

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

**STAFF REPORT
TO THE
COMMUNITY DEVELOPMENT COMMISSION
REQUESTING TIF DEVELOPER DESIGNATION
July 10, 2018**

I. PROJECT IDENTIFICATION AND OVERVIEW

Project Name:	45 th and Cottage Grove – Phase 1	“4400 Grove”
Applicant Name:	45 th /Cottage Grove, LLC	
Developer Name:	Brinshore-Michaels (applicants and co-developers)	
Project Address:	4424 S. Cottage Grove Ave 4434 S. Cottage Grove Ave	
Ward and Alderman:	4 th Ward – Alderman Sophia King	
Community Area:	#38 – Grand Boulevard	
Redevelopment Project Area:	43 rd /Cottage Grove	
Requested Action:	TIF Developer Designation	
Proposed Project:	New construction of 84 units in two 4-story buildings with ground floor commercial/retail space. The project is the 1 st phase of the redevelopment of the former Washington Park Homes site and is a CHA Plan Forward site (formerly the Plan for Transformation). 55 units (65% of total units) will be affordable for households earning no more than 60 percent of the area median income.	
Goal of Project:	To provide safe, decent affordable housing in a mixed income setting and mixed use setting.	
TIF Assistance:	\$7,200,000	

II. PROPERTY DESCRIPTION

Address:	4424 and 4434 S. Cottage Grove Ave
Location:	Southwest corner of East 44 th Street and South Cottage Grove Avenue
Tax Parcel Numbers:	1) 20-13-413-047-0000 2) 20-13-413-048-0000 3) 20-13-413-044-0000 – partial 4) 20-13-413-045-0000 – partial 5) 20-13-413-046-0000 – partial
Land Area:	Approximately 104,514 sq.ft.
Current Use:	Vacant land
Current Zoning:	Planned Development; approved by the Chicago Plan Commission on 12/21/2017. Original zoning was RT-4.
Environmental Condition:	The property will require remediation and issuance of a No Further Remediation (NFR) letter from the Illinois EPA. Recognized Environmental Conditions (REC's) include: volatile organic compounds; pesticides; PCB's and metals. Past uses of the property that are a concern include: a battery/electric station; close cleaner; automobile repair; bottling operations. The Comprehensive Site Investigation and Remedial Action Plan were performed by Pioneer Engineering & Environmental Services, LLC and documented in a report dated August 14, 2017. In a letter dated May 9, 2018, the Illinois EPA approved Pioneer's report as it relates to the eastern portion of the site, which is where Phase 1 will be developed. 2FM performs environmental reviews for CHA, and its approval of the Remedial Action Plan will be required for CHA. An environmental review/approval is not required for the City of Chicago since the city does not have federal funds in the deal.

III. BACKGROUND

The CHA's Washington Park Homes consisted of two high rise buildings in the 4400 block of

south Cottage Grove Ave. The buildings were vacated and demolished in 2001 and 2002 under the CHA Plan for Transformation (now Plan Forward).

In April 2010, a 2-step RFQ/RFP process was initiated by The Habitat Company (in its role as the court-appointed Gautreaux Development Manager) on behalf of CHA. In June 2010, three responses were received to the RFQ. A short list of two developer teams were invited to respond to a RFP with a submission deadline of October 2010. The successful developer team was announced in December 2010, and the CHA Board approved the Brinshore-Michaels developer team in February 2011.

In June 2011, DPD announced an application round for the development of affordable rental housing and the Brinshore-Michaels team submitted a financing application to DPD. DPD developed a 5-year pipeline of deals to move forward as funding resources became available to accommodate new deals. This Executive Summary is seeking approval of the 1st phase of Brinshore-Michaels project.

Neighborhood Overview: The project site is located on the eastern edge of the Grand Boulevard community area, approximately 4.5 miles southeast of downtown Chicago and one mile west of Lake Michigan. It is bounded by 44th Street on the north, 45th Street on the south, Cottage Grove Ave. on the east, and Evans Ave. on the west. The site has good access to the CTA bus system: the #4 Cottage Grove bus stops at the site; linking the development site to downtown Chicago. Additional bus lines operate on 43rd St. and 47th St; 2 blocks north and south of the site. Both bus routes connect the area to the CTA Green line elevated stops, approximately ½ mile west; the 47th St bus also connects the site to the Red line rapid transit stop, 1.2 miles west and the Metra Electric commuter line, ¾ mile east.

The neighborhood surrounding the redevelopment site is urban and has a mix of residential, institutional, and commercial land uses. It has undergone substantial redevelopment in recent years, including rehab of buildings into market rate condos and new construction of both single-family homes and condos. A CHA row-house development at 45th and Evans has been gut-rehabbed; it is kitty corner to the subject site.

4400 Grove will have excellent access to shopping and services. A Walmart Neighborhood Market is located 2 blocks south, at 47th and Cottage Grove. A Sav-A-Lot food store is also located 2 blocks south. A new Mariano's grocery store is located ¾ mile away at 39th and King Drive. There are two branch banks in the area; a BMO Harris branch at 47th and Drexel, 4 blocks to the south and east; and Associated Bank at 743 E. 47th St, 3 blocks to the south and west.

The Primary Market Area (PMA) for 4400 Grove encompasses all of the following community areas: Grand Boulevard, Kenwood, Oakland, and Fuller Park. It also includes portions of the Douglas and Washington Park community areas. The general boundaries are: north, 35th Street; there are two southern boundaries; 51st Street east of Cottage Grove and 55th Street

west of Cottage Grove. The east boundary is Lake Michigan and the west boundary, is Stewart Avenue, 4 blocks west of the Dan Ryan Expressway. The PMA boundaries were set based on a range of factors, including community area and physical geographic barriers, census data and the leasing experience of comparable developments. It is anticipated that approximately 75% of the prospective residents of 4400 Grove will come from the PMA. Lake Park Crescent, a CHA Plan for Transformation site, is within the PMA boundaries.

Within the PMA, both the population and number of households have increased from 2010 to 2018. The 2010 census showed a population of 57,559 for the PMA; the 2018 population is 62,096, a 7.9% increase. The number of households has increased from 26,524 in 2010 to 29,203 in 2018, an increase of 10.1%. By comparison the population for the City of Chicago has increased slightly from 2010 to 2017 – from 2,695,620 in 2010 to 2,716,450 in 2017. The number of households in the city has shown a modest 2.2% increase; from 1,045,500 in 2010 to 1,068,297 in 2018.

The PMA population skews older than the citywide population. In 2018, the median age in the PMA is 37.5 years, versus 35.5 years for the entire City of Chicago. In 2018, persons over the age of 55 comprise 27% of the PMA population, compared to 23.1% for the entire city. For the 21-34 age range, the PMA population is 19.6% versus 23% for the City.

The PMA has a large concentration of low-income households. In 2018, households earning less than \$15,000 comprise 28% of PMA households, compared to 15% citywide. Households earning \$15,000 to \$34,599 (which include many tax credit eligible households) comprise 22% of the PMA versus 20% of the city as a whole.

IV. PROPOSED DEVELOPMENT TEAM

Development Entity: 45th/Cottage, LLC an Illinois Limited Liability Company, will be the Owner/Borrower for the 4400 Grove project. The Managing Member of the Owner will be 45th/Cottage Manager, LLC with a 0.01% ownership interest. The Investor Member will be US Bank Community Development Corporation with a 99.99% share.

The Managing Member consists of two entities, Brinshore PL LLC and Michaels Chicago Holding Company LLC. The two principals of Brinshore plus a senior Brinshore staff member control Brinshore PL LLC. Michael Levitt is the sole member of the Michaels Chicago Holding Company LLC.

The developer's ownership chart is included in the Exhibits.

Experience: Brinshore Development LLC is a private sector firm established in 1994, which specializes in the development of affordable, mixed income, and market rate housing throughout the Midwest. Its principals, David Brint and Richard Sciortino, each gained a

decade worth of real estate development experience prior to co-founding Brinshore Development. To date, Brinshore has completed over 60 tax credit funded projects, comprised of over 5,000 apartments, located in the following states: Illinois, Indiana, Iowa, Michigan, Missouri, Nebraska, and Wisconsin. Brinshore is based in Northbrook, IL, with a regional office in Kansas City, MO.

The Michaels Development Company (MDC) is a private sector firm with over 40 years of experience in affordable housing. Founded in 1963, MDC has developed over 55,000 housing units in 33 states. The sole principal is Michael J. Levitt. MDC is based in Marlton, NJ with regional offices in Chicago, Hawaii, Lodi, CA and Los Angeles, CA.

