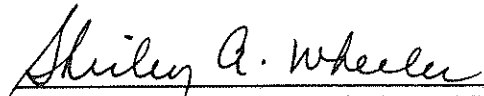


STATE OF ILLINOIS }
 }
COUNTY OF COOK }

CERTIFICATE

I, SHIRLEY WHEELER, the duly authorized, qualified and Assistant Secretary of the **Community Development Commission of the City of Chicago**, and the custodian of the records thereof, do hereby certify that I have compared the attached copy of a Resolution adopted by the **Community Development Commission of the City of Chicago** at a Special Meeting held on the 28 day of July, 1998, with the originated Resolution adopted at said meeting and recorded in the minutes of the Commission, and hereby certify that said copy is a true, correct and complete transcript of said Resolution.

Dated this 28 day of July, 1998



ASSISTANT SECRETARY

98-CDC-95

8000547

COMMUNITY DEVELOPMENT COMMISSION MEETING
July 28, 1998

North and Cicero Development L.L.C. - CTA Site

Developer Designation - Staff Report

MR. CHAIRMAN AND MEMBERS OF THE COMMISSION:

The Resolution before you requests that you:

1. Grant authority to publish notice of the intention of the City of Chicago to negotiate a redevelopment agreement with North and Cicero Development L.L.C. for development of a site in the North-Cicero Redevelopment Project Area (see attached map);
2. Request alternative proposals; and
3. Recommend to the City Council of the City of Chicago the designation of North and Cicero Development L.L.C. as the developer if no responsive alternative proposals are received.

BACKGROUND:

The Area is comprised of approximately 46.8 acres on the west side of the city of Chicago, five miles west/northwest from the central business district. The area is generally bounded by the alley north of North Avenue on the north, Keating Avenue on the east, the alley north of Hirsch Street on the south, and by LaVergne Avenue on the west. The Area is located in the northeast corner of the Austin community, and is easily reached along Cicero and North Avenues by car, trucks from the Eisenhower Expressway to the south, and by public transportation. The Plan and use of tax increment financing are providing a the mechanism for supporting comprehensive redevelopment of the large vacant parcel at the southwest corner of North and Cicero. Alderman Giles has supported the TIF designation and is in support of the proposed developments for the area.

DEVELOPMENT PROJECT:

The majority of this 17.2 acre parcel is the vacant site of a CTA bus barn, constructed in 1897 and demolished in 1985 as obsolete, in preparation for construction of a new bus barn and repair facility. Next to it is the site of a vacant parochial school, which will be demolished for additional land for the development. The communities surrounding the site have been under-served by retail establishments for decades and the alderman has been working with different development groups to bring a grocery store and other retail outlets to the area for the past ten years.

In order to accommodate retail development the site's zoning has remained commercial; however, the uncertain nature and extent of contamination on the site from the CTA's 100-year use of the property deterred investors from following up on earlier retail projects. North and Cicero Development L.L.C. (a development affiliate of the Harlem Irving Companies, Inc.) has worked with the CTA and the Illinois Environment Protection Agency (IEPA) to thoroughly investigate the condition of the site and arrive at plans which will allow a project to proceed with a 'no further action' letter from the IEPA. However, site preparation is still a major component of the project as soil conditions are poor, old foundations, basement floors, and driveways and aprons blanket the site, and on-going monitoring of soil removal and groundwater is required. Major TIF-eligible activities are expected to be the acquisition of additional land, demolition, environmental remediation, site preparation and street infrastructure.

Original plans from this development group showed a grocery store / movie theater combination with other retail outlots, that raised major concerns in the community about traffic, possible gang and drug activity, and effective use of TIF funds. With the elimination of the movie theater and reshaping of the commercial development, the project was presented to the community at a meeting held on July 22nd, 1998. Community reaction was strongly favorable, with some concerns being expressed about the impact of traffic on local streets that can access the shopping center, and other concern about maintaining high quality tenants in retail space.

