

# TIF PROJECT SCORECARD

## Ravenswood Station

### Lawrence Avenue/Ravenswood Avenue

The project entails the development of an approximately 3.7 acre site for a 127,000 square foot retail center that will be anchored by a Mariano's Fresh Market grocery store. The remainder of the retail space will be occupied by an LA Fitness center and a Sears Tire and Battery store as well as roughly 350 parking spaces.

**Type of Project:** Commercial

**Total Project Cost:** \$42,041,660

**TIF Funding Requested:** \$5,500,000 (not to exceed)

**TIF District:** Western Avenue North, 47th Ward

**Developer:** Ravenswood Station, LLC

**Timeline for Completion:** Construction completion at the end of 2014.

**Project Status:** CDC on July 10, 2012

## RETURN ON INVESTMENT BENCHMARKS

### Advances Goal of Economic Development Plan

Yes - Develop and Deploy Neighborhood Assets to Align with Regional Economic Growth.

### Advances Goal of TIF District

Yes - Encourage the development of mixed-use retail/commercial along the major corridors of Western, Damen, Lawrence, Lincoln, and Montrose.

### Addresses Community Need

Yes- Development of a long-vacant/underutilized site for commercial use including a grocery store.

### Jobs Created/Retained

Created: 200 permanent/175 construction

### Affordable Housing Units Created/Preserved

N/A

### Return on Investment to City

Increased sales taxes and property taxes.

## FINANCIAL BENCHMARKS

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

\$7.41

### Financing Structure

Grant

### Types of Other Funding Leveraged

Yes - Construction Loan, Developer Equity

## RDA TERMS

### Payment Schedule

To be determined, after project completion.

### Taxpayer Protection Provisions

NO

### Monitoring Term of Agreement

10 years

## OTHER CONSIDERATIONS

ONLY USE IF IT MEETS SPECIAL MERIT CONSIDERATION AND PROJECT DOES NOT FIT INTO ECON DEV PLAN AND/OR TIF DISTRICT PLAN



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

**STAFF REPORT  
TO THE  
COMMUNITY DEVELOPMENT COMMISSION  
REQUESTING DEVELOPER DESIGNATION  
July 10, 2012**

**I. PROJECT IDENTIFICATION AND OVERVIEW**

Project Name:	Ravenswood Station
Applicant Name:	Ravenswood Station, LLC.
Project Address:	1820-24 W. Lawrence Avenue
Ward and Alderman:	7 <sup>th</sup> Ward, Alderman Pawar
Community Area:	Lincoln Square
Redevelopment Project Area:	Western Avenue North
Requested Action:	TIF Developer Designation
Proposed Project:	The developer proposes to improve approximately 3.7 acre site that will include approximately 127,000 square feet of retail and 357 parking spaces.
TIF Assistance:	\$5,500,000.00

**II. PROPERTY DESCRIPTION**

Address:	1820-24 W. Lawrence Avenue
Location:	Northwest Corner of Lawrence and Ravenswood Avenue.
Tax Parcel Numbers:	14-17-418-013
Land Area:	3.7 acres

Current Use:	The site is currently improved with a Sears Tire and Auto Store and a surface parking lot.
Current Zoning:	B3-2, Community Shopping - Destination
Proposed Zoning:	PD
Environmental Condition:	A phase I and a phase II were conducted at the project site which indicated that no further remediation is needed for this project to move forward.

### **III. BACKGROUND**

In January 16, 2012, Ravenswood Station, LLC (The “Developer”) submitted a TIF application to the Department of Housing and Economic Development (DHED) proposing a plan to develop a site that is approximately 3.7 acres and is located at the Northwest corner of West Lawrence Avenue and North Ravenswood Avenue. The site is currently owned by Sears Roebuck and Co., a member of the proposed Development team. The project site is currently used as a Sears Tire and Auto Store and surface parking. The site is zoned B3-2, the Developer will be seeking a Planned Development approval for the proposed project. The adjacent Metra station is being renovated and is currently under construction. The Developer had previously submitted a number of proposed plans for the site, but those plans were never realized.