At one point, MCD focused almost exclusively on developing federally assisted housing set aside for low and moderate income individuals and families. As a result, 100 properties are subsidized through the Section 8 project based rental assistance program. MDC also has extensive experience in financing affordable housing with HOPE VI Federal funding.

Other City-funded Projects by this Developer:
Eighteen projects totaling 1,751 units.

Consultants: Other development team members include:

Architect: Pappageorge Haymes Partners

Established in 1981, Pappageorge Haymes, has done residential and commercial work, from low rises to high rises, affordable to market rate, planned communities, and single family designs. Their projects are located as far west as Hawaii, as far south as Texas, as far north as Wisconsin, and as far east as Virginia.

General Contractor: McShane Construction

Established in 1984, McShane has a portfolio that extends from Chicago to Texas to California and beyond. They are well known to DPD as General Contractor on a number of deals: Casa Maravilla (senior housing), Villages of Westhaven (family housing), Hairpin Lofts, Logan Square Community Arts Center (affordable housing in a historic building), and Clybourn Division (family housing) are a representative sample of McShane's projects that received assistance from the City of Chicago.

Property Manager: Interstate Realty Management

Interstate Realty Management (IRM) provides marketing, maintenance, social, administrative, accounting, financial property and asset management services for over 250 communities. Its mission and goal is to provide housing that instills resident pride in their community, deliver supportive services that enhance financially viable properties, exceed the objectives and requirements established by governmental bodies, regulatory agencies, owners and lenders, and to promote and facilitate open and clear communication. The Michaels Development Company is the parent company of IRM.

Not for Profit Partner/Social Service Provider: Bright Star Community Outreach

Bright Star, a 501(c) (3) organization was established in 2009, serving primarily the 3rd and 4th wards. Its mission is to empower residents to share in the responsibility of building community through resource development and collaborative partnerships. It accomplishes its mission through its 5 pillars: Parent Education; Advocacy; Counseling; Mentoring; and Workforce Development. Clients served: The Parent Education and Family Advocacy Program provides services to over 150 families annually; Counseling/Mentoring serves over 200 children and youth annually; Workforce Development provides opportunities to over 300 persons annually. Bright Star also has a Trauma Counseling Hotline open Monday, Wednesday, and Friday, from 9am – 6pm. Bright Star's community outreach efforts include collaborating with partner organizations, local businesses, political officials, and other community stakeholders, to serve over 3,000 residents annually.

V. PROPOSED PROJECT

Project Overview: 4400 Grove will be a Planned Development, covering approximately 60% of the square block bounded by 44th Street on the north, 45th Street on the south, Cottage Grove Ave. on the east and Evans Ave. on the west.

Phase 1 will be built along Cottage Grove from 44th Street to 45th Street; it comprises two 4-story elevator buildings; each building will contain 42 units on floors 2-4, and approximately 7,600 sq.ft. of retail space on the ground floor. Surface parking will be provided behind the buildings at the west elevation: 65 spaces for residents (including 6 handicapped spaces) and 23 spaces for retail tenants (including 1 handicapped space). The parking spaces for residential and retail will be separated. Exterior cladding materials include brick, stone veneers, and metal paneling. The architectural style of the buildings will fit the context of the surrounding community.

The project will provide 21 units for public housing tenants; 34 units affordable to households earning up to 60% area median income; and 29 units at market rate rents. Unit amenities include central air conditioning and heat, wiring for cable TV and internet service, in-unit washer/dryers, and all kitchen appliances, including dishwashers. Unit flooring will be vinyl plank, with ceramic tile in baths, and carpet in the master bedroom. The project will have an on-site management office, elevators, community room, and computer lab, secure bicycle parking, and a public plaza between the buildings for events. The public plaza opens onto a green park space to the west. The plaza and park space are approximately 12,000 sq.ft.

The ground floor retail shops will be marketed to local businesses as well as national tenants. There will be two rent structures for the retail tenants: hyper-local businesses will pay less than market rent and regional, national and well established local businesses will pay market rent.

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

Residential Unit Profile: The following table provides detailed descriptions of the affordable and market-rate components of the proposed project. The subject property will provide a total of 84 housing units of which 55 units or 65% will be affordable: 34 units will be affordable to households earning up to 60% of area median income; 21 units will be available to CHA tenants; 29 units will be rented at market rate rentals. These units will satisfy the Chicago Affordable Requirements Ordinance, which requires 20% of total units to be affordable in projects receiving TIF assistance.

Rental Unit Profile					
Unit Type	Number of Units	Affordability	Size-sf	Monthly Rent/sf	Monthly Rent (a)
0 bed/1 bath	2	60% AMI	562	\$1.19	\$667
0 bed/1 bath	2	60% AMI	601	\$1.16	\$697
0 bed/1 bath	4	Market Rate	562	\$1.46	\$823
1 bed/1 bath	10	60% AMI	740	\$0.99	\$734
1 bed/1 bath	8	CHA	740	\$0.56	\$418
1 bed/1 bath	6	Market Rate	740	\$1.26	\$935
1 bed/1 bath	4	Market Rate	601	\$1.42	\$853
2 bed/1 bath	18	60% AMI	1099	\$0.80	\$882
2 bed/1 bath	11	CHA	1099	\$0.38	\$418
2 bed/1 bath	13	Market Rate	1099	\$0.97	\$1,061
3 bed/2 bath	2	60% AMI	1,371	\$0.74	\$1,019
3 bed/2 bath	2	CHA	1,371	\$0.30	\$418
3 bed/2 bath	2	Market Rate	1,371	\$0.93	\$1,272

(a) Tenant paid utilities: gas heat, gas cooking, gas water heating, and other electric

The affordable rent paid by the tenant is based on the tenant’s income and not on market comparables. The maximum rent for each defined “affordable” income level is published annually by the US Department of Housing and Urban Development and listed according to building construction type (i.e. apartment, townhouse, and single-family detached house), number of bedrooms and household size. Rent per square foot is not considered except that HUD housing quality standards and Chicago zoning and building codes set minimum room and unit sizes. Different federal funding development and operating support sources may have different maximum income and rent restrictions.

When developers determine the rent to charge for a project that is using HUD program subsidies through one of the City of Chicago’s Multifamily Financing programs, the developer is

required to establish market-area rents by commissioning a market study of the targeted market area. The developer is allowed to charge the lesser of HUD-estimated Fair Market Rent or the rent cap by income group (i.e., the 60% rent), but must also take into consideration the localized rent for the development's targeted market area, which is often much lower than the HUD FMR, and may be the same as, or even lower than, the "affordable" rent levels.

Environmental Features: The project will be in compliance with Chicago's Sustainable Development Policy. It will incorporate the following environmentally friendly features: minimum R-23 exterior wall insulation and minimum R-11 insulation between floors; advanced air sealing techniques; efficient storm water movement will be incorporated into the design and layout of the public plaza and green space – in order to prevent heavy rains from overwhelming the City's sewer system; use of permeable pavers throughout the site; large scale televisions / computer monitors displaying transit information will be included in the lobby to encourage the use of public transportation; Energy Star furnace and hot water tank in each unit with a 96% efficiency; Energy Star programmable thermostats; Energy Star lighting fixtures in the units and common spaces; Energy Star appliances in all units; low flow plumbing fixtures in kitchens and baths; low VOC paints in units and common areas.

VI. FINANCIAL STRUCTURE

The project's total development cost is approximately \$38.3million. The site is owned by the Chicago Housing Authority (CHA); the land is viewed as a donation, which will generate \$1,137,500 in Illinois Affordable Housing Tax Credits, a/k/a Donation Tax Credits or DTC's for the benefit of the project. The project will also receive funds from private financing, public funding, and equity generated by the sale of low income housing tax credits.

Local Initiatives Support Corporation (LISC) will provide a 30-year, \$2,600,000 permanent 1st mortgage. The Chicago Housing Authority (CHA) will provide \$7,004,000 (18% of total project costs). ComEd will provide an energy grant of \$325,000.

TIF funds of \$7,200,000 (19% of total project costs) will come into the deal in three installments: \$4,800,000 at 50% construction; \$1,200,000 at 75% construction completion; and \$1,200,000 at 100% construction completion and issuance of the City's Certificate of Completion. The TIF assistance will come from area wide increment generated by the 43rd Cottage Grove TIF and is needed to offset the cost of developing a housing project in which 55 of the 84 units will be replacement public housing and/or affordable housing.

Equity will be provided by the sale of 9% LIHTC's issued by the City; \$17,758,224 in equity will be generated representing 46% of the project budget. The equity will be paid in tranches at various milestones, with the first payment coming at closing, and the remainder funded at stages throughout construction to completion, and finally at occupancy of the building.

