

STATE OF ILLINOIS)
)SS
COUNTY OF COOK)

CERTIFICATE

I, Jennifer Rampke, the duly authorized, qualified and Executive 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 Regular Meeting
Held on the 13th Day of August 2002 with the original resolution adopted at said meeting and
recorded in the minutes of the Commission, and do hereby certify that said copy is a true,
correct and complete transcript of said Resolution.

Dated this 13th Day of August 2002


EXECUTIVE SECRETARY
Jennifer Rampke

02-CDC-77

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

RESOLUTION NO. 02 - CDC - 77

**AUTHORITY TO NEGOTIATE A
REDEVELOPMENT AGREEMENT WITH
NANOINK, INC.
WITHIN THE
KINZIE INDUSTRIAL CONSERVATION
T.I.F. REDEVELOPMENT PROJECT AREA,**

AND

**TO RECOMMEND TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
THE DESIGNATION OF
NANOINK, INC.
AS THE 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 98-CDC-26 and pursuant to the Act, enacted three ordinances on June 10, 1998 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Kinzie Industrial Conservation 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, NanoInk, Inc. (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 the rehabilitation of a building located at 1335 West Randolph Street which shall be leased in its entirety by the Company for a period

of ten years (the "Project"); and

WHEREAS, the City desires to provide tax increment financing assistance to, and negotiate a redevelopment agreement with the Company, as developer, in connection with the Project; and

WHEREAS, DPD requests that the Commission recommend to City Council that the Company be designated as the developer for the Project, that DPD be authorized to negotiate, execute and deliver a redevelopment agreement with the Company for the Project, and that tax increment financing assistance be provided to the Company 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 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 providing for tax increment financing assistance.
- 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: August 13, 2002

Attachment: Exhibit A, Street Boundary Description

**CITY OF CHICAGO
COMMUNITY DEVELOPMENT COMMISSION**

August 13, 2002

SUMMARY SHEET

Action Requested: 1) Grant authority to negotiate a Redevelopment Agreement with NanoInk, Inc. (the "Developer") for the use of incremental tax revenues and/or tax increment revenue bond proceeds for the redevelopment of 1335 West Randolph Street (the "Property"), located within the Kinzie Industrial Conservation Area Redevelopment Project Area (the "Area") and;

2) Recommend to the City Council of the City of Chicago the designation of NanoInk, Inc., as the developer of the Project located within the boundaries of the Area.

Project : NanoInk, Inc. is proposing to lease and occupy 1335 W. Randolph Street in the Kinzie Industrial Corridor TIF district. They will be leasing the entire three story building and the basement (approximately 46,400 square feet). They are requesting assistance to build out the chemistry and atomic force microscope labs as well as the mechanical engineering space on the first floor and the basement and office space on the second and third floors.

Type of Development: Commercial/Industrial/High-Technology

Location: The property is located at 1335 West Randolph Street and is on the south side of Randolph Street on the southeast corner of Randolph and Ada Street. It is located in the Kinzie Industrial Conservation Area Redevelopment Project Area.

Developer: NanoInk, Inc. which is backed by four major shareholders:

- 1) Galway Partners, LLC a Washington D.C. based investment firm.
- 2) Lurie Investment Fund, LLC, the venture capital arm of the Ann and Robert H. Lurie Foundation of Chicago.
- 3) Professor Chad Mirkin, director of Northwestern University's Nanotechnology Institute, Evanston, IL
- 4) Northwestern University, Evanston, IL

Assistance: The Developer is requesting \$1,000,000 in TIF assistance

Direct Project Assistance: The City, through the Department of Planning and Development (DPD), is planning to provide to the Developer for the TIF-eligible costs equal to the lessor of \$1,000,000 or 24% of the total actual project costs, currently estimated at \$4,100,900.

Alderman/Ward: Alderman Walter Burnett, 27th Ward

Public Benefits:

- * Potential to create a nanotechnology corridor in Chicago
- * Help Chicago capture much sought out venture capital funds
- * Job Creation
- * Site improvement on underutilized property

MBE/WBE:

The Developer will comply with all requirements regarding the use of minority and women-owned business contractors for the construction/build-out of the Project.