This proposed project will consist of substantial improvements to the approximately 3.7 acre site that will include approximately 127,000 square feet of retail and 357 parking spaces. This project is within the 7<sup>th</sup> Ward, in the Western Avenue North TIF, and within the Lincoln Square Community area.

The Western Avenue North TIF covers 227 acres of mixed land uses along major arterial streets within the Lincoln Square and Uptown communities. Many area buildings suffer from age and obsolescence and no longer contribute to the viability of area streets. The TIF is intended to encourage their redevelopment or rehabilitation for various uses that serve community needs. Priorities also include the development of new senior housing, the reinforcement of existing retail nodes with pedestrian-friendly improvements, the creation of infill development at select locations, and the expansion of off-street parking. Funds also support property assembly efforts, relocation costs, and improvements to area open spaces, job training and day care services.

The project will provide the area with a much needed grocery store and pedestrian-friendly retail uses.

#### **IV. PROPOSED DEVELOPMENT TEAM**

**Development Entity:** The development entity is Ravenswood Station, LLC. it is owned by primarily a two member entities: Chitown-EB/EP JV, LLC, (45%) , Sears, Roebuck and Co. (45%), the remaining ownership (10%) are held by third parties, neither of which holds more than 7.55 of the applicant. Chitown-EB/EP JV, LLC is owned by Seymour Taxman (33.34%), Timothy Barrett (33.33%), and Eugene J. Porto Living Trust (33.33%). Sears, Roebuck and Co., has a sole shareholder, Sears Holdings Corporation, a publicly traded corporation.

Ravenswood Station, LLC is essentially a single purpose entity that exists only for this project. The lead principals for the Project, Tim Barrett, Gene Porto, and Seymour Taxman have worked together for many years as partners.

Tim Barrett and Gene Porto formed their partnership, Great Lakes Principals, in 1991. Great Lakes Principals is a full-service development company specializing commercial retail and office projects. Since its inception Great Lakes Principals has leased over 1.5 million square feet of grocer-anchored retail area throughout Illinois.

Seymour Taxman is the materially-involved developer principal of that entity. Seymour Taxman founded The Taxman Corporation, an Illinois corporation in 1974. The Taxman Corporation, is a full service commercial real estate development and management company providing a multitude of services including property development, marketing and economic feasibility studies, coordination of architectural and construction contracts, retail leasing, financial consultation, and management of operating properties. For over the last thirty years, The Taxman Corporation concentrated its efforts in the Chicago metropolitan area. In that time period, The Taxman Corporation has been involved in the development and/or redevelopment of nearly 2,000,000 square feet of neighborhood and community retail developments. Project sizes range from free-standing buildings containing 6,000 square feet to major retail centers as large as 800,000 square feet

Sears Holdings Corporation is the nation's fourth largest broadline retailer with approximately 3,900 full-line and specialty retail stores in the United States and Canada. Sears Holdings is the leading home appliance retailer as well as a leader in tools, lawn and garden, home electronics and automotive repair and maintenance. It is also proprietor of a number of name brands carried through their stores. Sears is also the largest provider of home services. Sears Holdings Corporation operates through its subsidiaries, including sears, Roebuck and Co. and Kmart Corporation.

#### **Consultants:**

##### Zoning Lawyers:

Daley and George  
20 South Clark St., 400  
Chicago, IL 60603

##### TIF Lawyers:

DLA Piper LLP  
203 N. LaSalle St., 1900  
Chicago, IL 60601

Architects:

Antunovich Associates  
224 W. Huron St., & East  
Chicago, IL 60610

TIF Consultants:

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

**V. PROPOSED PROJECT**

**Project Overview:** The Developer proposes to develop a 3.7 acres located on the north side of Lawrence Avenue at Ravenswood Avenue with a retail development that will include approximately 127,000 square feet of retail and 357 parking spaces. The existing Sears Tire and Auto Store would be demolished and this business would be relocated into a portion of the new two-story retail building.

