project bid documents (including plans and specifications).

Able Development Co. is requesting that you make your member companies aware of this exciting project so that they may submit bids for appropriate subcontracting opportunities. Should you have any questions, please do not hesitate to call.

Sincerely,
Able Development Company

John Doe, President

cc: Ms. Project Manager
Dept. of Planning and Development, City of Chicago

STATE OF CALIFORNIA
 DEPARTMENT OF REVENUE
 TAXPAYER'S STATEMENT

For 1968 \$ 22,060.00

Income Tax \$ 22,060.00

CHICAGO IL 60614
 Zone 1 First Class Mail
 Letter
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 Certified Mail
 Label A
 10 10 10 10 10 10 10 10 10 10
 Postage
 \$ 1.24

CHICAGO IL 60614
 Zone 1 First Class Mail
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 Postage
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CHICAGO IL 60614
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CHICAGO IL 60614
 Zone 1 First Class Mail
 Letter
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Total \$ 22,060.00

Net Pay \$ 22,060.00

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Supervisor \$ 22,060.00



VIRGINIA A. RUGAI
ALDERMAN, 19TH WARD

COMMITTEE MEMBERSHIPS

ENERGY,
ENVIRONMENTAL PROTECTION
AND PUBLIC UTILITIES
(CHAIRMAN)

POLICE AND FIRE

FINANCE

BUDGET AND GOVERNMENT
OPERATIONS

COMMITTEES, RULES AND ETHICS

ECONOMIC, CAPITAL AND
TECHNOLOGY DEVELOPMENT

HISTORICAL LANDMARK
PRESERVATION

TRANSPORTATION AND PUBLIC WAY

CITY HALL
121 NORTH LA SALLE STREET
ROOM 300
CHICAGO, ILLINOIS 60602
TELEPHONE 312-744-3072
OR 312-744-4025
FAX 312-744-3446

19TH WARD OFFICE
10400 SOUTH WESTERN AVENUE
CHICAGO, ILLINOIS 60643
TELEPHONE 773-238-8766
FAX 773-238-9049

MOUNT GREENWOOD OFFICE
3017 WEST 111TH STREET
CHICAGO, ILLINOIS 60655
TELEPHONE 773-238-8776
FAX 773-298-0235

E-MAIL vrugai@cityofchicago.org

IT'S NEW...IT'S BLUE



RECYCLING STARTS WITH YOU

August 5, 2009

Christine Raguso, Acting Commissioner
Department of Community Development
121 North LaSalle Street
Chicago, Illinois 60602

RE: 111th & Kedzie, Gendell Partners – Mt. Greenwood, LLC

Dear Commissioner Raguso,

Please be advised that I am in full support of the above project. This project has gone through a lengthy process and I would ask for your assistance in moving this development as quickly as possible. The project sits on a prominent corner in the Mount Greenwood community and when completed will make a major impact on the business strip.

Your continued cooperation in this matter is greatly appreciated.

Sincerely yours,

Virginia A. Rugai
Alderman, 19th Ward



PRINTED ON RECYCLED PAPER

First Bank of Highland Park

Patrick F. Stallone

EXECUTIVE VICE PRESIDENT / SENIOR LOAN OFFICER

August 6, 2009

Mr. Robert Swanson
Terraco Inc.
8707 N. Skokie Blvd., Suite 230
Skokie, Illinois 60077

Re: Mt. Greenwood Development

Dear Bob:

As we had discussed, please be advised that First Bank of Highland Park has up to \$8.0 million available to Gendell Partners Mt. Greenwood LLC for the construction of the Mt. Greenwood Development. Additionally, when the project nears completion (30 to 45 days prior) we would welcome the opportunity to also provide you with permanent financing for the project. Keep in mind that due to the amount of time it will take to complete the project, I am unable to give you the permanent financing terms and conditions at this time. Also, our commitment amount will be determined by the "As Completed" appraised value.

Please let me know if any additional information is needed on the financing for the Mt. Greenwood project.

Sincerely,



Patrick F. Stallone

**COMMUNITY DEVELOPMENT COMMISSION
OF THE
CITY OF CHICAGO**

RESOLUTION NO. __ - CDC -

AUTHORIZATION TO ENTER INTO A NEGOTIATED SALE WITH GENDELL PARTNERS – MT. GREENWOOD L.L.C. FOR DISPOSITION OF THE PROPERTY LOCATED AT 3218-24 W. 111th STREET WITHIN THE 111th STREET/KEDZIE AVENUE BUSINESS DISTRICT TIF REDEVELOPMENT PROJECT AREA

AND

AUTHORIZATION TO NEGOTIATE A REDEVELOPMENT AGREEMENT WITH GENDELL PARTNERS – MT. GREENWOOD L.L.C.

