

**CITY OF CHICAGO
COMMUNITY DEVELOPMENT COMMISSION**

August 8, 2000

SUMMARY SHEET

Action Requested:

- 1) Grant authority to publish a notice of the intention of the City to negotiate a Redevelopment Agreement with the Chicago International Produce Market, L.L.C. (the "CIPM"), for the use of incremental tax revenues and/or tax increment financing bond proceeds for the development of approximately 771,120 square feet of warehouse / distribution space for use as a produce distribution and warehouse campus in an area bounded by: the CB & Q R.R. on the north, the centerline of Canal "C" on the east, the West Fork of the South Branch of the Chicago River on the south, and S. Damen Ave. on the west (the "Project") and located within the boundaries of the Pilsen Redevelopment Project Area (the "Area") and;
- 2) Authorize a request for alternative proposals for the redevelopment of the Project located within the boundaries of the Area and;
- 3) Recommend to the City Council of the City of Chicago (the "City") the designation of CIPM as the developer of the Project located within the boundaries of the Area, if no alternative proposals are received.

Address/Location:

The Project is located at 2501-2639 S. Damen and 2431 S. Wolcott Avenues and within the boundaries of the Area. As a point of reference, the Project site is located directly northwest of the new Chicago Sun-Times printing and distribution facility located on south side of the Chicago River.

Site Area:

The Project contains approximately 42.57 acres and is located in an area bounded by: the CB & Q R.R. on the north, the centerline of Canal "C" on the east, the north bank of the West Fork of the South Branch of the Chicago River on the south, and S. Damen Ave. on the west (see attached map).

Developer:

Chicago International Produce Market, L.L.C. ("CIPM"), if the "request for proposals" process does not produce any responsive alternative proposals.

Project:

The CIPM proposes to construct a \$102 million International Produce Market that will contain 771,120 sq. ft. of new warehouse space on a 42.57 acre site in the Pilsen TIF district. This warehouse space will be divided into three separate buildings with lease able space ranging from 183,000 sq. ft. to 392,000 sq. ft., with parking for 550 cars. The CIPM will construct approximately 63 "condominium spaces" containing 12,240 sq. ft. per space for Market businesses. In addition, the CIPM will work with these businesses to implement tenant improvements and shell upgrade alternatives tailored to the specific needs of each business.

Level of Assistance: The City seeks to provide CIPM with tax increment financing assistance in an amount not to exceed the lesser of \$19.5 million or 20.4% of the actual final project costs, currently estimated at \$95,392,213. The City's TIF financial assistance will be in the form of a TIF Developer Note (the "Note") to be repaid from incremental tax revenues generated by the Project at an interest rate of 9%. The City will reserve the right to repay principal and interest on the Note using tax increment financing bond proceeds, if the City, in its sole discretion decides to issue TIF bonds in the future for the Pilsen TIF district.

Alderman/Ward: Alderman Danny Solis, 25th Ward.

SUMMARY

The Produce Market (the "Market") has been located at 1000 to 1200 South Water Market since 1925. The Market's facility is a multi-story structure which, over time, has become obsolete and inefficient for the Market and its customers. The Market also suffers from inadequate access causing traffic congestion within the Market itself and adjacent areas. In addition, much of the surrounding area is being converted to residential uses, escalating the traffic congestion conflict between the Market and incompatible land uses. Currently, the Market is home to approximately 65 businesses.

The Project will fulfill the City's long-standing commitment to help Market businesses to relocate in order to modernize their operations and provide state-of-the-art facilities to one of the City's oldest industries. The Project will allow Market businesses to retain their centralized geographic location in the City while adding the ability to customize space to compliment the operational needs of a business. The Project will also help to environmentally remediate badly contaminated land and an adjacent canal

ISSUES

The Pilsen Open Space Planning Committee and Pilsen residents have advocated that a portion of this section of South Branch of the Chicago River be used for open space activities including a park and a river edge pedestrian path. However, the Project is located in the City's Pilsen Industrial Corridor and the subject property has been identified as a potential site for significant new industrial redevelopment. In addition, community access and use of the South Branch of the Chicago River in this area has already been address as a result of the City's 1999 Chicago River Corridor Development Plan. As a part of this Plan, it was recommended that access and river edge improvements should be limited to the south bank of the South Branch of the Chicago River up to S. Western Ave. (4 blocks west of the west boundary line of the Project). At this point, pedestrian/bike traffic would cross the bridge to the north bank and then continue southwest along the Sanitary & Ship Canal.

Company relocation will be minimal as only two business and approximately 20 jobs will be affected by necessary public acquisition of land needed to consolidate sufficient property to proceed with the Project.

COMMUNITY DEVELOPMENT COMMISSION MEETING

AUGUST 8, 2000

STAFF REPORT

AUTHORITY TO PUBLISH NOTICE OF THE INTENTION OF THE
DEPARTMENT OF PLANNING AND DEVELOPMENT
TO NEGOTIATE A REDEVELOPMENT AGREEMENT WITH

CHICAGO INTERNATIONAL
PRODUCE MARKET, L.L.C.