Issues:

None

STAFF REPORT

MR. CHAIRMAN AND MEMBERS OF THE COMMISSION:

The resolution before the Commission requests the following actions:

- 1) Grant authority to negotiate a Redevelopment Agreement with NanoInk, Inc. (the "Developer") for the use of incremental tax revenues and/or tax increment revenue bond proceeds for the redevelopment of 1335 West Randolph Street (the "Property"), located within the Kinzie Industrial Conservation Area Redevelopment Project Area (the "Area") and;
- 2) Recommend to the City Council of the City of Chicago the designation of NanoInk, Inc., as the developer of the Project located within the boundaries of the Area.

PURPOSE OF THE RESOLUTION:

The purpose of this resolution is to provide Tax Increment Financing in order to foster the effective reuse of an existing facility to revitalize the Area.

BACKGROUND:

Nanotechnology is the process of building or manipulating structures at dimensions of less than 100 nanometers or billionths of a meter. NanoInk, Inc. is a nanotechnology company which provides a bridge for companies and researchers to enter the nanoscopic world, where products are smaller, faster, cheaper and smarter. The company will sell an automated suite of tools that allows customers and partners to routinely and quickly build structures that are smaller than 10 nanometers. These tools could lead to advances in diverse areas, from speeding drug discovery to building new types of electronics that are smaller and more powerful than those available today.

NanoInk's founder, Northwestern University professor Chad Mirkin, developed the technology known as Dip Pen Nanolithography ("DPN") at the Northwestern University Nanotechnology Institute. DPN gives manufacturers and researchers the ability to build nano-scale structures and patterns by literally drawing with virtually any molecule onto virtually any surface. DPN is appropriate for large-scale industrial use and well suited to be a significant platform on which much of the burgeoning nanotechnology industry will be built.

NanoInk, Inc., founded in 2001, currently has eleven employees and is temporarily located at 1436 W. Randolph Street. Although less than one year in existence, NanoInk has seen revenues in excess of \$100,000. NanoInk expects revenue totaling \$500,000 in 2002 and forecasts revenue of close to \$10 million in 2003.

The reason NanoInk has approached the City for assistance is related to the high costs of build out of the "wetlab" space. Wetlab space must include "clean rooms", expensive water disposal and treatment systems, specialized HVAC systems, back-up energy sources, heavy electric, gas and plumbing infrastructure and fiber optic cabling. These types of spaces generally costs between \$200 and \$400 per square foot to build, they produce toxic waste that requires expensive filtering and exhaust systems and consume massive amounts of energy and water.

Although NanoInk expects to capture ample investor funds in the next two to three years, it is more prudent for them to direct this capital to their technology and research rather than the interior improvements of their facility.

PROJECT SUMMARY:

Developer:

NanoInk, Inc. is a business corporation organized in the State of Delaware:

Development Team:

Developer:

NanoInk, Inc. which is backed by four major shareholders:

- 1) Galway Partners, LLC a Washington D.C. based investment firm. (Approx. 25% ownership)
- 2) Lurie Investment Fund, LLC, the venture capital arm of the Ann and Robert H. Lurie Foundation of Chicago. (Approx. 34% ownership)
- 3) Professor Chad Mirkin, director of Northwestern University's Nanotechnology Institute, Evanston, IL (Approx. 33% ownership)
- 4) Northwestern University, Evanston, IL (Approx. 8% ownership)

Financing:

Not applicable.

Architect:

Michael F. Fazio, ASID, principal at ArchIdeas

Environmental Testing:

Not applicable.

Project Scope:

NanoInk, Inc. is proposing to lease and occupy 1335 W. Randolph Street in the Kinzie Industrial Corridor TIF district. They will entering a 10-year lease agreement with Randolph Adventures, Inc. for the entire three story building and the basement (approximately 46,400 square feet). They are requesting assistance to build out the chemistry and atomic force microscope labs as well as the mechanical engineering space on the first floor and the basement and office space on the second and third floors.

DEAL STRUCTURE:

Project Cost and Financing (see attached Budget)

The City, through the Department of Planning and Development (DPD), is planning to reimburse the

Developer for the TIF-eligible costs equal to the lesser of \$1,000,000 or 24% of the total actual project costs, currently estimated at **\$4,208,850**. The City through the Department of Planning and Development (DPD), is planning to provide assistance through existing TIF funds from the Kinzie TIF district — specifically, up to 50% of total eligible costs (not to exceed \$500,000) will be reimbursed prior to issuance of a certificate of completion, and the remaining amount of total eligible costs (approximately 50%) will be reimbursed after issuance of a certificate of completion.