As currently planned, the North and Cicero retail center will be developed in two Phases. Phase I consists of a 65,600 sq. ft. Dominick's, a 30,000 sq. ft. junior anchor, 10,800 square feet for 9 small shops, and two outlots totaling 50,000 sq. ft. Construction of Phase I is expected to begin in spring of 1999. Phase II is expected to begin construction by spring of 2000 at the latest. Phase II consists of an additional 68,000 sq. ft. of retail space, divided between three junior anchors, (tenants to be determined), and two outlots totaling 44,000 square feet.

The City's contribution to the project will be the delivery of the CTA parcel (appraised at \$3,290,000) to the developer at no cost, and reimbursement to the developer for TIF-eligible project costs not to exceed the lesser of \$3,000,000 or 26% of the total project budget. Reimbursement for TIF-eligible project costs will be divided between Phase I (receiving \$1,600,000 in TIF assistance) and Phase II (receiving not more than \$1,400,000 in TIF assistance).

The City expects to provide the TIF assistance in the form of a developer note or notes to correspond with the phased development of the shopping center, not to exceed \$3,000,000 in face value. Because retail tenants have not been identified for all of the space in Phase I, and Phase II layout will be modified to accommodate final tenants, the City and the developer have agreed to reduce Phase II assistance if the store lease rates are higher than those used for the current financial projections. The amount of TIF assistance can also be reduced in Phase II if sales of the outlots generate more income than now projected. Interest rate and term will be determined by current market rates, subject to review and comment by the Comptroller's office, and any special provisions of the note(s) will be negotiated with the review and approval of the Comptroller's Office and the Corporation Counsel.

The Department of Planning and Development plans to advertise its intention to designate the developer for the site at the southwest corner of North and Cicero and to use of tax increment financing in support of the development, and will invite alternative proposals to be submitted within fourteen (14) days of the date of the first publication of the advertisement. If no other acceptable proposals are received before the expiration of the advertising period, without further action by the Community Development Commission the designation of North and Cicero Development L.L.C. as the developer and the use of tax increment financing will be recommended to the City Council for its approval. The Department of Law will negotiate a redevelopment agreement for approval by the City Council which will govern the use of the tax increment financing funds and the redevelopment of the property. Support for this project has been expressed by the Alderman and the community.

Recommendation:

The Department of Planning and Development recommends that the Community Development Commission take the following actions, as embodied in the attached resolutions:

1. Grant authority to publish notice of the intention of the City of Chicago to negotiate a redevelopment agreement for development of a site in the North-Cicero Redevelopment Project (see attached map) with North and Cicero Developers, L.L.C.;
2. Request alternative proposals; and
3. Recommend to the City Council of the City of Chicago the designation of North and Cicero Developers L.L.C. as the developer if no other responsive alternative proposals are received.

TERMS SHEET

North-Cicero Tax Increment Financing ("TIF") Redevelopment Project Area.

North and Cicero Development L.L.C. intend to construct a 65,000 square foot Dominick's supermarket, four junior anchors, nine small shops and four outlots, with parking as required by site zoning. The contractors for construction will be local companies to the extent possible, and will use MBE/WBE subcontractor participation to achieve City of Chicago goals. There will be approximately 200 construction jobs and 375-400 full- and part-time jobs after full occupancy (depending on tenant mix).

Total Development Cost:

Sources:

Developer's Funds / Equity	\$2,077,000.00
TIF Assistance	\$3,000,000.00
CTA Land	\$3,290,000.00
Lender Financing	\$13,875,000.00
Outlot Sales	\$1,893,000.00
	=====
Total	\$24,135,000.00

Uses:

Acquisition (CTA and one parcel)	\$4,628,000.00
Site Work / demolition	\$3,763,219.00
Construction	\$10,162,752.00
Soft costs - total	\$4,401,125.00
Fees, Permits, Legal (all aspects)	
Off-Site Improvements	
Construction / contingencies	
Developer's fee	\$1,179,904.00
	=====
	\$24,135,000.00

The City's contribution to the project will be the delivery of the CTA parcel (appraised at \$3,290,000) to the developer at no cost, and reimbursement to the developer for TIF-eligible project activities not to exceed \$3,000,000, for a total assistance package not to exceed 26 % of the total project budget of \$24,135,000.