Additional funding sources include a deferred developer fee and seller financing related to the transfer of land from CHA to the not-for-profit sponsor and from the not-for-profit sponsor to the developer/owner. There is a related "use" of funds labeled "land acquisition" which is included in the project budget.

There will be a construction bridge loan that will provide interim funds to the project; and will be repaid by installments of TIF funds and LIHTC equity.

The following table identifies the sources and uses of funds.

SOURCES				<u>Amount</u>	<u>% of TDC</u>
1st Mortgage Lender				\$ 2,600,000	7%
CHA Loan				\$ 7,004,000	18%
City - TIF				\$ 7,200,000	19%
ComEd Energy Grant				\$ 325,000	1%
Seller Note (donated value of land)				\$ 2,200,000	6%
IL Donation Tax Credit Equity				\$ 1,137,500	3%
LIHTC Equity				\$ 17,758,224	46%
General Partner Equity				\$ 100	0%
Deferred Developer Fee				\$ 138,719	0%
Total Sources				\$ 38,363,543	100%
USES				<u>Amount</u>	<u>\$/sq.ft of Bldg.*</u>
Land Acquisition	\$ 25	per sf of land		\$ 2,640,000	\$ 21
Site Clearance and Remediation				\$ 650,000	\$ 5
Hard Costs				\$ 28,407,506	\$ 229
Soft Costs					
Architect's Fee	4%	of hard costs	\$ 1,111,500		
Loan Origination Fee	1%	of loan	\$ 220,379		
Legal Fees	2%	of total costs	\$ 673,841		
Marketing Fees	0%	of total costs	\$ 131,000		
Loan Interest	3%	of total costs	\$ 1,007,338		
Developer Fee	6%	of total costs	\$ 2,180,735		
Other soft costs	3%	of total costs	\$ 1,341,244		
Total Soft Costs				\$ 6,666,037	\$ 54
Total Uses				\$ 38,363,543	\$ 309

*Gross building area is 124,071 square feet

VII. PUBLIC BENEFITS

The proposed project will provide the following public benefits.

Affordable Housing: The project will provide 84 new rental units; 55 of which will be affordable to households earning up to 60% AMI (area median income).

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

Sales Taxes: The project will expand the City's tax base with the creation of new retail businesses on site.

Environmental Features: The project will incorporate the following environmentally friendly features:

Building and exterior features:

1. Minimum R-23 exterior wall insulation and minimum R-11 insulation between floors
2. Advanced air sealing techniques
3. On site storm water detention. Efficient storm water movement will be incorporated into the design and layout of the public plaza and green space – in order to prevent heavy rains from overwhelming the City's sewer system
4. Use of permeable pavers throughout the site
5. Large scale televisions / computer monitors displaying transit information will be included in the lobby to encourage the use of public transportation

Unit features:

1. Energy Star furnace and hot water tank in each unit with a 96% efficiency
2. Energy Star programmable thermostats
3. Energy Star lighting fixtures in the units and common spaces
4. Energy Star appliances in all units
5. Low flow plumbing fixtures in kitchens and baths
6. Low VOC paints in units and common areas

Permanent Jobs: The project is estimated to generate 41 permanent jobs; 36 jobs for the retail component and 5 jobs related to the management and maintenance of the property. The property management jobs include a full time property manager, full time assistant property manager, full time administrative assistant, full time maintenance chief, and full time maintenance assistance. The department's workforce development specialists will work with the developer on job training and placement.

Construction Jobs: The project will produce 200 temporary construction jobs.

Affirmative Action: The developer will comply with the requirements of Chicago's affirmative action ordinance, which requires contract participation of 26% by minority-owned business enterprises (MBEs) and 6% 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 Sophia King endorses the project and has provided a letter of support (see exhibits for copy). The project was presented to the community at three separate meetings; the last meeting was held on 6.5.2018. The meeting went well. Many attendees were excited to finally see a long vacant site become home to 84 families and up to 12 small businesses. The following community organization has endorsed the project: Quad Communities Development Corporation. (See exhibits for copy of letter).

IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN

The proposed project is located in the 43rd/Cottage Grove Tax Increment Financing Redevelopment Project Area. The proposed project will satisfy the following goals of the area's redevelopment plan: eliminate blighted conditions; promote the redevelopment of vacant parcels and properties; strengthen the economic well-being of the project area and the City by increasing taxable values and affordable housing opportunities; provide opportunities for women and minority businesses to share in the redevelopment of the project area. The implementation strategy for achieving the plan's goals envisions the need to provide TIF financial assistance for the development of the first phase of the 4400 Grove redevelopment. The proposed project also conforms to the plan's land use map, which calls for mixed use development at the subject site.

X. CONDITIONS OF ASSISTANCE

If the proposed resolution is approved by the CDC, DPD 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 DPD policy that no business will be conducted with a development entity where any principal has outstanding municipal debts (such as unpaid parking tickets, unpaid water bills, unpaid business licenses, and others), is in arrears of child support payments, or who is a debtor in bankruptcy, a defendant in a legal action for deficient performance, a respondent in an administrative action for deficient performance, or a defendant in any criminal action.

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

XI. RECOMMENDATION

The Department of Planning and 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 DPD recommends that the CDC recommend to the City Council the designation of 45th/Cottage, LLC as Developer of 4400 Grove to be located at 4424 S. Cottage Grove Ave. and 4434 S. Cottage Grove Ave.

TIF PROJECT SCORECARD

45th Cottage Grove - Phase 1 "4400 Grove"

4424 S. Cottage Grove Ave. and 4434 S. Cottage Grove Ave.

As part of CHA's Plan Forward (formerly the Plan for Transformation), 45th Cottage Grove-Phase 1 will be a residential/retail mixed-use and mixed-income project on land owned by the Chicago Housing Authority. Phase 1 of the project will contain 84 units in two 4-story buildings fronting along Cottage Grove Ave, plus 15,000 square feet of retail space on the ground floor. The unit mix ranges from studio units to 3-bedroom units; 21 units will be available to former CHA residents; 34 units will be available to households earning up to 60% AMI; 29 units will be market rate rentals.

Type of Project: Housing

Developer: 45th/Cottage Grove LLC (Brinshore/Michaels)

Total Project Cost: \$38,363,543

Timeline for Completion: June, 2019 (18 month construction period)

TIF Funding Request: \$7,200,000

Project Status: CDC - July 10, 2018

TIF District: 43rd/Cottage Grove

RETURN ON INVESTMENT BENCHMARKS

Advances Goal of Economic Development Plan YES or NO
 YES NO

Jobs Created/Retained
Approximately 41 permanent jobs will be created; 36 are related to the retail space.

Advances Goal of TIF District YES or NO
 YES NO
Create a healthy mixed income/mixed use neighborhood asset with amenities including employment opportunities and shopping

Affordable Housing Units Created/Preserved
84 total units created / 55 affordable units created

Addresses Community Need YES or NO
 YES NO
Creation of affordable housing

Return on Investment to City
N/A

FINANCIAL BENCHMARKS

Other Funds Leveraged by \$1 of TIF
\$4.33

Financing Structure
First mortgage: \$2,600,000
CHA Capital Funds: \$7,004,000
Donation Tax Credit Equity: \$1,137,500
9% LIH Tax Credit Equity: \$17,758,224

Types of Other Funding Leveraged YES or NO
 YES NO
Private 1st mortgage, CHA, ComEd Energy Grant, LIHTC Equity, Donation Tax Credit Equity