FOR THE USE OF INCREMENTAL TAX REVENUES
AND/OR TAX INCREMENT FINANCING BOND PROCEEDS

FOR THE REDEVELOPMENT OF AN AREA BOUNDED BY: THE CB & Q R.R.
ON THE NORTH, THE CENTERLINE OF CANAL "C" ON THE EAST,
THE WEST FORK OF THE SOUTH BRANCH OF THE CHICAGO RIVER
ON THE SOUTH, AND S. DAMEN AVENUE ON THE WEST

LOCATED WITHIN THE BOUNDARIES OF
THE PILSEN REDEVELOPMENT PROJECT AREA

AND

APPROVAL TO REQUEST ALTERNATE PROPOSALS
FOR THE REDEVELOPMENT OF AN AREA BOUNDED BY: THE CB & Q R.R.
ON THE NORTH, THE CENTERLINE OF CANAL "C" ON THE EAST,
THE WEST FORK OF THE SOUTH BRANCH OF THE CHICAGO RIVER
ON THE SOUTH, AND S. DAMEN AVENUE ON THE WEST

AND

RECOMMEND TO THE CITY OF CHICAGO
THE DESIGNATION OF

CHICAGO INTERNATIONAL
PRODUCE MARKET, L.L.C.

AS DEVELOPER OF AN AREA BOUNDED BY: THE CB & Q R.R.
ON THE NORTH, THE CENTERLINE OF CANAL "C" ON THE EAST,
THE WEST FORK OF THE SOUTH BRANCH OF THE CHICAGO RIVER
ON THE SOUTH, AND S. DAMEN AVENUE ON THE WEST AND
LOCATED WITHIN THE PILSEN REDEVELOPMENT PROJECT AREA
IF NO RESPONSIVE ALTERNATIVE PROPOSALS ARE RECEIVED

MR. CHAIRMAN AND MEMBERS OF THE COMMISSION:

The resolution before the Commission requests the following actions:

- 1) Grant authority to publish a notice of the intention of the City to negotiate a Redevelopment Agreement with the Chicago International Produce Market, L.L.C. (the "CIPM"), for the use of incremental tax revenues and/or tax increment financing bond proceeds for the development of approximately 771,120 square feet of warehouse / distribution space for use as a produce distribution and warehouse campus in an area bounded by: the CB & Q R.R. on the north, the centerline of Canal "C" on the east, the north bank of the West Fork of the South Branch of the Chicago River on the south, and S. Damen Ave. on the west (the "Project") and located within the boundaries of the Pilsen Redevelopment Project Area (the "Area") and;
- 2) Authorize a request for alternative proposals for the redevelopment of the Project located within the boundaries of the Area and;
- 3) Recommend to the City Council of the City of Chicago (the "City") the designation of CIPM as the developer of the Project located within the boundaries of the Area, if no alternative proposals are received.

BACKGROUND:

The Produce Market (the "Market") has been located at 1000 to 1200 South Water Market since 1925. The Market's facility is a multi-story structure which, over time, has become obsolete and inefficient for the Market and its customers. The Market also suffers from inadequate access causing traffic congestion within the Market itself and adjacent areas. In addition, much of the surrounding area is being converted to residential uses, escalating the traffic congestion conflict between the Market and incompatible land uses. Currently, the Market is home to approximately 65 businesses.

PROJECT:

Property:

The Project is located at 2501-2639 S. Damen and 2431 S. Wolcott Avenues and (the "Project") and within the boundaries of the Area. As a point of reference, the Project site is located directly northwest of the new Chicago Sun-Times printing and distribution facility located on south side of the Chicago River. The Project contains approximately 42.57 acres and is located in an area bounded by: the CB & Q R.R. on the north, the centerline of Canal "C" on the east, the north bank of the West Fork of the South Branch of the Chicago River on the south, and S. Damen Ave. on the west (see attached map).

Project Scope:

The CIPM proposes to construct a \$102 million International Produce Market that will contain 771,120 sq. ft. of new warehouse space on a 42.57 acre site in the Pilsen TIF district. This warehouse space will be divided into three separate buildings with lease able space ranging from 183,000 sq. ft. to 392,000 sq. ft., with parking for 550 cars. The CIPM will construct approximately 63 "condominium spaces" containing 12,240 sq. ft. per space for Market businesses. In addition, the CIPM will work with these businesses to implement tenant improvements and shell upgrade alternatives tailored to the specific needs of each business.

The Developer estimates that 17 existing Market businesses (approximately 26% of the Market's existing businesses) will relocate to this site. An additional 6 new businesses (including a restaurant) would also purchase space in the Produce Market. The Project is projected to retain 493 jobs and create an additional 70-155 new jobs. 15% of the other existing businesses in the Market will be moving to other locations on their own and the remaining Market businesses will continue to operate at the facility, at least for the short-term. The river-edge will be heavily landscaped, but the Developer will not make the river-edge publicly accessible, per the City's 1999 Chicago River Corridor Development Plan.