A certificate of completion will not be issued until the following has occurred:

- The entire build-out has been completed, including the office portion and the chemistry and atomic force microscope lab space
- Four (4) jobs have been created and added to the developer's workforce.

Disbursement is subject to the developer's meeting all applicable conditions and requirements of the redevelopment agreement including, but not limited to, MBE/WBE, prevailing wage, and City residency.

City assistance will not only help the developer defray the high costs of the build out of their wetlab space but will help Chicago to implement its high-tech growth strategy by encouraging NanoInk to locate in Chicago, potentially fueling the creation of a nanotech industry in the Chicago market.

Sources and Uses

	Equity	Owner Build-out Allowance	TIF	Total
Construction/Build-out	\$ 0	\$ 812,500	\$ 950,000	\$ 1,762,500
Lab Equipment	\$ 1,408,850	\$ 687,500		\$ 2,096,350
Furniture	\$ 300,000		\$ 50,000	\$ 350,000
Total	\$ 1,708,850	\$ 1,500,000	\$ 1,000,000	\$ 4,208,850

CONFORMANCE WITH THE REDEVELOPMENT PLAN:

The Project conforms to the plan and goals of the Kinzie Industrial Conservation Area TIF. It contributes to the goals of the plan by providing sound economic development in the project area, eliminating conditions which qualify as blighted in the Redevelopment project area and strengthening the economic well being of the project area as well as the City by increasing business activity and taxable values. The proposed project is also consistent with the approved uses for the Kinzie Industrial Conservation Area planned manufacturing district, within which the Site is located.

COMMUNITY OUTREACH:

Alderman Walter Burnett Jr. , 27th Ward supports this Project.

PUBLIC BENEFITS:

Project Benefits

Implementing Chicago's High-Tech Growth Strategy

In 1999, the City initiated McKinsey and Company to prepare the *New Economy Growth Strategy for Chicagoland*. The report provides an integrated action plan to lead and guide political, business, and academic leaders and citizens in a major coordinated effort to spur economic growth for tomorrow. One of the goals behind this report is to help Chicago establish its position and reputation as a leader in the next wave of growth in the knowledge- and technology-based industries of the new economy. The strategy objectives stress fostering start-up businesses and technology transfer, and concentrating on key high-priority, high-tech areas.

According to the strategy, for Chicago to become a prime location for new economic activity, we must "increase the rate of startups and reduce the barriers for entrepreneurs to seed and grow their businesses quickly." NanoInk, Inc. presents one of the first opportunities to implement this strategy by using governments resources to attract and retain a high-tech company to locate in Chicago.

Building of a Nanotechnology Corridor

Because the economic transition to nanotechnology is in its infancy, a dominant city or region has not yet been established. Significant state and federal funding for basic nanotechnology research in the Chicago area has placed it as one of ten potential centers of the coming nanotechnology boom and the flood of new companies and capital associated with it. Ultimately, one or two regions will prevail and become the "Silicon Valley" of nanotechnology.

NanoInk will be a catalyst for the nanotechnology revolution. It will bring nanotechnology to diverse companies and, more importantly, lead to numerous spin-off companies. NanoInk envisions building a nanotechnology corridor in Chicago that will house new companies in industries from life sciences to information technology to photonics. Some of these companies will be started by NanoInk; some will be NanoInk partners; and some will have little or nothing to do with NanoInk but will be drawn to the area because of the benefits of being near other new nanotechnology companies.

Capture of Venture Capital Funds

In an attempt to assess Chicago's economic performance relative to that of other cities along key dimensions, one benchmark is to look at levels of venture capital funding. Chicagoland has had a relatively small amount of seed capital and few early-stage venture capitalists, especially compared to other cities. To date, NanoInk has received \$3.3 million in direct investment from institutional venture capital investors. NanoInk expects to close a \$15 to 20 million investment round by the fall and expects an additional \$40 to 50 million of funding in 2003.

New Jobs

NanoInk, Inc. expects to create approximately 100 jobs over the first five years of the of the project, after completion. These jobs will be predominately high level technical jobs and will be brought in from the area as well as other locations throughout the country and the world, thereby bringing in new residents to the city.

Working With the Schools

NanoInk, Inc. will work with science and technology high school and/or community college students who would gain experience of the nanotechnology industry through internships and mentoring programs.