RDA TERMS

Payment Schedule:
TIF payments at 50%, 75%, 100% completion

Monitoring Term of Agreement:
Until expiration of the TIF: 12/31/2022

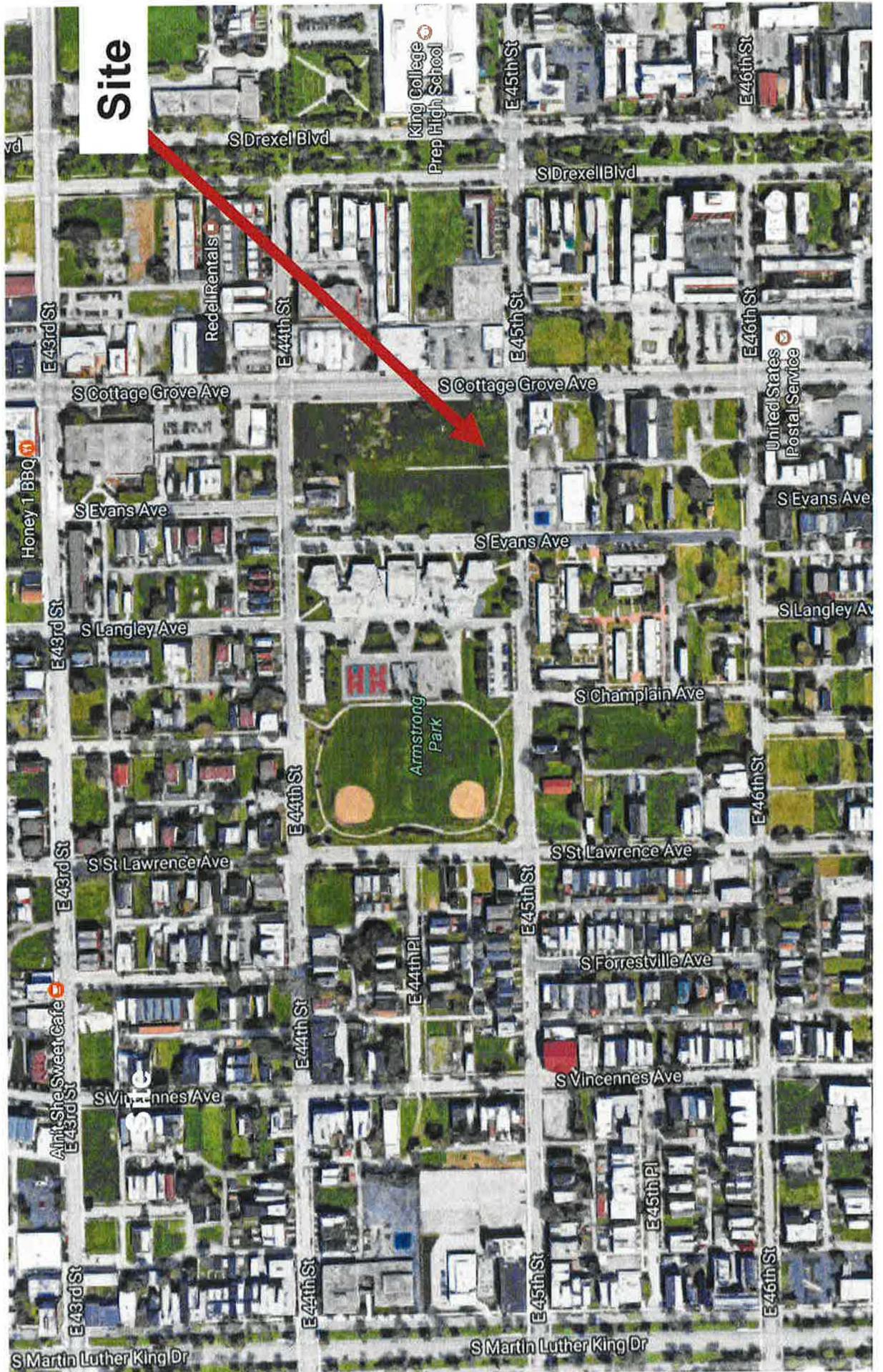
Taxpayer Protection Provisions YES or NO
 YES NO
Under negotiation

OTHER CONSIDERATIONS

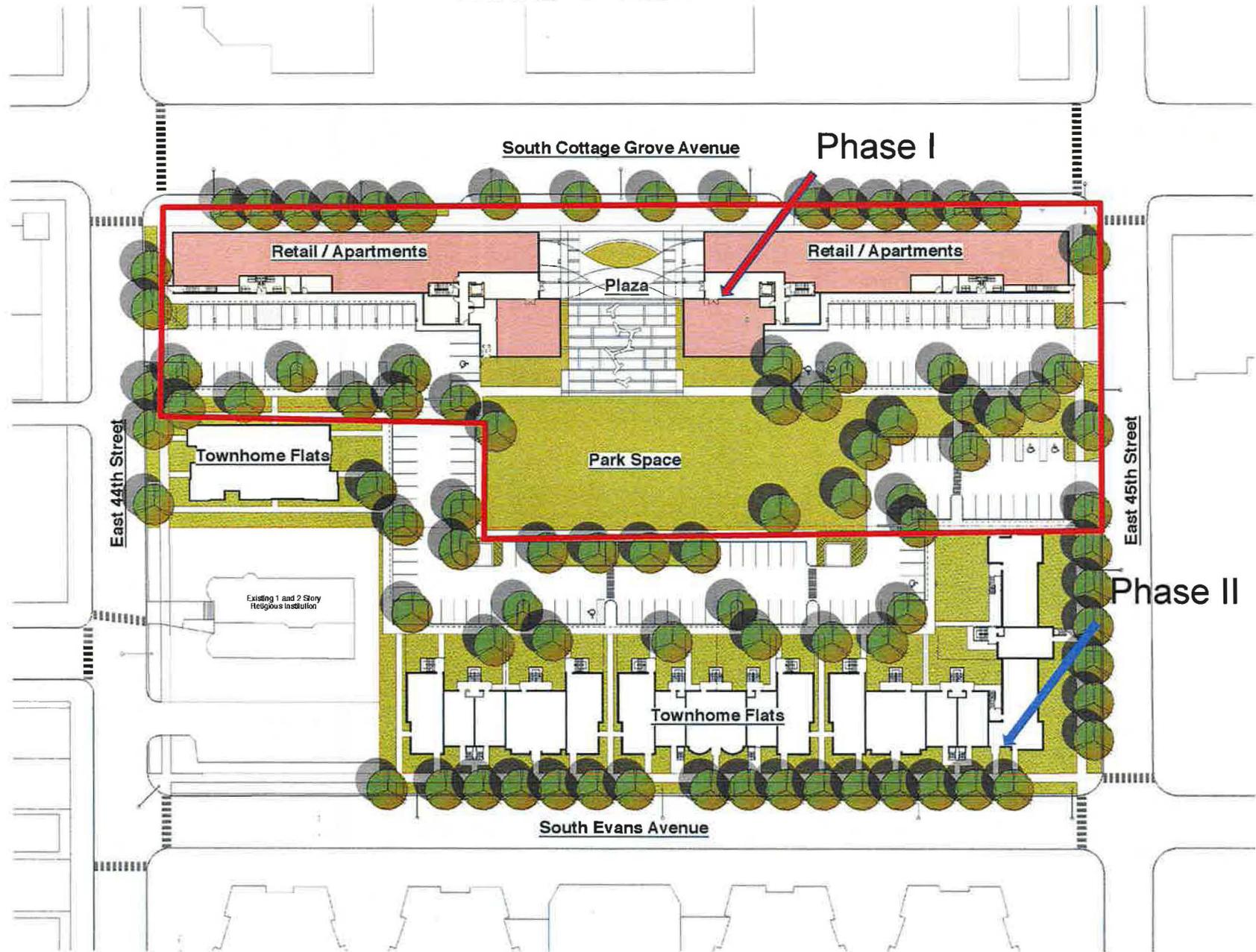
Affordable housing / special merit consideration