Developer:

The Chicago International Produce Market, L.L.C. (the "CIPM"). CIPM is entity affiliated with and created by CenterPoint Realty Services Corp. specifically for this project. CenterPoint Realty Services Corp. is an affiliate of CenterPoint Properties Trust, the parent entity.

CenterPoint Properties Trust is publicly traded real estate investment trust whose main focus is manufacturing and warehouse/distribution properties. CenterPoint Properties Trust has over 30 million sq. ft. of space in its Chicago-regional portfolio at 190 locations, serving 275 tenants.

Development Team:

Principals of CIPM include:

John S. Gates, Jr. - President and CEO
Michael M. Mullen - COO
Paul S. Fisher - CFO & General Counsel
Rockford O. Kottla - CAO
Paul T. Ahern - CIO & Director of Property Operations.

CIPM is committed to meeting the City's M/WBE, City Resident and Prevailing Wage requirements.

In addition, CIPM has retained the services of the following consultants for the following aspects of the Project including: PD zoning, TIF, engineering and construction, community outreach, environmental, marketing and legal services:

FCL Builders, Inc.
SPACECO, Inc.
Cornerstone Architects, Ltd.
Entact
Hispanic American Construction Industry Association
Alzheimer & Gray
Louik/Schneider & Associates, Inc.
Jasculea/Terman & Associates
Kenig, Lindgren, O'Hara & Aboona, Inc.
Carlson Environmental, Inc.

Public Benefits:

The Project will fulfill the City's long-standing commitment to help Market businesses to relocate in order to modernize their operations and provide state-of-the-art facilities to one of the City's oldest

industries. The Project will allow Market businesses to retain their centralized geographic location in the City while adding the ability to customize space to compliment the operational needs of a business. The Project will also help to environmentally remediate badly contaminated land and an adjacent canal

CIPM is committed to institute a Community Outreach Program to ensure maximum participation from residents and businesses in the community, particularly with respect to opportunities for MBE and WBE contractors.

TIF FINANCIAL ASSISTANCE:

The City seeks to provide CIPM with tax increment financing assistance in an amount not to exceed the lesser of \$19.5 million or 20.4% of the actual final project costs, currently estimated at \$95,392,213. The City's TIF financial assistance will be in the form of a TIF Developer Note (the "Note") to be repaid from incremental tax revenues generated by the Project at an interest rate of 9%. The City will reserve the right to repay principal and interest on the Note using tax increment financing bond proceeds, if the City, in its sole discretion decides to issue TIF bonds in the future for the Pilsen TIF district.

The City of Chicago (the "City") agrees that the actual per square foot cost to CIPM to develop the Project and deliver condominium space far exceeds the \$59.52 per square foot price that CIPM intends to sell the condominium space to individual Market businesses. Since it is in the best interest of the City promote and support the economic viability of this segment of the City's industrial base and the Market in particular, the City proposes to provide the above level of financial assistance to CIPM which represents the difference between the actual per square foot cost of developing the Project and constructing the condominium spaces and the intended per square foot selling price of the condominium spaces to individual Market businesses.

If, however,

OTHER GOVERNMENTAL ASSISTANCE:

The City has been requested to acquire the following three parcels of land adjacent to 22.23 acres already controlled by the Developer (appraised by the Developer at \$6.26 million):

- The **Atwater** parcel (8.83 acres), appraisal not yet available.
- The **TIP** parcel (5.15 acres), appraisal not yet available.
- The **Heidler** parcel (2.8 acres), appraised at \$1.4 million, excluding relocation costs.