AND

RECOMMENDATION TO THE CITY COUNCIL OF THE CITY OF CHICAGO FOR THE DESIGNATION OF GENDELL PARTNERS – MT. GREENWOOD L.L.C. AS DEVELOPER

WHEREAS, the Community Development Commission (the "Commission") of the City of Chicago (the "City") has heretofore been appointed by the Mayor of the City with the approval of its City Council (the City Council referred to herein collectively with the Mayor as the "Corporate Authorities") as codified in Section 2-124 of the City's Municipal Code; and

WHEREAS, the Commission is empowered by the Corporate Authorities to exercise certain powers enumerated in Section 5/11-74.4-4(k) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.), (as amended from time to time, the "Act"); and

WHEREAS, the City Council, upon the Commission's recommendation pursuant to Resolution 99-CDC-121 and pursuant to the Act, enacted three ordinances on September 29, 1999 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the 111th Street/Kedzie Avenue Business District Redevelopment Project Area (the "Area"), designated the Area as a redevelopment project area and adopted tax increment allocation financing for the Area. The street boundaries of the Area are described on Exhibit A hereto; and

WHEREAS, the City owns the property located at 3218-24 W. 111th Street having the Property Identification Number(s) (PINs) 24-14-423-033; -034; -035 and -036 (the "Disposition Property") and desires that it be redeveloped for commercial use in combination with other properties owned privately at 3200 W. 111th Street (the "Privately-Owned Property"); and

WHEREAS, staff of the Department of Community Development of the City of Chicago (the

“Department”) have entered into discussions with Gendell Partners – Mt. Greenwood L.L.C. “(the Developer”)), concerning the sale of the Disposition Property for the development of a 17,500 square foot retail project with a 4,000 square foot corner open space feature (the “Project”), on a site consisting of the Disposition Property and the Privately-Owned Property; and

WHEREAS, the Developer has submitted a project budget and evidence of having the financial capacity to complete the project, and the staff of the Department have reviewed these and found them to be satisfactory; and

WHEREAS, the Developer has proposed to pay \$1 as consideration for the purchase of the Disposition Property, which is \$484,999 less than the appraised fair market value of \$485,000; and

WHEREAS, staff of the Department have determined that the Developer’s proposal conforms to the Plan; and

WHEREAS, pursuant to Section 5/11-74.4-4(c) of the Act, the City may not enter into any agreement relating to the development of City-owned property within the Area without first making public disclosure of the terms of such agreement and all bids and proposals related thereto and providing reasonable opportunity for any person to submit an alternative proposal or bid; and

WHEREAS, DCD requests the authority of the Commission to make the required disclosure by publishing a public notice substantially in the form set forth as **Exhibit B** hereto (the “Notice”) be published at least once for three consecutive weeks in at least one Chicago metropolitan newspaper, inviting alternative proposals from other developers who will have a period of not less than twenty-one (21) days after the first publication of the public notice in which to submit a responsive proposal; and

WHEREAS, DCD requests that the Commission recommend to City Council that the Developer be designated as the developer for the Project and that DCD be authorized to negotiate, execute and deliver a redevelopment agreement with the Developer for the Project, if no responsive alternative proposals are received by DCD within twenty-one (21) days after publication of the first Notice or, if alternative proposals are received and DCD in its sole discretion determines that the Developer’s Project is the best proposal; now, therefore,

BE IT RESOLVED BY THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF CHICAGO:

- Section 1. The above recitals are incorporated herein and made a part hereof.
- Section 2. The Commission hereby authorizes DCD to publish the Notice.
- Section 3. The Commission hereby recommends to City Council that the Developer be designated as the developer for the Project and that DCD be authorized

to negotiate, execute and deliver on the City's behalf a redevelopment agreement with the Developer for the Project, so long as no responsive alternative proposals are received by DCD within the time recited above or, if alternative proposals are received and DCD in its sole discretion determines that the Developer's Project is the best proposal.

Section 4. DCD is hereby authorized to advertise the City's intent to negotiate the sale and redevelopment of the Disposition Parcels and to request responsive alternative proposals.

Section 5. Said proposals must be submitted in writing to Christine Raguso, Acting Commissioner, Department of Community Development, Attn: Daniel Klaiber, City Hall- Room 1003, 121 North LaSalle Street, Chicago, Illinois 60602 within 21 days of the date of the first publication of the Notice and shall contain names of parties, offer prices for the Disposition Parcels, evidence of financial qualifications, and a timetable for redevelopment before said proposal will be considered.