Aerial Map of Site



Site Plan



East Elevations



South Building



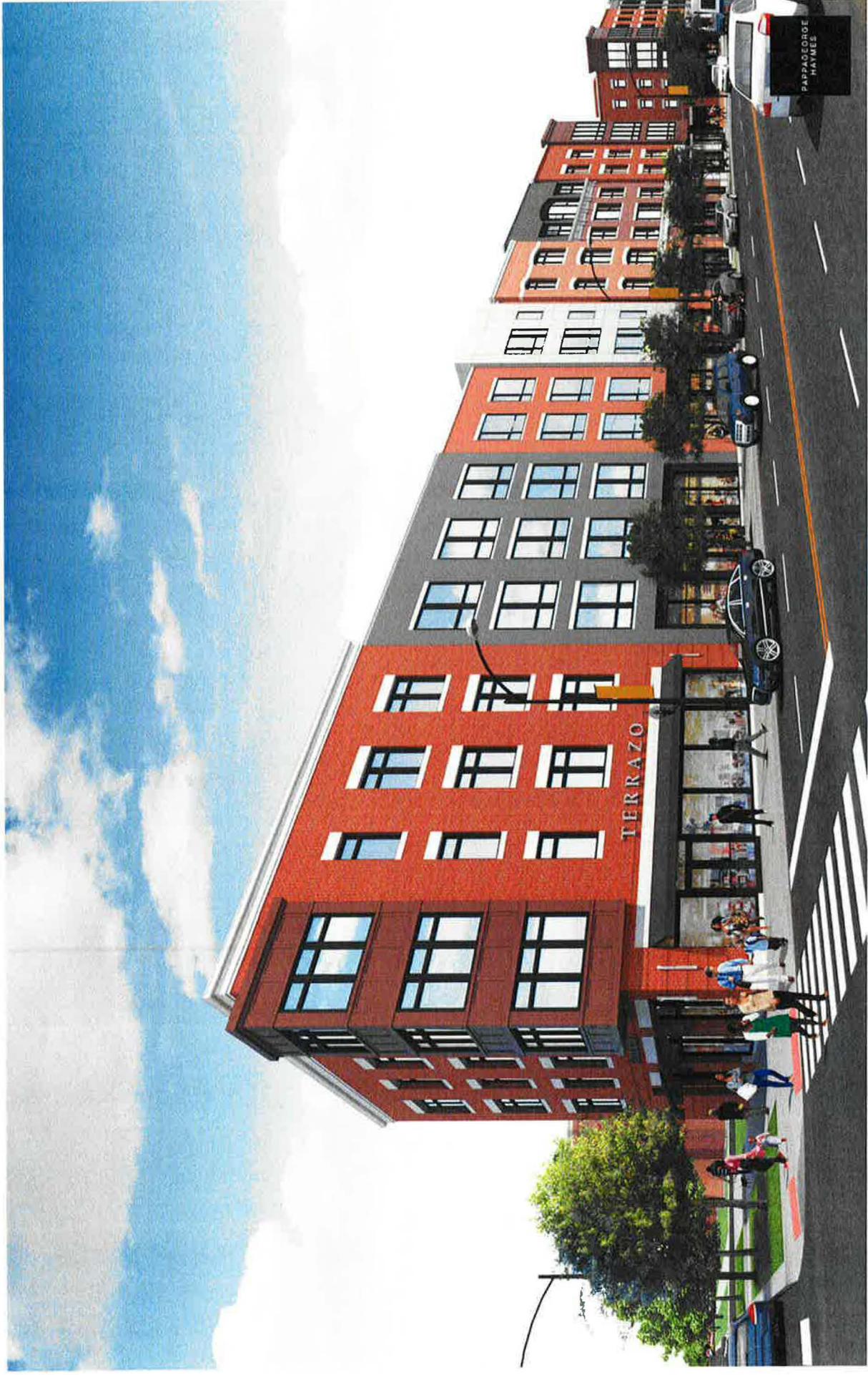
North Building

East Elevations
Preliminary Schematic Design

Materials Legend:

- | | |
|-------------------------|---------------------------|
| 1. Precast Stone Coping | 8. Fabric Canopy |
| 2. Stone Veneer | 9. Asphalt Shingles Roof |
| 3. Stone Header | 10. Exterior Lighting |
| 4. Metal Panel | 11. Metal Storefront |
| 5. Brick Veneer | 12. Metal Coping |
| 6. Insulated Glass | 13. Masonry Reveal |
| 7. Painted Metal Canopy | 14. Precast Stone Cornice |

Rendering of East Sides of Buildings



45th & Cottage

4400-4458 South Cottage Grove Avenue





A Project Specific Joint Venture

May 15, 2018

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Alex Alcantar
Director, Procurement Technical Assistance Center
Illinois Hispanic Chamber of Commerce
222 W. Merchandise Mart Plaza #1212
Chicago, Illinois 60654

RE: Washington Park Court
45th & Cottage Grove | Chicago, Illinois

Dear Mr. Alcantar:

McShane Construction Company and Ujamaa Construction, Inc. have partnered and formed a Joint Venture (McShane/Ujamaa JV) to construct Washington Park Court at 45th & Cottage Grove.

The development will consist of two four-story buildings, containing 84 units of mixed income housing units, open park space, parking lot and minor retail.

The project will require participation of trades such as; landscaping, concrete masonry, carpentry, roofing, interior trades, electrical, mechanical, plumbing, paving and others. As with all of our projects, construction will be subject to minority business enterprise (MBE) participation of 26 percent and women business enterprise (WBE) participation of 6 percent. Construction is anticipated to commence the second quarter of 2018, with a duration of 13-15 months.

The bidding period will commence June 1, 2018 with bids due June 15, 2018. Documents will be distributed through the electronic bid solicitation portal. Official notifications will be forth coming.

Should you desire, the general contracting team will meet with a representative of your organization to present the project to the organization.

We are requesting that you make your member companies aware of this exciting project so that they may submit bids for the appropriate subcontracting opportunities.

Should you have any questions, please do not hesitate to contact Mr. Jason Breden at 847.692.8952.

Sincerely,
McShane / Ujamaa JV

Jason Breden
Project Executive

Todd Pressley
Vice President

**U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only**

For delivery information, visit our website at www.usps.com

OFFICIAL USE

RECEIVED

Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy)

Return Receipt (electronic)

Certified Mail Restricted Delivery

Adult Signature Required

Adult Signature Restricted Delivery

Postage \$

Total Postage and Fees \$

McSHANE CONSTRUCTION COMPANY

Mark Here
MAY 16 2018

Send To: Gabriela Garcia
Ill. Hispanic Chamber of Commerce
302 W. Merchandise Mart Bldg
Chicago, IL 60654

PS Form 3800, April 2013 PSN 7530-02-000-9047 See Reverse for Instructions

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SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Illinois Hispanic Chamber of Commerce
Attn: Mrs. Gabriela Garcia
222 W. Merchandise Mart Plaza, #1212
Chicago, IL 60654

2. Article Number
(Transfer from service label) 7015 0640 0002 3348 3871

PS Form 3811, July 2013 Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X *Gaby Garcia* Agent Addressee

B. Received by (Printed Name) C. Date of Delivery
Gabriela Garcia 5/16/18

D. Is delivery address different from item 1? Yes No
if YES, enter delivery address below:

3. Service Type
 Certified Mail® Priority Mail Express™
 Registered Return Receipt for Merchandise
 Insured Mail Collect on Delivery

4. Restricted Delivery? (Extra Fee) Yes

**U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only**

For delivery information, visit our website at www.usps.com

OFFICIAL USE

RECEIVED

Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy)

Return Receipt (electronic)

Certified Mail Restricted Delivery

Adult Signature Required

Adult Signature Restricted Delivery

Postage \$

Total Postage and Fees \$

McSHANE CONSTRUCTION COMPANY

Mark Here
AUG 24 2017

Send To: Federation of Women in Construction
4210 W Irving Park Rd
Chicago, IL 60641

PS Form 3800, April 2013 PSN 7530-02-000-9047 See Reverse for Instructions

٤٤٢٥ ٥٤٤٤ ٢٠٠٠ ٠٤٩٠ ٥٢٠٢

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Federation of Women in Construction
Attn: Debbie Gidley - Exec. Admin.
4210 W Irving Park Rd.
Chicago, IL 60641

2. Article Number
(Transfer from service label) 7015 0640 0002 3348 5134

PS Form 3811, July 2013 Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X *Jess Richter* Agent Addressee

B. Received by (Printed Name) C. Date of Delivery
Jess Richter 8/28/17

D. Is delivery address different from item 1? Yes No
if YES, enter delivery address below:

3. Service Type
 Certified Mail® Priority Mail Express™
 Registered Return Receipt for Merchandise
 Insured Mail Collect on Delivery

4. Restricted Delivery? (Extra Fee) Yes

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

6295 3E96 1000 020E 7102

Postage	\$	
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	
Sent To Women's Bus. Dev. Ctr - Bomben Street, Apt. No., or PO Box No. 8 S. Michigan Ave #400 City, State, Zip+4 Chicago, IL 60603		

PS Form 3800, August 2006

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee X
1. Article Addressed to: Women's Business Dev. Ctr Attn: Gabriella Bomben 8 S. Michigan Ave #400 Chicago, IL 60603	B. Received by (Printed Name) _____ C. Date of Delivery _____ D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:
2. Article Number (Transfer from service label)	3. Service Type <input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Priority Mail Express™ <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> Collect on Delivery 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes
PS Form 3811, July 2013	Domestic Return Receipt 7013 3020 0001 9873 5829

UNITED STATES POSTAL SERVICE
 JUN 18 2018
 PM 2 L



First-Class Mail
 Postage & Fees Paid
 USPS
 Permit No. G-10

• Sender: Please print your name, address, and ZIP+4® in this box•

McShane Construction & UJAMAA
 A Project Specific Joint Venture
 9500 W. Bryn Mawr Ave., Suite 200
 Rosemont, IL 60018

Lisa

RE: 45th & Cottage Grove

7020 0000



U.S. Postal Service™
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 Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee

Extra Services & Fees (check box and fee amount)

Return Receipt (hardcopy)

Return Receipt (electronic)

Certified Mail Restricted Delivery

Adult Signature Required

Adult Signature Restricted Delivery

RECEIVED

Postmark Here

AUG 4 2017

McSHANE CONSTRUCTION COMPANY

Postage

Total Postage and Fees

Sent To

Block Contractors - Williams

Street and Apt. No. or P.O. Box No.