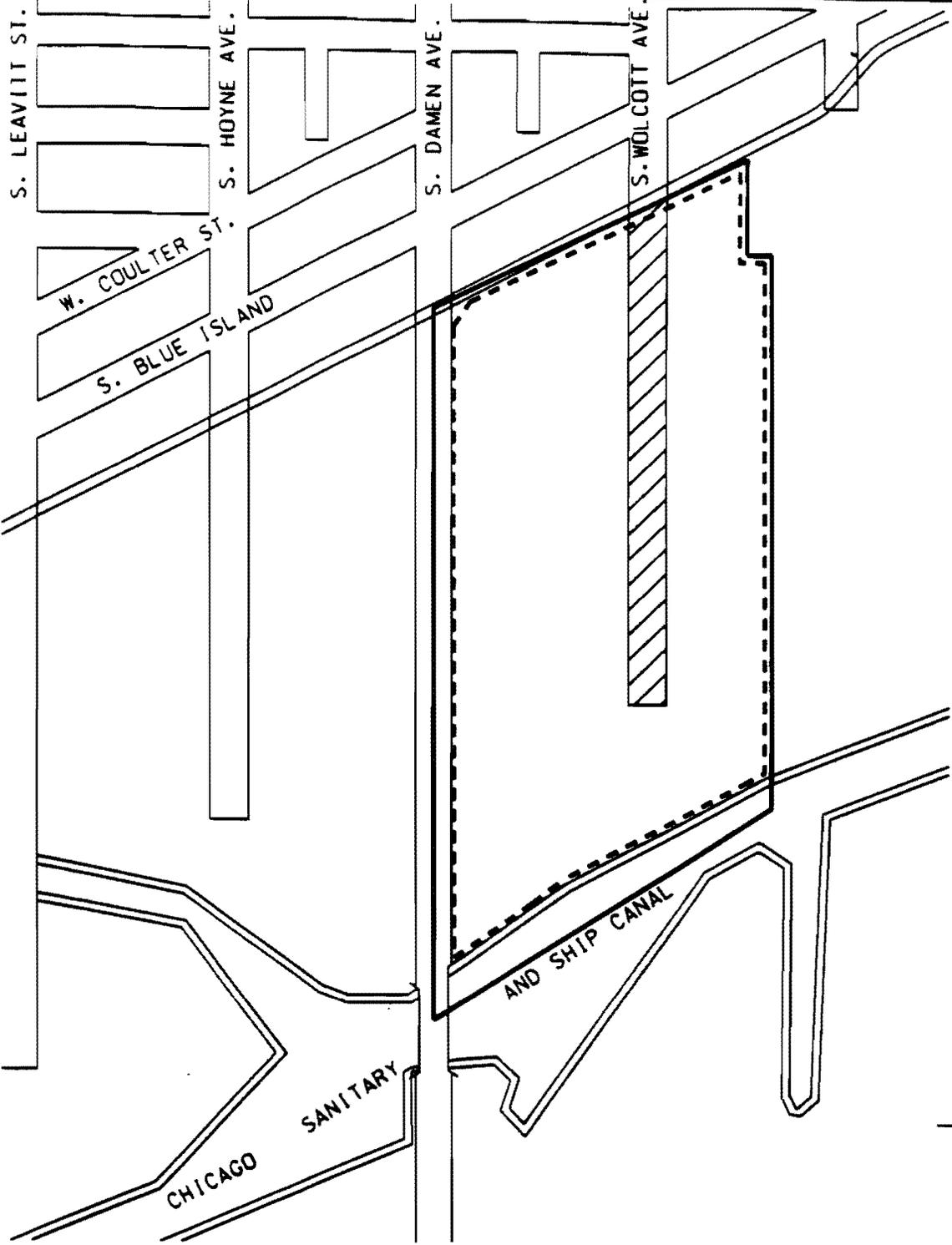
In April, 2000, CDC approved DPD's intent to negotiate the sale of these properties to the Developer for the City's actual cost of acquisition (excluding relocation costs, if any) and convey them for development. Appraisals for the Atwater and TIP parcels are not yet available. however, DPD believes the Developer will come to terms with representatives of the TIP property. A \$1.4 million offer letter has been submitted to the owners of the Heidler property.

- In June, 2000, the City through the CDOT's Industrial Street/Alley vacation program, approved an ordinance that will convey a portion of S. Wolcott Ave. (3.56 acres between the CB & Q R.R. and the Chicago River) to the Developer at no cost, and be incorporated into the development.

RECOMMENDATION:

The resolution before the Commission requests the following actions:

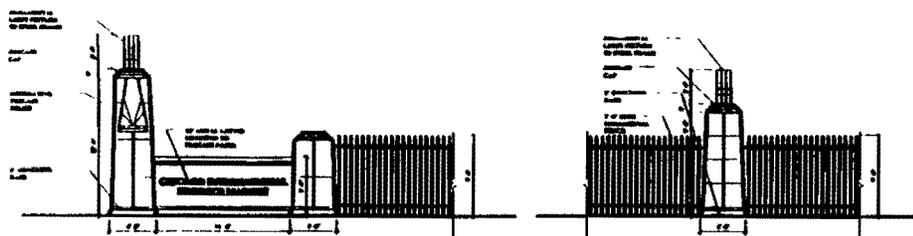
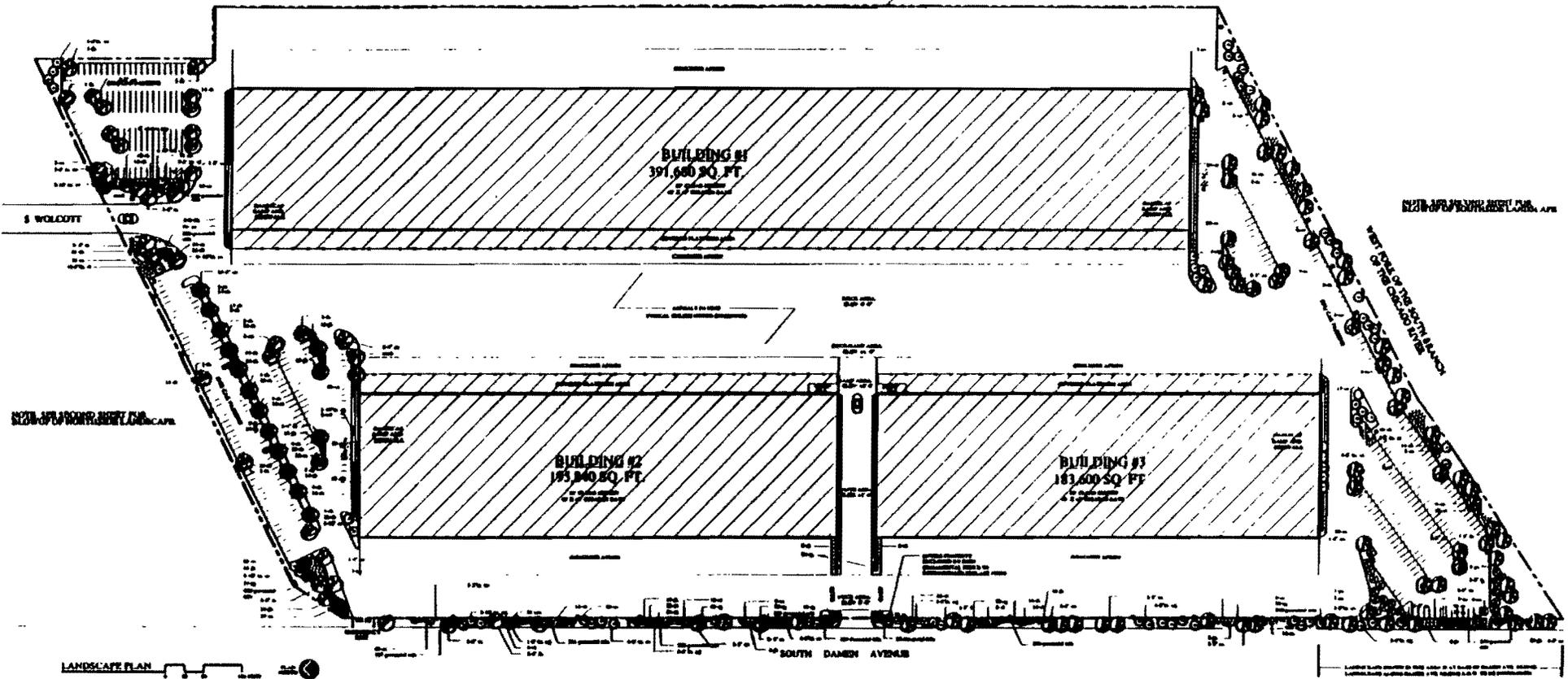
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-  PLANNED DEVELOPMENT BOUNDARY
-  PROPERTY LINE BOUNDARY
-  RIGHT OF WAY TO BE VACATED

CENTERPOINT REALTY SERVICES CORPORATION
 1808 SWIFT DRIVE
 OAK BROOK, ILLINOIS 60523
 MAY 17, 2000

PLANNED DEVELOPMENT BOUNDARY MAP



ELEVATION DRAWINGS

NO.	DESCRIPTION	QUANTITY	UNIT	PRICE	TOTAL
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INDEX FOR CITY REVIEW

The drawings are prepared for the building permit process in the City of Chicago. It is the responsibility of the applicant to ensure that all drawings are in accordance with the Chicago Building Code and the Chicago Landmarks Ordinance. The drawings are not to be used for any other purpose without the written consent of the architect.

S. DAMEN AVENUE

EVERGREEN

PETS
CALVERT
QUALITY
CELERY

COOSEMAN

J.L. GONZALEZ

TUCHTEN

LA PREFERIDA

WORLD WIDE

RESTAURANT

ATOM

CITY WIDE

CORNILLE

MANDOLINI

NAVLIO

DIETZ

LA PREFERIDA

PHOENIX

OLYMPIC

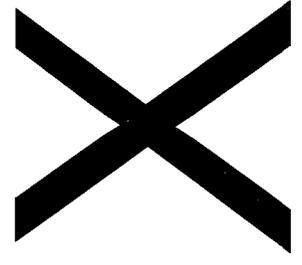
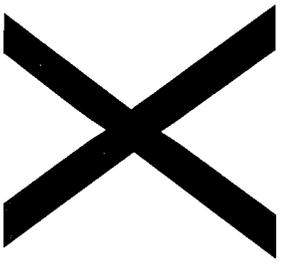
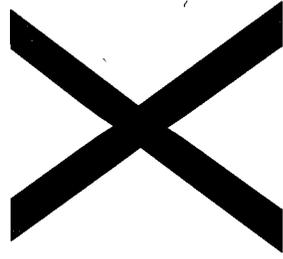
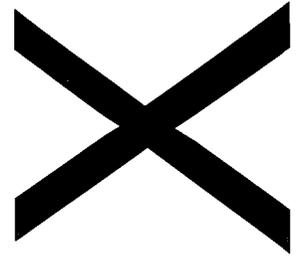
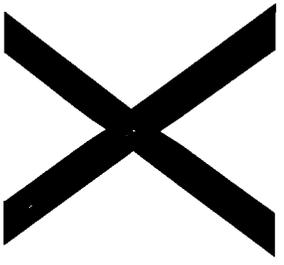
STRUBE
PRODUCE

