

TIF PROJECT SCORECARD

Vienna Beef, Ltd.
2501 N. Damen Avenue

Vienna Beef, Ltd. proposes to acquire, renovate and equip the 103,445 sq. ft. under-utilized facility located at 1000 West Pershing Road. Vienna plans to relocate its manufacturing operations from its current headquarters at 2501 N. Damen to the 1000 West Pershing facility.

Type of Project: Relocation

Developer: Vienna Beef Ltd.

Total Project Cost: \$12,268,346

Timeline for Completion: 2014

TIF Funding Request: \$4,970,000

Project Status: City Council Introduction

TIF District: 35th/Halsted

RETURN ON INVESTMENT BENCHMARKS

Advances Goal of Economic Development Plan YES or NO
 YES NO

Jobs Created/Retained
250 retained

Leading advanced manufacturing hub

Advances Goal of TIF District YES or NO
 YES NO

Affordable Housing Units Created/Preserved
NA

Addresses Community Need YES or NO
 YES NO

Return on Investment to City
Job retention and increasing tax base by rehabilitating an underutilized building.

FINANCIAL BENCHMARKS

Other Funds Leveraged by \$1 of TIF
\$.89

Financing Structure Grant

Types of Other Funding Leveraged YES or NO
 YES NO

Developer equity

RDA TERMS

Payment Schedule:
One payment

Monitoring Term of Agreement:
15 years

Taxpayer Protection Provisions YES or NO
 YES NO

letter of credit for purchase of new equipment

OTHER CONSIDERATIONS



**City of Chicago
Department of Housing and Economic Development**

**STAFF REPORT
TO THE
COMMUNITY DEVELOPMENT COMMISSION
REQUESTING DEVELOPER DESIGNATION
June 11, 2013**

I. PROJECT IDENTIFICATION AND OVERVIEW

Project Name: Vienna Beef Redevelopment

Applicant Name: Vienna Beef, Ltd.

Project Address: 1000 West Pershing Road

Ward and Alderman: 11th, James Balcer

Community Area: Bridgeport (60)

Redevelopment Project Area: 35th/Halsted TIF

Requested Action: TIF Developer Designation

Proposed Project: Vienna Beef, Ltd. proposes to acquire, renovate and equip the 103,445 sq. ft. under-utilized facility located at 1000 West Pershing Road. Vienna plans to relocate its manufacturing operations from its current headquarters at 2501 N. Damen to the 1000 West Pershing facility. This proposal seeks assistance for the acquisition and renovation of the Pershing Road facility.

TIF Assistance: \$4,970,000

II. PROPERTY DESCRIPTION

Address: 1000 West Pershing Road

Location: Northwest corner of West Pershing Road and South Morgan Street

Tax Parcel Numbers:	17-32-400-143-0000
Land Area:	3.6 acres
Current Use:	The site is improved with a 103,445 square foot single story industrial building. The building is currently partially occupied by a food distribution business.
Current Zoning:	Planned Manufacturing District (PMD) No. 8
Proposed Zoning:	No zoning changes are proposed.
Environmental Condition:	No concerns were raised in a Phase I environmental assessment conducted in 2009.

III. BACKGROUND

Vienna Beef Ltd. (“Vienna”) is a Chicago-based, globally recognized manufacturer of hot dogs and other specialty food products including corned beef, roast beef and soups. Vienna’s history dates back to 1893 when its founders introduced the Chicago-style hot dog at a booth at the World’s Columbian Exposition in Chicago. From there, the company quickly grew from a storefront operation to manufacturing and selling its products globally. Today, Vienna’s products are sold in supermarkets, restaurants, hot dog stands and sports and entertainment venues throughout the U.S. and world. Vienna’s headquarters and primary manufacturing facility have been located at 2501 W. Damen Avenue since 1972. The Damen Avenue facility is approximately 150,000 sq.ft. and employs approximately 300 individuals.