1800 S. Marshfield

City, State, ZIP+4®

Calumet City, IL 60827

PS Form 3800, April 2015 PSN 7530-02-000-9007 See Reverse for Instructions

222E 84EE 2000 0490 5T02

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Black Contractors United
 Attn: Carole Williams - Office Mgr.
 12000 S. Marshfield Ave.
 Calumet City, IL 60827

2. Article Number
 (Transfer from service label)

7015 0640 0002 3348 3772

PS Form 3811, July 2013

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail® Priority Mail Express™
 Registered Return Receipt for Merchandise
 Insured Mail Collect on Delivery

4. Restricted Delivery? (Extra Fee) Yes

Domestic Return Receipt

U.S. Postal Service™
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OFFICIAL USE

Certified Mail Fee

Extra Services & Fees (check box and fee amount)

Return Receipt (hardcopy)

Return Receipt (electronic)

Certified Mail Restricted Delivery

Adult Signature Required

Adult Signature Restricted Delivery

RECEIVED

Postmark Here

AUG 4 2017

McSHANE CONSTRUCTION COMPANY

Postage

Total Postage and Fees

Sent To

HACIA Perez

Street and Apt. No. or P.O. Box No.

650 Lake St

City, State, ZIP+4®

Chicago, IL 60661

PS Form 3800, April 2015 PSN 7530-02-000-9007 See Reverse for Instructions

7475 84EE 2000 0490 5T02

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

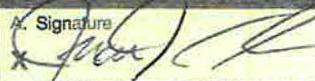
HACIA
 Attn: Jorge Perez - Exec. Dir.
 650 W. Lake St., Suite 415
 Chicago, IL 60661

2. Article Number
 (Transfer from service label)

7015 0640 0002 3348 5141

PS Form 3811, July 2013

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail® Priority Mail Express™
 Registered Return Receipt for Merchandise
 Insured Mail Collect on Delivery

4. Restricted Delivery? (Extra Fee) Yes

Domestic Return Receipt

MC SHANE
CONSTRUCTION
 C O M P A N Y
 9500 W. Bryn Mawr Avenue, Suite 200
 Rosemont, IL 60018
 www.mcshane-construction.com

7016 0340 0001 1953 4859



CERTIFIED MAIL



Mr. Omar Shareef
 African American Contractors Association
 7445 S. South Chicago Ave.
 Chicago, IL 60619

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
 Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee		Postmark Here
\$		
Extra Services & Fees (check box, add fee as appropriate)		
<input checked="" type="checkbox"/>	Return Receipt (hardcopy) \$	
<input type="checkbox"/>	Return Receipt (electronic) \$	
<input type="checkbox"/>	Certified Mail Restricted Delivery \$	
<input type="checkbox"/>	Adult Signature Required \$	
<input type="checkbox"/>	Adult Signature Restricted Delivery \$	
Postage		
\$		
Total Postage and Fees		
\$	6.67	
Sent To		
Omar Shareef / AACCA		
Street and Apt. No. or PO Box No.		
7445 S. South Chicago Ave		
City, State, ZIP+4®		
Chicago, IL 60619		

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

6594 5367 7000 04E0 9702

McSHANE
CONSTRUCTION
 C O M P A N Y
 9500 W. Bryn Mawr Avenue, Suite 20C
 Rosemont, IL 60018
 www.mcshane-construction.com

7016 0340 0001 1953 4835



CERTIFIED MAIL



Mr. Pemy NAKACHI
 ASSOCIATION OF ASIAN CONSTRUCTION ENTERPRISES
 5677 WEST HOWARD STREET
 NILES, IL 60714

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
 Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

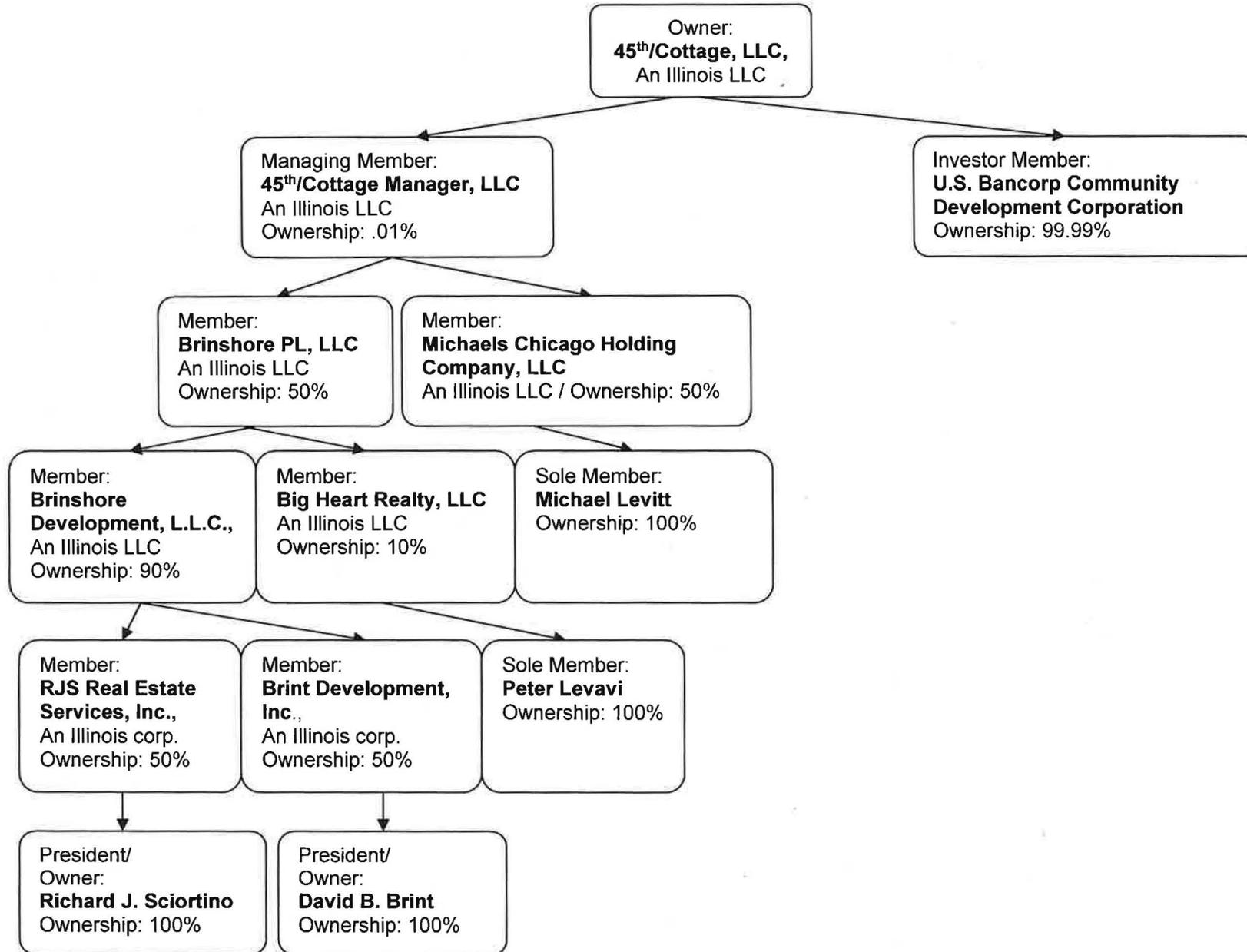
OFFICIAL USE

Certified Mail Fee		Postmark Here
Extra Services & Fees (check box, add fee as appropriate)		
<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$	
<input type="checkbox"/> Return Receipt (electronic)	\$	
<input type="checkbox"/> Certified Mail Restricted Delivery	\$	
<input type="checkbox"/> Adult Signature Required	\$	
<input type="checkbox"/> Adult Signature Restricted Delivery	\$	
Postage	\$	
Total Postage and Fees	\$ 6.67	
Sent To: Pemy Nakachi / AACE		
Street and Apt. No., or PO Box No. 5677 West Howard Street		
City, State, ZIP+4® Niles IL 60714		

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

5894 5567 1000 04E0 9T02

4400 Grove Ownership Entities





Local Initiatives Support Corporation
10 S. Riverside Plaza, Chicago IL 60606
Phone: 312/422-9550

February 13, 2018

The Michaels Organization
542 S. Dearborn Street, Suite 560
Chicago, IL 60605
Attn: Greg Olson, Regional Vice President

Brinshore Development Company
666 Dundee Road
Northbrook, IL 60062
Attn: Peter Levavi, Senior Vice President

Dear Mr. Olson and Mr. Levavi:

Local Initiatives Support Corporation ("LISC") is pleased to provide this letter evidencing our interest to 45th/Cottage, LLC in making a loan (the "Loan") as part of the financing to support the development of 45th & Cottage Grove, (the "Project"), the proposed new construction of an 84-unit mixed-income mixed-use residential development at 4500 S. Cottage Grove Avenue, in Chicago (the "Property"). Specifically, the LISC loan would be used as long term permanent financing for the Project. Our interest in extending this loan is based on our relationship with the sponsors, our belief in the importance of the Project, and our long-term commitment to the Grand Boulevard neighborhood in which it is located.