CEE BEE
CARTAGE

JACK KELLER

AUSTER
COMPANY

PANAMA



COMMUNITY DEVELOPMENT COMMISSION
OF THE
CITY OF CHICAGO

RESOLUTION NO. 00-CDC-___

AUTHORITY TO PUBLISH NOTICE
OF THE INTENTION OF THE CITY OF CHICAGO

TO NEGOTIATE A
REDEVELOPMENT AGREEMENT

WITH

THE CHICAGO INTERNATIONAL PRODUCE MARKET

FOR THE USE OF TAX INCREMENT FINANCING BOND PROCEEDS
AND/OR INCREMENTAL TAX REVENUES

FOR THE REDEVELOPMENT OF AN AREA BOUNDED BY:
THE CB & Q R.R. ON THE NORTH, THE CENTERLINE OF CANAL "C"
ON THE EAST, THE WEST FORK OF THE SOUTH BRANCH
OF THE CHICAGO RIVER ON THE SOUTH,
AND S. DAMEN AVENUE ON THE WEST

LOCATED WITHIN THE
PILSEN REDEVELOPMENT PROJECT AREA,

AND

TO REQUEST ALTERNATIVE PROPOSALS,

AND

CONDITIONAL RECOMMENDATION TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
FOR THE DESIGNATION OF

THE CHICAGO INTERNATIONAL PRODUCE MARKET

AS THE DEVELOPER IF NO OTHER
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.) (1996 State Bar Edition) (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 96-CDC-81 approved by the Commission on December 10, 1996, and pursuant to the Act, enacted three ordinances on February 7, 1997, published in the Journal of the Proceedings of City Council on such date at pages 38260-38402, pages 38403-38414, page 38412 and pages 38415-38425, pursuant to which the City approved and adopted a certain Redevelopment Plan and Project (the "Plan") for the Central Loop 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 and street address are described on Exhibit A hereto; and

WHEREAS, Ethnicgrocer.com, Inc. (the "Company"), a Delaware Corporation, has presented to the City's Department of Planning and Development ("DPD") a proposal for rehabilitation of the Area or a portion thereof that is in compliance with the Plan, consisting of: the build-out of as much as 145,994 square feet of space located within the One North Dearborn building (the "Project"); 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 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 14 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 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: _____, 2000

Attachments: Exhibit A, Street boundary description of the Area
 Exhibit B, Form of Notice requesting Alternative Proposals

EXHIBIT A

Street Boundaries of the Pilsen Redevelopment Area (the "Area")

Street Address of the proposed Project:

Chicago, IL., 60608

EXHIBIT B

PUBLIC NOTICE is hereby given by the Community Development Commission ("CDC") 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.) (1993) (the "Act"), that the City's Department of Planning and Development ("DPD") intends to negotiate a redevelopment agreement (the "Redevelopment Agreement") with Ethnicgrocer.com, Inc. (the "Company"), a Delaware Corporation, pursuant to which the City intends to provide financial assistance to the Company, using tax increment financing bond proceeds and/or incremental tax revenues pursuant to the Act, for eligible costs, which consisting of: the rehabilitation of as much as 145,994 square feet of space (the "Project"); located at One North Dearborn, in Chicago, Illinois (the "Property"), located within the Central Loop Redevelopment Project Area (the "Area") established pursuant to the Act. The street boundaries of the Area are as follows:

Street Boundaries of the Area:

The Original North Loop Redevelopment Project Area is an irregularly shaped area generally bounded by: Wacker Drive on the north, Wabash Avenue on the east, Washington Street on the south, and LaSalle Street on the west.

The Added Project Area consists of two subareas which are contiguous to the Original North Loop Redevelopment Project Area. Subarea 1 is generally bounded by: Franklin Street on the west, Haddock Place on the north, LaSalle Street on the east, and Court Place on the south. Subarea 2 is generally bounded by: Dearborn Street on the west, the Chicago River on the north, Michigan Avenue on the east, and Congress Parkway on the south.

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

The documents listed below related to the Area and the Project are available for public inspection at the offices of DPD, Room 1000, City Hall, 121 North LaSalle Street, Chicago, Illinois, on or before March 3, 2000, between the hours of 9:00 a.m. and 4:00 p.m. Monday through Friday:

- (i) The Central Loop Redevelopment Project Area Tax Increment Allocation Finance Program Redevelopment Plan and Project (the "Plan"), and any amendments thereto, which constitutes the City's redevelopment plan for the Area;
- (ii) A term sheet showing all proposed material terms of the Redevelopment Agreement 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 Company 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 Agreement.

Please contact Bob Kunze or Robert C. Madiar of DPD at (312) 744-0063 and (312) 744-0068, respectively, to review these materials and for information regarding the form required for proposals submitted to the City. Those submitting alternative proposals must be financially and otherwise qualified

to complete the Project. The City reserves the right to reject any and all proposals. Proposals will be received by the City at DPD's offices, Room 1000, City Hall, 121 North LaSalle Street, Chicago, Illinois 60602, until March 17, 2000 at 2:00 p.m., at which time all alternative proposals will be opened and reviewed.