MBE / WBE

The Developer will comply with all requirements regarding the use of minority and women-owned business contractors for the construction/build-out of the Project. To date, in July 2002 the Developer notified eight minority and women-owned business associations, by certified mail, of their intent to develop this project. The Developer will also meet with the Monitoring and Compliance staff in August 2002 to discuss the monitoring and reporting requirements related to MBE/WBE compliance.

RECOMMENDATION:

The resolution before the Commission requests the following actions:

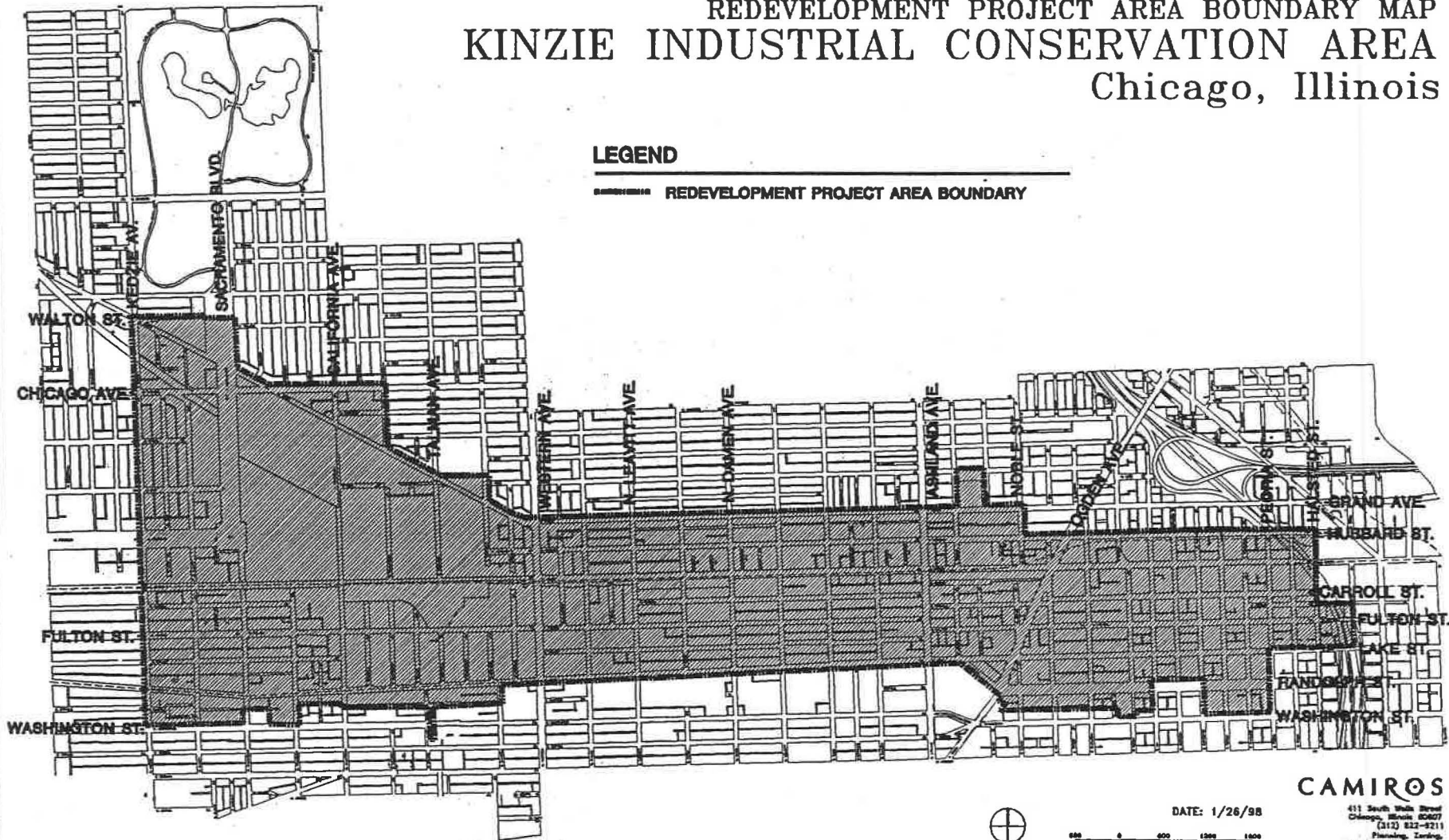
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- 2) Recommend to the City Council of the City of Chicago the designation of NanoInk, Inc., as the developer of the Project located within the boundaries of the Area.