Section 6. In the event that no responsive proposals are received at the conclusion of the advertising period, or if alternative proposals are received and DCD in its sole discretion determines that the Developer's Project is the best proposal, then the sale of the land described in Exhibit A shall be recommended to the City Council without further Commission action.

Section 7. If any provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this resolution.

Section 8. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.

Section 9. This resolution shall be effective as of the date of its adoption.

Section 10. A certified copy of this resolution shall be transmitted to the City Council.

ADOPTED: _____, 200__

Attachments: Exhibit A, PINs and Street Addresses of Disposition Parcels and TIF Area Street Boundary Description

Exhibit B, Form of Notice Requesting Alternative Proposals

EXHIBIT A

Street Addresses and P.I.N.s of Disposition Parcels
and
Street Boundaries of the
111th Street/Kedzie Avenue Business District Tax Increment Financing
Redevelopment Project Area

Address	P.I.N.
3218 W. 111 th Street	24-14-423-036
3220 W. 111 th Street	24-14-423-035
3222 W. 111 th Street	24-14-423-034
3224 W. 111 th Street	24-14-423-033

Tax Increment Financing Redevelopment Project Area

The Area is generally bounded by the alley north of W. 111th Street on the north, S. Sacramento Avenue on the east, the alley south of W. 111th Street on the south, and S. Pulaski Avenue on the west.

EXHIBIT B

PUBLIC NOTICE is hereby given by the Community Development Commission of the City of Chicago (the "City") pursuant to section 5/11-74.4-4 (c) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.) (the "Act"), that the City's Department of Community Development ("DCD") intends to negotiate a redevelopment agreement with Gendell Partners – Mt. Greenwood L.L.C. (the "Developer") pursuant to which the City intends to provide financial assistance to the Developer in the amount of \$1,500,000 or 14.3% of the total project budget from 111th Street/Kedzie Avenue Business District tax increment financing bond proceeds and/or incremental tax revenues pursuant to the Act for eligible costs associated with the Mt. Greenwood Plaza development project (the "Project") to be located at 3200 W. 111th Street (the "Privately-Owned Property"), located in the 111th Street/Kedzie Avenue Business District TIF Redevelopment Project Area (the "Area"). The Project will consist of the development of a 17,500 square foot retail project with parking and a 4,000 square foot corner open space feature. The City also intends to negotiate a redevelopment agreement with the Developer for the sale of four individual tax parcels, described in Schedule 1 attached hereto (the "Disposition Parcels"), for \$1. The Privately-Owned Property and Disposition Parcels are located within the Area established pursuant to the Act, and the Project is in compliance with the 111th Street/Kedzie Avenue Business District TIF Redevelopment Plan. The Area is generally bounded as follows:

By the alley north of W. 111th Street on the north, S. Sacramento Avenue on the east, the alley south of W. 111th Street on the south, and S. Pulaski Avenue on the west.

THE CITY HEREBY INVITES ALTERNATIVE PROPOSALS FOR THE REDEVELOPMENT OF THE DISPOSITION PARCELS FOR CONSIDERATION BY THE CITY.

The documents listed below related to the Area, the Project and the Disposition Parcels are available for public inspection on or before September 4, 2009 at the offices of DCD, Room 1003, 121 N. LaSalle, Chicago, Illinois between the hours of 9:00 a.m. and 4:00 p.m. Monday through Friday:

- (i) "111th Street/Kedzie Avenue Business District Tax Increment Financing Redevelopment Project and Plan," which constitutes the City's redevelopment plan for the Area;
- (ii) a terms sheet showing all proposed material terms of the redevelopment agreements as of the date hereof, including but not limited to an estimated Project budget setting forth the amount of financial assistance the City intends to provide to the Developer for the Project; and
- (iii) the terms of all bids and proposals received, if any, by the City related to the Project and the redevelopment agreements.

Please contact Daniel Klaiber at DCD at (312) 744-4470 to review these materials and for information regarding the form required, if any, for proposals submitted to the City. Proposals shall include the general plan for the redevelopment of the Disposition Parcels, the names of the party or parties making the proposal, the price offered, evidence of financial qualifications and capacity to complete said redevelopment, and the timetable for implementation. The City reserves the right to reject any and all proposals. Proposals will be received by the City at DCD's offices, Room 1003, City Hall, 121 N. LaSalle, Chicago, Illinois 60602, until September 4, 2009 at 5:00 p.m., at which time all alternative proposals will be opened and reviewed.

Mary Richardson-Lowry, Chairman
COMMUNITY DEVELOPMENT COMMISSION

Attach Schedule 1 - Disposition Parcels