Joe Williams, Chairman
COMMUNITY DEVELOPMENT COMMISSION
City of Chicago

PUBLIC NOTICE is hereby given by the Community Development Commission ("CDC") 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.) (1993) (the "Act"), that the City's Department of Planning and Development ("DPD") intends to negotiate a redevelopment agreement (the "Redevelopment Agreement") with Ethnicgrocer.com, Inc. (the "Company"), a Delaware Corporation, pursuant to which the City intends to provide financial assistance to the Company, using tax increment financing bond proceeds and/or incremental tax revenues pursuant to the Act, for eligible costs, which consisting of: the rehabilitation of as much as 145,994 square feet of space (the "Project"); located at One North Dearborn, in Chicago, Illinois (the "Property"), located within the Central Loop Redevelopment Project Area (the "Area") established pursuant to the Act. The street boundaries of the Area are as follows:

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Please contact Bob Kunze or Robert C. Madiar of DPD at (312) 744-0063 and (312) 744-0068, respectively, to review these materials and for information regarding the form required for proposals submitted to the City. Those submitting alternative proposals must be financially and otherwise qualified to complete the Project. The City reserves the right to reject any and all proposals. Proposals will be received by the City at DPD's offices, Room 1000, City Hall, 121 North LaSalle Street, Chicago, Illinois 60602, until March 17, 2000 at 2:00 p.m., at which time all alternative proposals will be opened and reviewed.

Joe Williams, Chairman
COMMUNITY DEVELOPMENT COMMISSION
City of Chicago

TERM SHEET

"ETHNICGROCER.COM, INC."

Central Loop Tax Increment Financing ("TIF") Redevelopment Project Area (the "Area")

Ethnicgrocer.com, Inc. ("EGC"), which began operations in July, 1999 with only 2 employees, is a premier online provider of a wide variety of ethnic food products. EGC's "store" is open 24 hours a day, 7 days a week in order to provide exceptional choice and service to its customers. EGC'S global partnerships with leading importers offers its online customers a diverse array of authentic food products from Latin America, Spain and 50 other countries around the world. Ethnic food products are delivered direct from the food provider to the customer's door, avoiding the frustrating search for hard-to-find food items.

Currently, EGC is located in Evanston, IL. However, due its rapid growth in only seven months of existence (EGC now employs 117 high-technology professionals), EGC is in need of additional space and had been considering a move to the Silicon Valley. The City of Chicago contacted EGC to determine their space and energy requirements in order to find a "fit" in Chicago. With the City's assistance, EGC identified suitable space in the One North Dearborn building.

EGC proposes to lease space from the Douglas Elliman-Beitler (the "Landlord," also being the designated developer of the former Sears Department store site under a separate redevelopment agreement with the City of Chicago) in the One North Dearborn building currently being rehabilitated. The Landlord of the Facility will rehabilitate 145,994 square feet of space to EGC specifications and will enter into a lease for use of this space for an initial period of sixty-six (66) months.

The City, through the Department of Planning and Development (DPD), will make available \$2,500,000 or 30% of the cost of the required Tenant Improvements, currently estimated by Douglas Elliman-Beitler (the "Landlord") at \$7,428,376. The City's TIF financial assistance will be in the form of excess incremental tax revenues and/or tax increment financing bond proceeds and will be used as a security collateral for implementing of the Tenant Improvements. If the Tenant, defaults on the lease with the Landlord at anytime during the first two-years of the lease, the City will reimburse the Landlord for a portion of the cost for the Tenant Improvements as noted above. If the Tenant does not default on the lease during the first two-years of the lease, the City will not be obligated to reimburse any portion of the cost of the Tenant Improvements to the Landlord and these funds could then be used for other projects.

Uses of Funds:

* 30% of the estimated cost of the Tenant Improvements:	Total:	<u>Cost</u> \$ 2,500,000
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Sources of Funds:

* Landlord equity or lender financing	Total:	<u>Cost</u> \$ 2,500,000
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STATE OF ILLINOIS)
)SS
COUNTY OF COOK)

CERTIFICATE

I, Michelle Nolan, 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 Regular Meeting Held on the 8th Day of August, 2000 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 the 8th Day of August, 2000


ASSISTANT SECRETARY
Michelle Nolan

COMMUNITY DEVELOPMENT COMMISSION
OF THE
CITY OF CHICAGO

RESOLUTION NO. 00-CDC-86

AUTHORITY TO PUBLISH NOTICE
OF THE INTENTION OF THE CITY OF CHICAGO

TO NEGOTIATE A
REDEVELOPMENT AGREEMENT

WITH

THE CHICAGO INTERNATIONAL PRODUCE MARKET, L.L.C.

FOR THE USE OF TAX INCREMENT FINANCING BOND PROCEEDS
AND/OR INCREMENTAL TAX REVENUES

FOR THE REDEVELOPMENT OF AN AREA BOUNDED BY:
THE CB & Q R.R. ON THE NORTH, THE CENTERLINE OF CANAL "C"
ON THE EAST, THE WEST FORK OF THE SOUTH BRANCH
OF THE CHICAGO RIVER ON THE SOUTH,
AND S. DAMEN AVENUE ON THE WEST

LOCATED WITHIN THE
PILSEN REDEVELOPMENT PROJECT AREA,

AND

TO REQUEST ALTERNATIVE PROPOSALS,

AND

CONDITIONAL RECOMMENDATION TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
FOR THE DESIGNATION OF

THE CHICAGO INTERNATIONAL PRODUCE MARKET, L.L.C.