The Loan under consideration would likely have the following terms:

Borrower:	45 th /Cottage, LLC
Sponsors:	The Michaels Development Company Brinshore Development, LLC
Amount:	up to \$2,600,000

45th & Cottage Grove LOI
February 13, 2018
Page 2

Interest Rate: 6.25% fixed

Loan Term: 18 years

Amortization: 30 years

Repayment: Principal and interest will be payable in equal monthly installments based on the above amortization period with a balloon payment due at maturity.

Forward Commitment Period: Up to 26 months

Collateral: First priority leasehold mortgage on the Property (including all buildings and improvements), together with an assignment of leases and rents, with a 99-year ground lease satisfactory in all respects to LISC.

Maximum Loan to Value: 70% based on as-complete value of the leasehold estate in the Property (including all buildings and improvements).

Debt Coverage Ratio: Minimum of 1.15x

Prepayment: LISC offers a call option for specified call dates; otherwise, prepayment is subject to a yield maintenance formula.

Closing Fee: \$26,000 (1%), due upon Loan commitment.

Rate Lock Deposit: 1% rate lock fee, payable at commitment, refundable at permanent closing.

Lender Legal Fee: \$15,000 (assuming no significant negotiation of loan documentation and no unforeseen difficulties in closing the financing).

Other Costs: Payment of other third-party costs, including third-party appraisal, that may be required as part of the financing.

Breakage fee if any forward commitment not honored.

Other Terms: The Loan would be (1) a non-recourse obligation of Borrower, and (2) subject to all of LISC's standard closing and disbursement conditions as well as those reasonably required by LISC's Chicago office and National Credit Committee.

Covenants: Will be determined during underwriting.

Please understand that this letter is an indication of LISC's interest in providing financing in support of the Project but is not a commitment or an offer to provide financing for the Project. This letter of interest is a summary of some but not all of the terms and conditions upon which LISC would be willing to provide financing for the Project. The loan described above remains subject to, among other things, final satisfaction of LISC's underwriting standards and guidelines, approval by the Executive Director and Loan Committee of LISC's Chicago office, and final approval by LISC's National Credit Committee.

LISC is pleased to have the opportunity to indicate its support of and interest in helping finance this very important project. If you have any questions regarding this letter, please feel free to contact Barbara Beck, Director of Financial Services, at 312/422-9553.

Sincerely,



Vice President, and
Chief Credit Officer



All of **us** serving you™

Community Development Corporation
1307 Washington Avenue, Suite 300
St. Louis, MO 63103

April 6, 2018

Christopher Troy Harris
Brightstar Community Outreach
4518 S. Cottage Grove #1
Chicago, IL 60653

Re: Letter of Intent to Purchase Illinois Affordable Housing Credits

Dear Pastor Harris:

Please accept this Letter of Intent (the "**Letter**") as evidence of the terms and conditions under which U.S. Bank National Association (the "**Bank**") presently intends to purchase up to one million two hundred fifty thousand dollars (\$1,250,000) of Illinois affordable housing credits (the "**IL AHTC**") in connection with a donation to be made by the Chicago Housing Authority ("**Donor**") for the benefit of the affordable housing development known as 4400 Grove Apartments located in Chicago, Illinois. This Letter does not purport to summarize all the terms, conditions, covenants, representations, warranties or other provisions which would be contained in definitive legal documentation of the final purchase and sale of the IL AHTC contemplated herein. The actual terms and conditions upon which the Donor will sell the IL AHTC to the Bank and the Bank will purchase the IL AHTC from the Donor are subject to satisfactory review of the final documentation and such other terms and conditions as may be determined by the Bank and its counsel. Subject to the foregoing and to the satisfaction of the conditions precedent described herein, the Bank currently anticipates that the Bank will purchase the IL AHTC under the terms outlined below:

Maximum IL AHTC Amount:	\$1,250,000
Required Bank Donation to Project:	\$10,000
Purchase Price:	\$0.91 per \$1.00 of IL AHTC issued up to the maximum amount of \$1,250,000. In addition, the Bank will make the required Donation amount of \$10,000 to Brightstar Community Outreach (" Sponsor ").
Bank's Expected Tax Credit Usage:	It is anticipated these IL AHTC can be applied against a 2018 Illinois state tax liability.

Pastor Christopher Harris
Brightstar Community Outreach
Re: IL AHTC – 4400 Grove Apartments
April 6, 2018
Page 2 of 3

Closing: Upon execution of the definitive documentation containing the terms and conditions governing the purchase and sale of the IL AHTC of all conditions precedent, presently expected on or before July 31, 2018.

Additional Provisions:

1. The IL AHTC will be issued based on a charitable contribution to the Project to be made by the Donor in an amount equal to at least \$2,500,000 (the “**Donor’s Donation**”).
2. The final documentation will contain an indemnification from the Sponsor to the Bank against the risk of subsequent recapture of the IL AHTC after issuance for any reason not caused by the Bank, including a change in the applicable law.
3. **Conditions Precedent:**
 - a. The Donor making the Donor’s Donation to the Project;
 - b. Execution of final documentation related to the issuance of IL AHTC to Donor and Donor will endorse credit certificate and delivery same to Bank in escrow.

Should you have any questions, please contact me as soon as possible at (314) 335-2634 or by e-mail at robert.espeland@usbank.com. Please evidence your acceptance of and agreement to the foregoing by having this Letter executed on behalf of the Sponsor and return to my attention by April 20, 2018.

Sincerely,
U.S. Bank National Association



Robert P. Espeland
Vice President

Confidential Non-Binding Expression of Interest



Community Development Corporation
Community Lending Division
950 17th Street, Suite 300
Denver, CO 80202

May 19, 2018

45th/Cottage, LLC
Mr. Kenneth P. Crawford
C/o The Michaels Organization
Three East Stow Road
Marlton, NJ 08053

**RE: Expression of Interest for 45th/Cottage, LLC
Project -45th and Cottage -- 84 Mixed Income Multifamily Units and approximately 20,000 SF of commercial space- Chicago, Illinois
Approximately \$20,100,000 Construction Financing**

Dear Mr. Crawford:

U.S. Bank National Association is pleased to consider your request to provide construction financing for the 45th and Cottage mixed use and mixed income development to be located in Chicago, Illinois. A summary of some of the terms U.S. Bank is considering for this financing package is displayed on the following pages.

Please note, as we obtain more information, additional substantive conditions will be required and terms may be changed or supplemented. In addition, upon completion of our analysis and due diligence, and if we obtain credit approval of the financing described in this letter and the attachment, we will prepare loan documents that will include terms and conditions customarily used by U.S. Bank, as well as terms specific to this transaction.

To that end, this letter is an expression of interest only, and it is not a contract, commitment or agreement (except with respect to your obligations with respect to reimbursement of expenses). U.S. Bank does not intend that this letter and the attachments to this letter, or discussions regarding the terms of this letter, create any legal rights or obligations, implicit or explicit, in favor of or against the other party other than the proposed borrower's obligations as to reimbursement of expenses, including the good faith deposit and out of pocket expense reimbursement. Also, no oral discussions and/or written agreements shall be in place of or supersede written loan agreements executed by you and accepted by U.S. Bank.

Thank you for discussing your financing needs with U.S. Bank. Should you wish us to consider your credit request, please remit, by wire instruction referenced herein, \$20,000, not later than 30 days from the date of this letter, not as any form of commitment fee, but to be applied against our due diligence costs.

Very truly yours,



*Confidential Non-Binding Expression of
Interest*

U.S. BANK NATIONAL ASSOCIATION

Robert J. Von Hoene

Robert J. Von Hoene
Vice President



Community Development Corporation
1307 Washington Avenue, Suite 300
St. Louis, MO 63103
usbank.com/CDC

June 11, 2018

Mr. Kenneth P. Crawford
The Michaels Organization
Three East Stow Rd.
Marlton, NJ 08053

Re: Equity Proposal for 45th and Cottage – Chicago, IL

Dear Mr. Crawford:

U.S. Bancorp Community Development Corporation, or its designee, ("USBCDC") is pleased to present this proposal to become an equity investor in 45th and Cottage ("Project"). This proposal provides a summary of the investment terms and conditions by which USBCDC would participate as a limited partner or investor member in the limited partnership or limited liability company ("the Partnership"), which will own the Project.