FIGURE 1

REDEVELOPMENT PROJECT AREA BOUNDARY MAP KINZIE INDUSTRIAL CONSERVATION AREA Chicago, Illinois

LEGEND

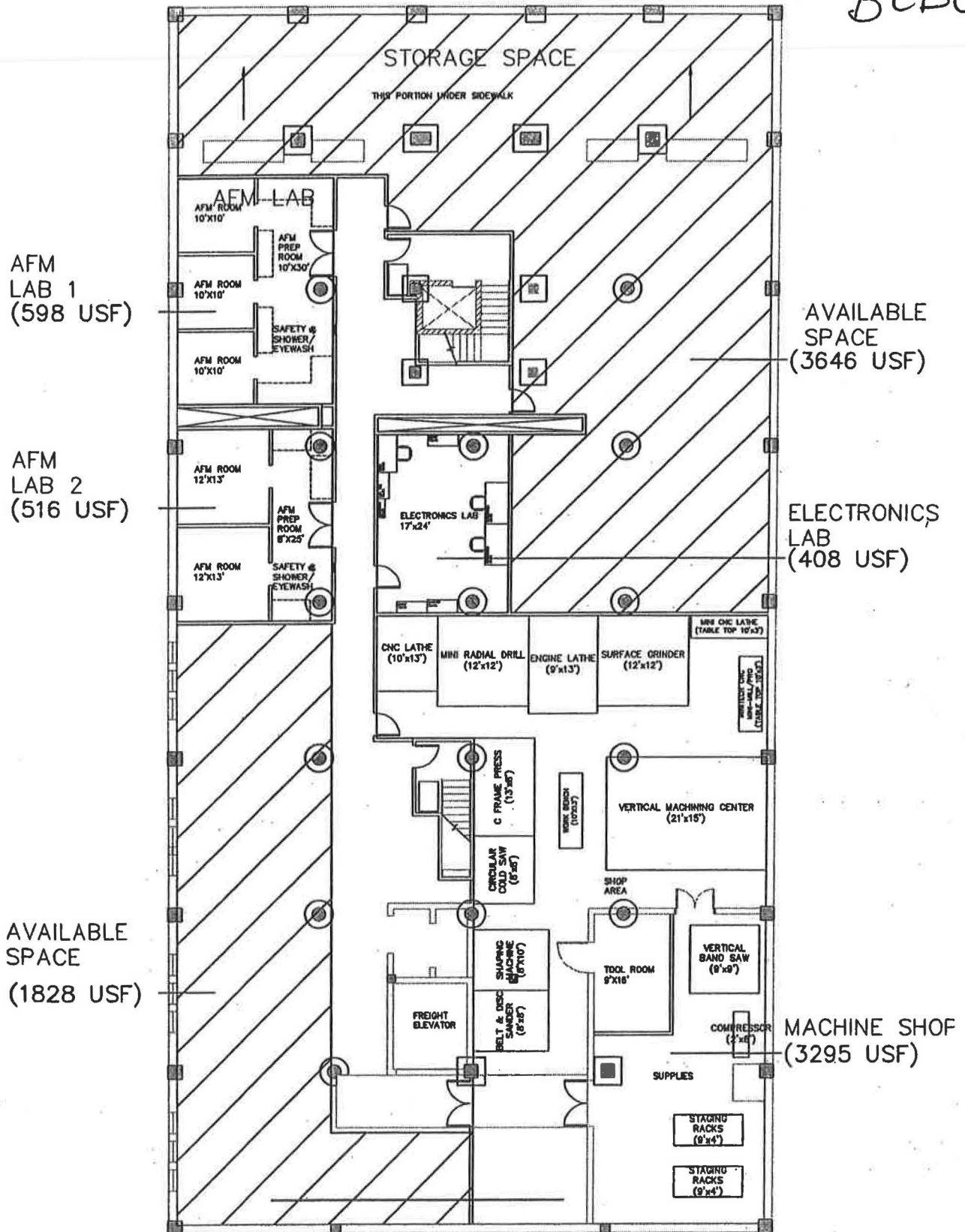
REDEVELOPMENT PROJECT AREA BOUNDARY



CAMIROS

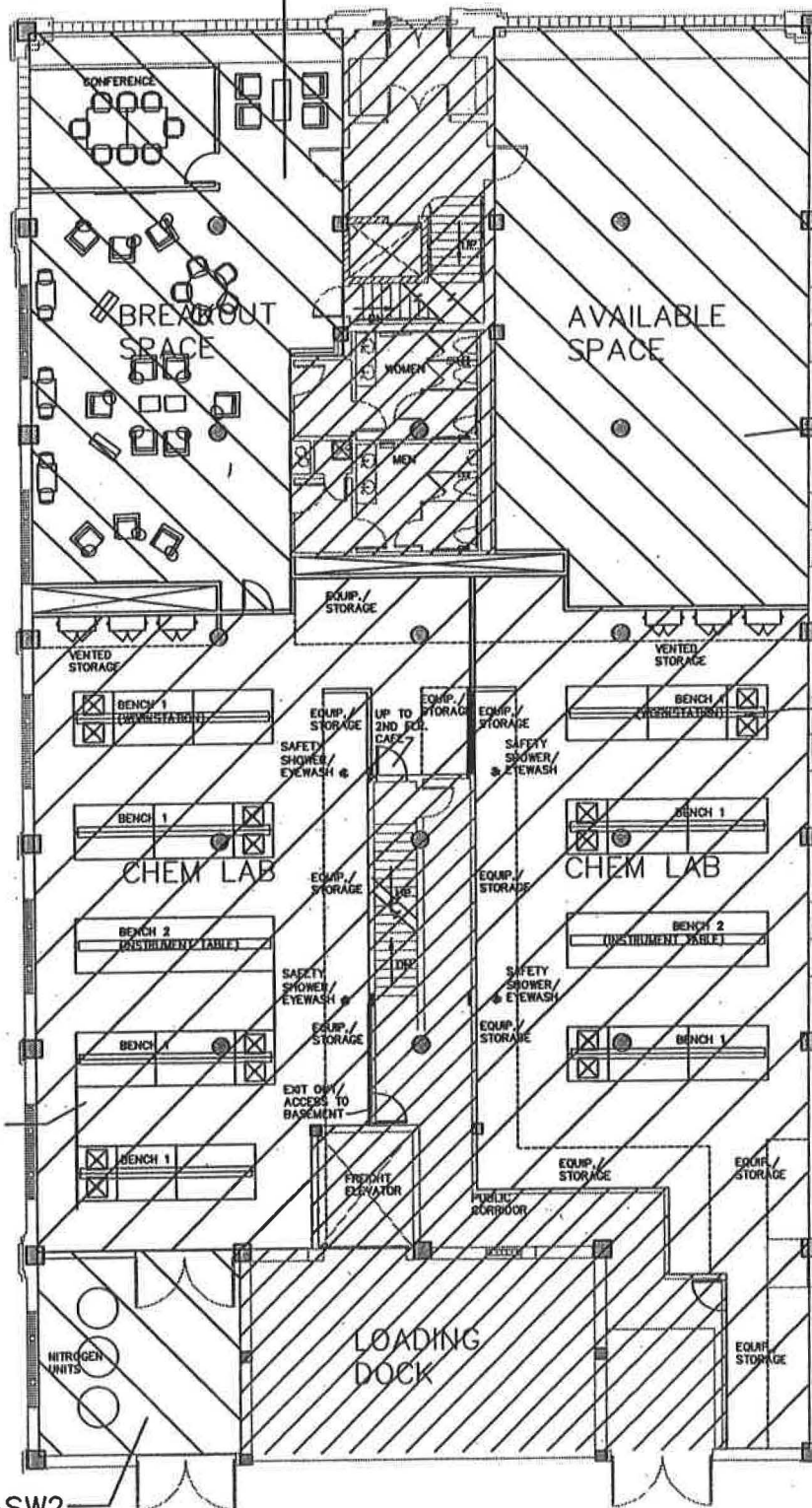
411 South Wells Street
Chicago, Illinois 60607
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Planning, Interior
Exterior Development
and Landscape Architecture

Whole
BLDG.



1 BASEMENT SPACE PLAN
SCALE: 3/32" = 1'-0"

A-AREA-NW
(1615 USF)



A-AREA-E
(1766 USF)

A-AREA-E
(2253 USF)

A-AREA-SW1
(2308 USF)

A-AREA-SW2
(413 USF)

1 FIRST FLOOR SPACE PLAN

SCALE: 3/32"=1'-0"