AS THE DEVELOPER IF NO OTHER
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.) (1996 State Bar Edition) (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 98-CDC-46 approved by the Commission on April 28, 1998 and reaffirmed by the Commission pursuant to Resolution 99-CDC-74 approved on May 11, 1999, and pursuant to the Act, enacted three ordinances on June 10, 1998, published in the Journal of the Proceedings of City Council on such date at pages 70521-70684, pages 70685-70699 and page 70700, pursuant to which the City approved and adopted a certain Redevelopment Plan and Project (the "Plan") for the Pilsen Industrial Corridor 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 and street address are described on Exhibit A hereto; and

WHEREAS, Chicago International Produce Market, L.L.C. (the "Company"), an Illinois Corporation, has presented to the City's Department of Planning and Development ("DPD") a proposal for the construction of an International Produce Market that will contain 771,120 sq. ft. of new warehouse space with parking for 550 cars on a 42.57 acre site in a portion of the Area that is in compliance with the Plan, (the "Project"); 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 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 14 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 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: August 8, 2000

Attachments: Exhibit A, Street boundary description of the Area
 Exhibit B, Form of Notice requesting Alternative Proposals

EXHIBIT A

Street Boundaries of the Pilsen Redevelopment Area (the "Area")

The Pilsen Redevelopment Project Area is generally bounded by: Cullerton Avenue (between Ashland Avenue and Morgan Street) and 16th Street (between Morgan Street and Stewart Avenue) on the north, Stewart Street and the Chicago River on the east, the Stevenson Expressway and 33rd Street on the south, and Western Avenue on the West

Street Address and Area Boundaries of the proposed Project:

2501-2639 S. Damen and 2431 S. Wolcott Avenues, Chicago, IL., 60608. The Project is located in an area bounded by: the CB & Q R.R. on the north, the centerline of Canal "C" on the east, the north bank of the West Fork of the South Branch of the Chicago River on the south, and S. Damen Ave. on the west

EXHIBIT B

PUBLIC NOTICE is hereby given by the Community Development Commission ("CDC") 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.) (1993) (the "Act"), that the City's Department of Planning and Development ("DPD") intends to negotiate a redevelopment agreement (the "Redevelopment Agreement") with the Chicago International Produce Market, L.L.C. (the "Company"), an Illinois Corporation, pursuant to which the City intends to provide financial assistance to the Company, using tax increment financing bond proceeds and/or incremental tax revenues pursuant to the Act, for eligible costs, which consisting of the construction of an International Produce Market that will contain 771,120 sq. ft. of new warehouse/distribution space with parking for 550 cars on a 42.57 acre site bounded by: the CB & Q R.R. on the north, the centerline of Canal "C" on the east, the north bank of the West Fork of the South Branch of the Chicago River on the south, and S. Damen Ave. on the west, in compliance with the Plan (the "Project"); commonly located at 2501-2639 S. Damen and 2431 S. Wolcott Avenues in Chicago, Illinois (the "Property"), located within the Pilsen Industrial Corridor Redevelopment Project Area (the "Area") established pursuant to the Act. The street boundaries of the Area are as follows:

Street Boundaries of the Area:

The Pilsen Redevelopment Project Area is generally bounded by: Cullerton Avenue (between Ashland Avenue and Morgan Street) and 16th Street (between Morgan Street and Stewart Avenue) on the north, Stewart Street and the Chicago River on the east, the Stevenson Expressway and 33rd Street on the south, and Western Avenue on the West

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

The documents listed below related to the Area and the Project are available for public inspection at the offices of DPD, Room 1000, City Hall, 121 North LaSalle Street, Chicago, Illinois, on or before August 11, 2000, between the hours of 9:00 a.m. and 4:00 p.m. Monday through Friday:

- (i) **The Pilsen Redevelopment Project Area Tax Increment Allocation Finance Program Redevelopment Plan and Project (the "Plan"), and any amendments thereto, which constitutes the City's redevelopment plan for the Area;**
- (ii) **A term sheet showing all proposed material terms of the Redevelopment Agreement 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 Company 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 Agreement.**

Please contact Robert C. Madiar of DPD or Mary Bonome at (312) 744-0063 and (312) 744-3028, respectively, to review these materials and for information regarding the form required for proposals submitted to the City. Those submitting alternative proposals must be financially and otherwise qualified to complete the Project. The City reserves the right to reject any and all proposals. Proposals will be received by the City at DPD's offices, Room 1000, City Hall, 121 North LaSalle Street, Chicago, Illinois 60602, until August 25, 2000 at 2:00 p.m., at which time all alternative proposals will be opened and reviewed.

Joe Williams, Chairman
COMMUNITY DEVELOPMENT COMMISSION
City of Chicago