Major TIF-eligible activities are expected to be acquisition of additional land, demolition, site preparation, remediation contingency, and street infrastructure.

Reimbursement for TIF-eligible project costs will be divided between Phase I (receiving \$1,600,000 in TIF assistance) and Phase II (receiving not more than \$1,400,000 in TIF assistance). Reductions in TIF assistance will be made:

- after verification of outlot sale prices
- after verification of lease income for all non-anchor tenants
- after completion of construction and submission of final draw, to determine total project cost.

COMMUNITY DEVELOPMENT COMMISSION
OF THE
CITY OF CHICAGO

RESOLUTION NO. 98 - CDC - 95

AUTHORITY TO PUBLISH NOTICE
OF THE INTENTION OF THE CITY OF CHICAGO
TO NEGOTIATE A
REDEVELOPMENT AGREEMENT WITH
NORTH AND CICERO DEVELOPMENT, L.L.C.
WITHIN THE
NORTH-CICERO REDEVELOPMENT PROJECT AREA,

AND

TO REQUEST ALTERNATIVE PROPOSALS,

AND

TO RECOMMEND TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
THE DESIGNATION OF
NORTH AND CICERO DEVELOPMENT L.L.C.
AS THE DEVELOPER IF NO
RESPONSIVE ALTERNATIVE PROPOSALS ARE RECEIVED

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 (referred to herein collectively with the Mayor as the "Corporate Authorities") (as codified in Section 2-124 of the City's Municipal Code) pursuant to 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.) (1993) (the "Act"); 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 Act; and

WHEREAS, the City Council, upon the Commission's recommendation pursuant to Resolution 95-CDC-35 and pursuant to the Act, enacted three ordinances on July 30, 1997, pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the North-Cicero redevelopment project area (the "Area"),

designated the Area as a redevelopment project area and adopted tax increment allocation financing for the Area (such ordinances, collectively, the "TIF Ordinances"). The street boundaries of the Area and street address are described on Exhibit A hereto; and

WHEREAS, North and Cicero Development L.L.C. (the "Company"), has presented to the City's Department of Planning and Development ("DPD") a proposal for redevelopment of the Area or a portion thereof that is in compliance with the Plan, consisting of construction of a supermarket, additional retail anchors, four outlots and required parking (the "Project") on a site generally located at the southwest corner of North and Cicero Avenues (the "Site"); and

WHEREAS, pursuant to Section 5/11-74.4-4(c) of the Act, the City may not enter into any agreement regarding redevelopment 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, DPD requests the authority of the Commission to make the required disclosure by publishing notice substantially in the form set forth as Exhibit B hereto (the "Notice") in the Chicago Sun-Times or the Chicago Tribune, being newspapers of general circulation within the Area; and

WHEREAS, DPD requests that the Commission recommend to City Council that the Company be designated as the developer for the Project and that DPD be authorized to negotiate, execute and deliver a redevelopment agreement with the Company for the Project, if no responsive alternative proposals are received by DPD within fourteen days after publication of the Notice; 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 DPD to publish the Notice.

Section 3. The Commission hereby recommends to City Council that the Company be designated as the developer for the Project and that DPD be authorized to negotiate, execute and deliver on the City's behalf a redevelopment agreement with the Company for the Project, so long as no responsive alternative proposals are received by DPD within the time recited above.

Section 4. 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 5. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.

Section 6. This resolution shall be effective as of the date of its adoption.

Section 7. A certified copy of this resolution shall be transmitted to the City Council.

ADOPTED: July 28, 1998

Attachments: Exhibit A, Description of the Area
 Exhibit B, Form of Notice requesting Alternative Proposals