The Chicago Department of Transportation (CDOT) is planning to improve the design of the Damen, Elston and Fullerton Avenues intersection, primarily by a re-alignment of Elston Avenue. In order to implement the roadway project, the City must acquire a portion of the Vienna property. The proposed improvement would bisect the Vienna property located at the north east corner of Fullerton and Damen Avenues. The proposed roadway re-alignment could impair Vienna’s vehicular access, onsite functioning and any future expansion opportunities.

Vienna has identified the Pershing Road property as the only existing USDA certifiable plant in Chicago available and compatible with their needs. The Pershing Road property consists of an approximately 3.6 acre site improved with a 103,445 square foot single story manufacturing facility. The facility formerly housed Best Kosher Foods which Sara Lee had purchased and, subsequently, eliminated the brand and closed the facility in 2009. The facility has not been fully occupied since that time and, when partially occupied, only on a leased space basis.

The facility is located in the Bridgeport Community Area and is zoned as a Planned Manufacturing District (PMD). The PMD zoning works to insure compatible surrounding land uses and a stable zoning environment necessary for retaining and attracting manufacturing operations like Vienna. Vienna has been courted to relocate to other states. The relocation of this

business would retain Vienna in the city and continue a long tradition of manufacturing its globally recognized product in Chicago.

IV. PROPOSED DEVELOPMENT TEAM

Development Entity: The development entity is Vienna Beef Ltd., an Illinois corporation. Vienna's executives include James Bodman, Chairman, Timothy O'Brien, Co-President, John (Jack) Bodman, Co-President, Carolyn Goldhaber, CFO, and James Eisenberg and Steven Eisenberg. James Bodman is a native Chicagoan and U.S. Army veteran, and has been with Vienna since 1967. John (Jack) Bodman has spent his entire career with Vienna, joining in 1993. Timothy O'Brien is a 28-year veteran of the food industry, beginning his career with the Quaker Oats Company. After 14 years at Quaker, Mr. O'Brien joined Vienna Beef in 1998 as head of the Retail Sales Division, working his way through the ranks to his current position as Co-President. Prior to joining Vienna, Carolyn Goldhaber was employed by KPMG, Kraft Foods, and LaSalle Bank.

Consultants:

Lawyers:

Richard Klawiter
Mariah DiGrino
DLA Piper LLP
203 N. LaSalle St., 1900
Chicago, IL 60601

Financial Consultants:

Laube Companies
200 S. Wacker Dr., #3100
Chicago, IL 60606

V. PROPOSED PROJECT

Project Overview: Vienna proposes to acquire the property and renovate the 103,445 square foot, one-story masonry facility to suit Vienna's USDA manufacturing needs. Vienna intends to relocate its entire North Damen Avenue operation to the renovated facility and to continue producing hot dogs, roast beef, corned beef, soups, etc. This will require the investment of approximately \$ 12,268,346 in property acquisition, building improvement, equipment and relocation costs.

Vienna anticipates acquiring the property and commencing renovation activities in fall, 2013, with occupancy anticipated in December of 2014.

This project would create 75 temporary construction jobs.

VI. FINANCIAL STRUCTURE

The proposed financial assistance represents an attempt to close the financial gap, which will allow Vienna to acquire a facility for their specific manufacturing needs. Under the proposed terms of the City’s RDA with Vienna, the City will provide TIF assistance in the amount of up to \$4,970,000 (40% of the total project costs) from 35th/Halsted TIF. The City will provide TIF assistance throughout the rehabilitation of the property to reimburse incurred costs.

The assistance will be tied to an Occupancy Covenant which requires continued occupancy at the Pershing facility and ongoing compliance measured by a Jobs Covenant which will require an annual job count of a minimum of 250 FTE jobs (68% manufacturing and 32% administration). Both the Jobs and Occupancy Covenants will be in effect for 15 years. Vienna will secure a letter of credit for the purchase of new equipment in the amount of \$1,360,000.