It is understood that this letter reflects an agreement in principle only and is subject to the due diligence and underwriting period, the approval of USBCDC's Investment Committee, as well as significant industry changes that occur before closing that could materially impact the investment terms. Unless and until the transaction is evidenced by a Partnership/Operating Agreement executed by the parties (the "Partnership/Operating Agreement"), no party will have any legal obligation hereunder and may terminate its negotiations, at its option. The general terms and conditions outlined herein are subject to change if not accepted in writing. No term or provision of this Proposal shall be modified unless such modification is agreed to by all parties in writing.

Acceptance

This proposal replaces and supersedes all prior proposals, if any, and will expire **11/30/2018**, unless extended by mutual agreement of the parties. USBCDC also reserves the right to cancel, alter or modify its investment terms (including the price, to reflect yield requirements at such time) if the closing date is changed to later than **11/30/2018**. If the general terms and conditions outlined in this proposal are acceptable, please countersign this document below and return a fully executed copy to me on or before **6/14/2018**. Please also remit a deposit check for **\$20,000** to cover USBCDC's startup costs in underwriting and closing the investment. The deposit will be returned upon the closing of USBCDC's investment in the Partnership. If this transaction does not close, these funds will be applied against USBCDC's third party costs. By countersigning this document below, the General Partner represents that it is authorized to execute this letter and the agreements contained herein.

Upon receipt of an executed copy of this letter, the parties will agree on a mutually acceptable due diligence period and closing schedule. A copy of USBCDC's closing due diligence checklist will be sent under separate cover. Admission of USBCDC to the Partnership and funding of this investment is subject to USBCDC review and approval of the items listed in the closing checklist, which should be submitted at least 20 business days prior to the anticipated closing date. This investment is also subject to any additional requirements that may be considered necessary by USBCDC and the approval of all documents by USBCDC's attorney(s).

To the extent that U.S. Bank has issued a term sheet for debt, we request consideration of that term sheet with the subject equity proposal as a joint financing proposal. Our clients recognize significant cost savings and other efficiencies when U.S. Bank is selected as the lender. These include, but are not limited to, joint due diligence checklists and calls, shared underwriting, shared third party reports for items like insurance, construction cost reviews and inspections, as well as legal efficiencies. If the intent is to select a lender other than U.S. Bank, we request the ability to submit a best and final debt proposal before a final selection is made.

Thank you for the opportunity to present this Proposal on behalf of USBCDC. We look forward to working with you.



Community Development Corporation
 1307 Washington Avenue, Suite 300
 St. Louis, MO 63103
usbank.com/CDC

Sincerely,

By: _____
 John J. Lisella III
 (561) 653-3361

AGREED AND ACCEPTED:
 45th/Cottage, LLC

By:
 KENNETH P. CRAWFORD

The Michaels-Development Company I, LP

By:
 Name: Kenneth P. Crawford - Chief Operating Officer
 Date: 6/13/18

Brinshore Development, L.L.C.

By: _____

INVESTMENT TERMS, ASSUMPTIONS, AND CONDITIONS

Investment terms and conditions by which USB CDC would anticipate participating as a limited partner/investor member:

I. Partnership and Development Milestones

Ownership Structure and Development Team	
Partnership or LLC Name	45 th /Cottage, LLC
LP or Investor Member	USB CDC with a 99.99% Interest
GP or Managing Member ("GP")	45 th /Cottage Manager, LLC with a 0.01% Interest 50% Member – Brinshore PL, LLC -90% Member – Brinshore Development, LLC -10% Member – Big Heart Realty, LLC 50% Member – Michaels Chicago Holding Company, LLC – Sole member Michael Levitt
State Credit Investor	N/A
Developers	BMC-1, LLC 50% owned by Brinshore Holdings, LLC and 50% by The Michaels Development Company I, LP
Guarantors	Michaels Development Company I, LP Brinshore Development, L.L.C. Any requested guarantor changes will be subject to USB CDC's approval in its sole discretion.
Builder/Contractor	McShane Construction Company and UJAMAA Construction Inc
Management Agent	Interstate Realty Management Company (related to Michaels)
Ground Landlord	Entity is TBD(may be Chicago Housing Authority)



Quad Communities Development Corporation

May 31, 2018

David L. Reifman
Commissioner, Department of Planning and Development
City of Chicago
121 N. LaSalle Street
Chicago, IL 60602

Board of Directors:

Chairman
Shirley Newsome

Vice-Chairman
Craig Jeffrey

Secretary
Joanna Trotter

Assistant Treasurer
Gavin Tun

Assistant Secretary
Marla Blair-Hohenkirk

Members:
Fred Bonner
Jacqueline Callery
Kimberly du Buclet
Kenneth Grant
Lamont Robinson
Anthony Rogers
Wendy Walker-Williams

Board Advisors:
Toni Preckwinkle
Thurman Smith
Ina Wilson
Sandra Young
Rebecca Holbrook

Executive Director
Rhonda McFarland

Re: Letter of Support - 45th Street and Cottage Grove Avenue, Chicago IL 60653

Commissioner Reifman:

On behalf of Quad Communities Development Corporation (QCDC), we continue to express our support for the 45th Street and Cottage Grove Avenue project. The redevelopment of this former CHA site undertaken by The Michaels Development Company is projected to provide our community with over 80 units of mixed income housing and 15,000 sq. ft. of commercial/retail space. This project located at 4400-4458 South Cottage Grove, Chicago IL 60653 is of significant importance to the development of the Cottage Grove commercial corridor. QCDC supports the developer's proposal to seek City of Chicago funding assistance from the 43rd and Cottage Grove TIF, in which it is located.

QCDC has been involved in planning efforts and community engagement activities related to development in the Bronzeville neighborhood for many years. We are a witness to the revitalization that is occurring in our community and recognize that projects such as this and partners such as the Michaels organization are important to continuing to revitalize our community. This planned development is consistent with the housing goals of the QCDC Community of Life Plan, which call for mixed income housing and the development of additional commercial space for consumer services.

As you are aware, QCDC has played an integral role with developers, agencies, and community partners related to local development, including the Arts & Recreation Center and Ellis Park, Shops and Lofts project at 47th and Cottage Grove, as well as being a local provider of professional support for local businesses via our delegate agency and SSA service provider agreements. We are excited to continue our community work with the Michaels organization.

The mission of QCDC is to improve the quality of life and economic strength of the neighborhoods we serve and to be a catalyst for the creation of a vibrant, sustainable, and healthy mixed income community. Therefore, we ask the City of Chicago to financially support this project.

Sincerely,

Rhonda R. McFarland

Rhonda McFarland, Executive Director



CITY COUNCIL

CITY OF CHICAGO

COUNCIL CHAMBER
CITY HALL - ROOM 300
121 NORTH LA SALLE STREET
CHICAGO, ILLINOIS 60602
TELEPHONE: (312) 744-2690

COMMITTEE MEMBERSHIPS

COMMITTEES, RULES AND ETHICS
HEALTH & ENVIRONMENTAL PROTECTION
HOUSING AND REAL ESTATE
PEDESTRIAN AND TRAFFIC SAFETY
TRANSPORTATION AND PUBLIC WAY
WORKFORCE DEVELOPMENT AND AUDIT

SOPHIA D. KING

ALDERMAN, 4TH WARD
435 EAST 35TH STREET
CHICAGO, ILLINOIS 60616
TELEPHONE: (773) 536-8103
FAX: (773) 536-7296

May 29, 2018

Commissioner Reifman
Department of Planning and Economic Development
Room 1000, City Hall
121 N. LaSalle
Chicago, IL 60602

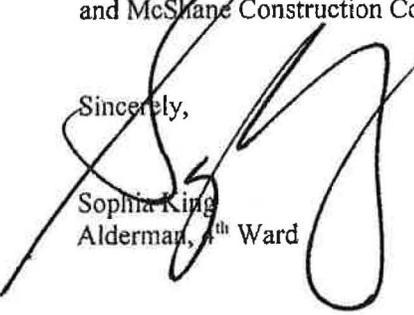
Re: 4400 Grove Project

Dear Commissioner David Reifman:

I am writing to express my full support for the 4400 Grove Project, a Brinshore/Michaels development. The project will be located 4424 - 4434 S. Cottage Grove in the Bronzeville neighborhood. This project will utilize 1,850,000 in Low Income Housing Tax Credits, 1,250,000 Donation Tax Credits, \$7,200,000 TIF, and \$7,004,000 Chicago Housing Authority financing.

I am pleased that the project will provide affordable housing for 80 households and 15,200 Sqft Commercial space. In addition, this project will feature a joint construction venture between Ujamaa Construction Inc. and McShane Construction Company.

Sincerely,


Sophia King
Alderman, 4th Ward