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>	
Debt	\$1,332,970	12.4%	
Equity	\$5,775,000	47.1%	
TIF	\$4,970,000	40.5%	
Total Sources	\$12,268,346	100%	
<u>Uses</u>	<u>Amount</u>	<u>\$/sf of Building*</u>	
Land Acquisition	\$4,970,000	\$48.04	psf
Hard Costs	\$5,447,970	\$52.67	psf
Soft Costs	\$490,376	\$4.74	psf
Equipment	\$1,360,000	\$13.15	psf
Total Uses	\$12,268,346	\$118.60	psf
*Gross Building area (square feet)	103,445		

VII. PUBLIC BENEFITS

The proposed project will provide the following public benefits.

Property Taxes: The project will expand the tax base because the investment in the property will result in an increase in its assessed value.

Permanent Jobs: The project is estimated to retain at least 250 FTE jobs. The department's workforce development specialists will work with the developer on any required job training and placement.

Construction Jobs: The project is expected to produce 75 temporary construction jobs.

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 James Balcer (11) endorses the project and has provided a letter of support (see exhibits for copy).

IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN

The proposed project is located in the 35th/Halsted Tax Increment Financing Redevelopment Project Area. The proposed project will satisfy the following goals and objectives of the area's redevelopment plan including the following:

- Improve the quality of life in Chicago by improving the economic vitality of the Redevelopment Project Area,
- Redevelopment of vacant and underutilized properties;
- Retain and encourage the expansion of and/or modernization of existing viable businesses;
- Preserve quality job opportunities.

The implementation strategy for achieving the plan's goals envisions the need to provide TIF assistance for the retention and development of industrial businesses. The proposed project also conforms to the plan's land use map, which calls for industrial development at the subject site.

X. CONDITIONS OF ASSISTANCE

If the proposed resolution is approved by the CDC, HED will negotiate a redevelopment agreement with the developer. The redevelopment agreement will incorporate the parameters of the proposed project as described in this staff report.

It is HED policy that no business will be conducted with a development entity whose 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.

Closing will not occur before the City Council has approved the redevelopment agreement. The documents will include a development timetable.

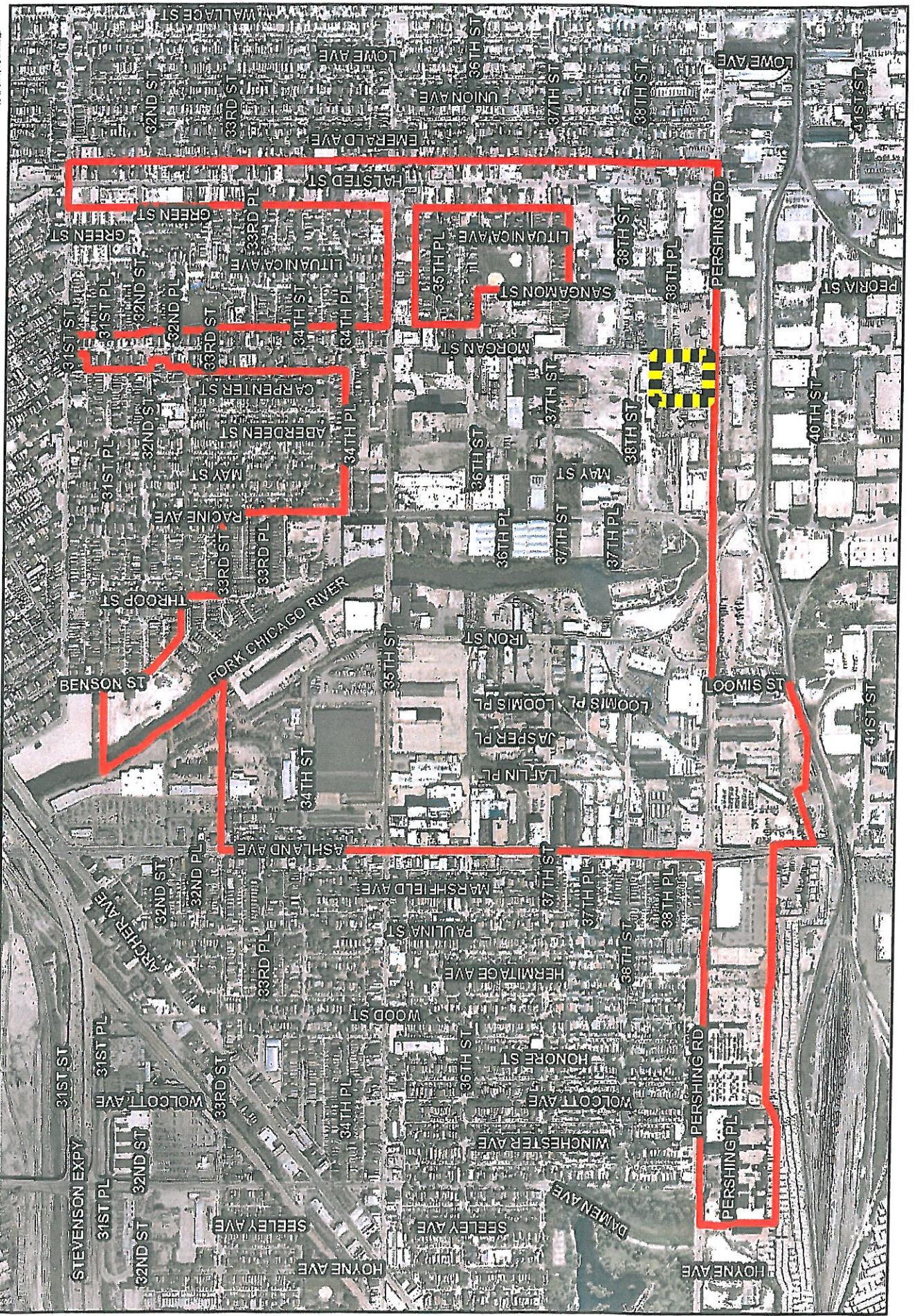
XI. RECOMMENDATION

The Department of Housing and Economic Development has thoroughly reviewed the proposed project, the qualifications of the development team, the financial structure of the project, its need for public assistance, its public benefits, and the project's conformance with the redevelopment area plan, and HED recommends that the CDC recommend to the City Council the designation of Vienna Beef, Ltd. as Developer for the acquisition and renovation of the property and industrial facility at 1000 West Pershing Road.

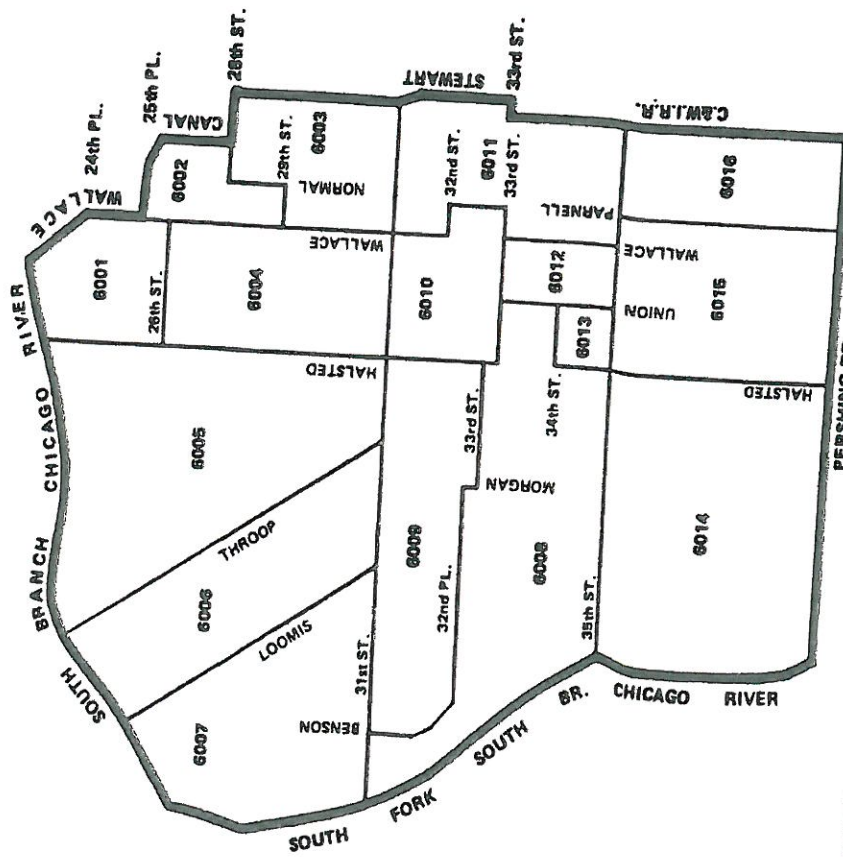
EXHIBITS

Redevelopment Project Area/TIF Map
Neighborhood Map or Aerial
Survey or Plat
Sample M/WBE Letter
Copies of M/WBE Certified Letter Receipts
Lender's Letter of Interest
Alderman's Letter of Support

35th/Halsted TIF



COMMUNITY AREA 60 BRIDGEPORT



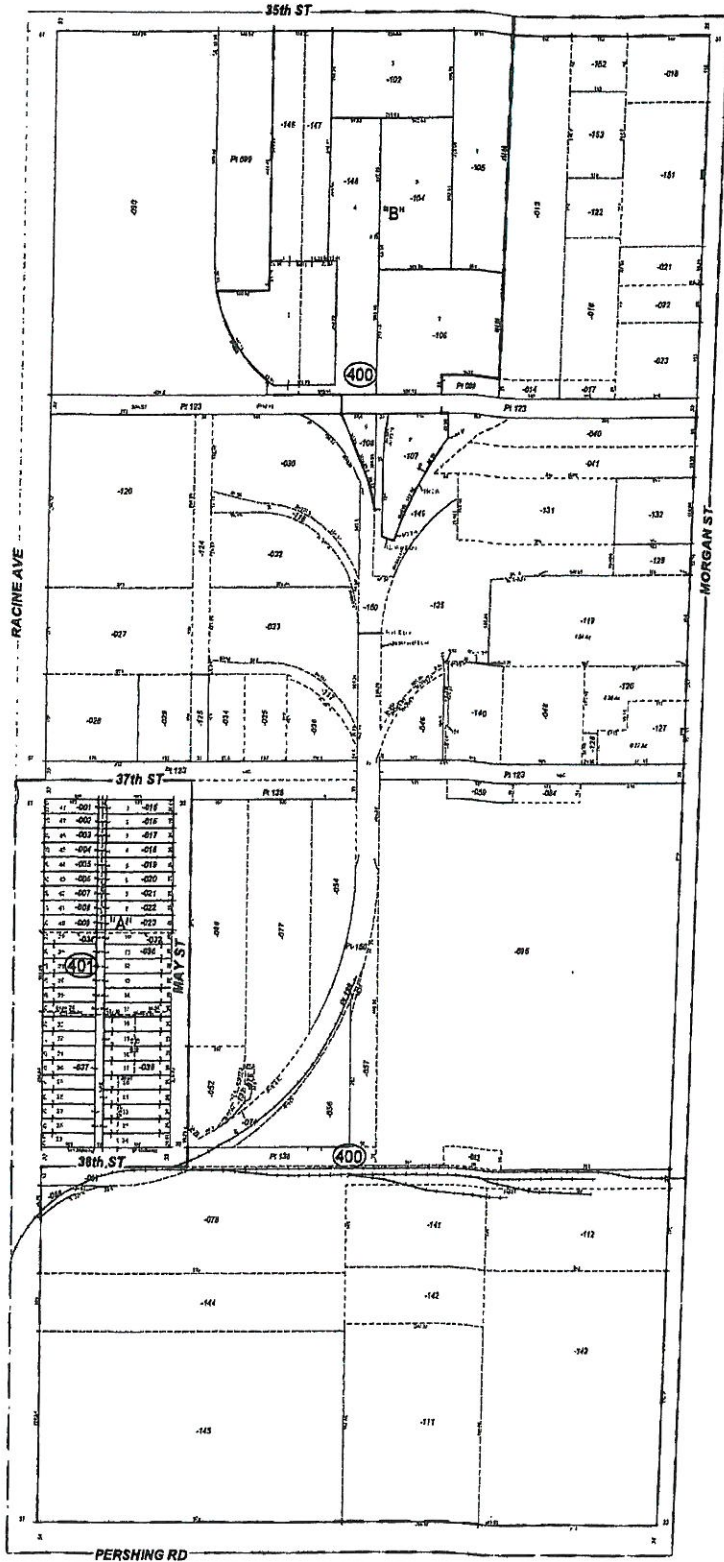
COMMUNITY AREA BOUNDARY
 CENSUS TRACT BOUNDARY
 6001 CENSUS TRACT NUMBER

39-14-32G
17-32

W 1/2 SE 1/4 SEC 32-39-14 SOUTH

1A
SUB. of the W. 1/2 of the N.W. 1/4 of the S.W. 1/4 of the
S.E. 1/4 of Sec. 32-39-14. Res. May 20, 1891. Doc.
1472556.

1B
THE SPREGL, INC. INDUSTRIAL SUB. to the
N.W. 1/4-S.E. 1/4 Sec. 32-39-14. Res. Feb. 14, 1961
Doc. 1884566.





Laube Consulting Group LLC
200 S. Wacker Dr., Suite 3100
Chicago, Illinois 60606
www.laubecompanies.com

Michael S. Laube
mlaube@laubecompanies.com
Direct (312) 674-4537

May 7, 2013

VIA CERTIFIED MAIL

Ms. Belinda Henderson
Black Contractors United
1200 Marshfield St.
Calumet Park, Illinois 60827

Re: 1000 W. Pershing Redevelopment Opportunity

Dear Ms. Henderson:

The purpose of this letter is to inform your organization of potential contracting opportunities associated with the redevelopment of property located at 1000 W. Pershing Ave., in the City of Chicago (the "Property"). Vienna Beef, Ltd. (the "Developer") intends to develop an approximately 103,000 square feet of manufacturing/distribution space.

In the near future, the Developer will select a general contractor. The project is anticipated to require the participation of trades such as carpentry, electrical, mechanical, plumbing, and others.

The Developer has yet to finalize the project budget, which identifies the items subject to minority business enterprise participation of 24% percent and women business enterprise participation of 4%, or a firm project schedule. The Developer will follow up with you to provide you with that information and, if available, its general contractor contact information.

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

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

Very truly yours,


Michael S. Laube

Copies to: City of Chicago, Department of Housing and Economic Development

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Postage	\$ 1.10	Postmark Here
Certified Fee	3.72	
Return Receipt Fee (Endorsement Required)	3.06	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 7.88	

Sent To Perry Nakkachi
Street, Apt. No.,
or PO Box No.
City, State, ZIP+4

PS Form 3800, June 2002 See Reverse for Instructions

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Restricted Delivery Fee (Endorsement Required)		
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Sent To Ray Rivera
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or PO Box No.
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Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 7.88	

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Certified Fee	3.18
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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 7.88

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Here

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or PO Box No.
City, State, ZIP+4

7004 2510 0001 9380 3397



THE PRIVATE BANK

May 13, 2013

Jack Bodman
Vienna Beef, Ltd.
2501 N. Damen Ave.
Chicago, IL 60647

Dear Jack,

I am writing to provide a letter of support for Vienna Beef, Ltd. (the "Company").

I am aware that the Company is in active negotiations with the City of Chicago (the "City") regarding the planned purchase and renovation of the old Best Kosher plant located at 1000 W. Pershing Rd. in Chicago in conjunction with the sale of a portion of the land located at 2501 N. Damen Ave. in Chicago to the City (the remainder expected to be rezoned to C3-3).

Furthermore, I understand that the Company will need ongoing credit support for its existing operations and the plans outlined above in order to proceed.

As you know, we have worked with the Company and its current ownership team for 20+ years, and have maintained a consistent banking relationship during that time dating back to prior institutions. The Company has always handled its accounts with the bank as agreed. I have the highest regard for management, and fully anticipate continuing the banking relationship and working alongside the Company to support its activities with the City.

Please let me know if I can be of any further assistance at this time. If the City would like to speak to me directly, do not hesitate to have them contact me at (312) 564-1248.

Sincerely,

Thomas G. Estey
Managing Director
The PrivateBank & Trust Company



JAMES A. BALCER

ALDERMAN, 11TH WARD
3659 S. HALSTED ST. 60609
TELEPHONE: (773) 254-6677
FAX: (773) 254-8776
JAMES.BALCER@CITYOFCHICAGO.ORG

CITY COUNCIL
CITY OF CHICAGO
COUNCIL CHAMBER

THIRD FLOOR, CITY HALL
121 NORTH LASALLE STREET
SUITE 300, OFFICE 28
CHICAGO, ILLINOIS 60602
TELEPHONE: 312-744-6663

COMMITTEE MEMBERSHIPS

PUBLIC SAFETY, CHAIRMAN
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COMMITTEE, RULES AND ETHICS
FINANCE
HEALTH AND ENVIRONMENTAL PROTECTION
HOUSING AND REAL ESTATE
PEDESTRIAN AND TRAFFIC SAFETY

May 3, 2013

Commissioner Andrew J. Mooney
Department of Housing and Economic Development
121 North LaSalle Street, Room 1000
Chicago, Illinois 60602

Dear Commissioner Mooney:

Please be advised that I am in support of providing Tax Increment Financing (TIF) from the 35th and Halsted TIF district to the Vienna Beef company to relocate its operations to 1000 W. Pershing Rd. from its North Damen facility.

I am pleased Vienna has chosen to remain in Chicago and locate to the 11th Ward. Vienna is a long time Chicago institution that I am proud to support. If you have any questions, please call me at (773) 254-6677.

Sincerely,

James A. Balcer
Alderman, 11th Ward

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

RESOLUTION NO. __ - CDC -

**AUTHORIZATION TO NEGOTIATE A
REDEVELOPMENT AGREEMENT WITH VIENNA BEEF, LTD.**

**AND
RECOMMENDATION TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
FOR THE DESIGNATION OF VIENNA BEEF, LTD.
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 96-CDC-70 and pursuant to the Act, enacted three ordinances on January 14, 1997 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the 35th/Halsted 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, Vienna Beef, Ltd., (the "Developer") has presented to the City's Department of Housing and Economic Development (HED) a proposal for redevelopment of the Area or a portion thereof that is in compliance with the Plan, consisting of the acquisition, renovation and occupancy of an industrial facility at 1000 West Pershing Road (the "Project"); and

WHEREAS, HED requests that the Commission recommend to City Council that the Developer be designated as the developer for the Project and that HED be authorized to negotiate, execute and deliver a redevelopment agreement with the Developer for the Project; 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 recommends to City Council that the Developer be designated as the developer for the Project and that HED be authorized to negotiate, execute and deliver on the City's behalf a redevelopment agreement with the Developer for the Project.
- Section 3. 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 4. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.
- Section 5. This resolution shall be effective as of the date of its adoption.
- Section 6. A certified copy of this resolution shall be transmitted to the City Council.

ADOPTED: June 11, 2013

Attachment: Exhibit A, Street Boundary Description

EXHIBIT A

Street Boundary Description of the
35th/Halsted Tax Increment Financing
Redevelopment Project Area

The Area is generally bounded by 31st and 35th Streets on the north, property fronting Morgan Street and Halsted Street, and the alley between Halsted and Emerald Streets on the east, Pershing Road on the south, and Ashland and Damen Avenues on the west.