The retail development will consist of a two level structure with a third level parking deck and surface parking. The ground level of the building will accommodate an LA Fitness that will be approximately 35,000 square feet and the relocation of the Sears Auto Center which will be approximately 1,000 square feet. The second level, an approximately 87,000 square-feet, will be leased for a Mariano's grocery store. The third level deck will have approximately 204 parking spaces and the surface parking will hold an additional 158 parking spaces.

The building materials will consists of pre-cast concrete, vertical metal paneling, glass, architectural louvers, face brick and metal panels. The building will also seek LEED certification and include a green roof covering 100% of the net roof area.

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

**Environmental Features:** This project will seek LEED certification and include a green roof covering 100% of the net roof area.

**VI. FINANCIAL STRUCTURE**

The project consists of the construction of an approximately 133,000 square foot retail center which will be anchored by an 88,000 square foot grocery store. The developer has signed leases from Roundy's grocery store, Sears Auto, and LA Fitness which cumulatively account for 100% of the leasable space. The sources for the development include a combination of construction financing, likely provided by Associated Bank and developer equity.

The City, through the Department of Housing and Economic Development, intends to reimburse the Developer for a portion of their TIF Eligible costs in an amount not to exceed the lesser of \$5,500,000 or 13.% of the total project cost, currently estimated to be \$42,041,660. The City's

assistance will be provided as a reimbursement for eligible costs which will include: demolition, site prep, environmental, and miscellaneous soft costs. The assistance will be provided through a combination of: 1. a single payment at completion of \$1,000,000 from existing area-wide increment within the Western Avenue North TIF; and 2. a tax-exempt developer note issued at completion of the project for not more than \$4,500,000 and paid over roughly 10 years, exclusively from the project pins.

Because of the extraordinary costs associated with the project, primarily related to site prep and the need to construct a vertical parking structure, this development would not move forward without utilizing TIF in order to help offset these costs.

The following table identifies the sources and uses of funds.

### Sources and Uses of Funds

#### Sources and Uses of Funds

<u>Sources</u>	<u>Amount</u>	<u>% of Total</u>
Construction Loan (Associated Bank)	\$28,001,805	66.60%
Developer Equity	\$6,539,855	15.56%
TIF Bridge Loan (Associated Bank)	\$4,500,000	10.70%
Land Equity	\$3,000,000	7.14%
<b>Total Sources</b>	<b>\$42,041,660</b>	<b>100%</b>

#### Uses

<u>Hard Costs</u>	<u>Amount</u>	<u>\$/SF of Building*</u>
Tenant Improvements	\$9,649,225	\$72.52
Concrete	\$7,903,834	\$59.40
Mechanical Systems	\$1,348,242	\$10.13
Thermal and Moisture Protection	\$1,555,186	\$11.69
Doors and Windows	\$1,571,027	\$11.81
Site Prep- Earthwork	\$1,270,482	\$9.55
Construction Management	\$794,043	\$5.97
General Conditions	\$791,014	\$5.94
Miscellaneous Hard Costs	\$6,606,812	\$49.65
Hard Cost Contingency	\$1,841,454	\$13.84
<b>Total Hard Costs</b>	<b>\$33,331,319</b>	<b>\$250.50</b>

<u>Soft Costs/Fees (% of TPC)</u>	<u>Amount</u>	<u>\$/SF of Building*</u>
Architecture and Engineering (1.55%)	\$651,778	\$4.90
Permits (1.08%)	\$452,327	\$3.40

Leasing Commissions (2.70%)	\$1,136,246	\$8.54
Legal, Title, Closing Costs (1.53%)	\$645,000	\$4.85
Developer Fees (1.78%)	\$750,000	\$5.64
Miscellaneous Soft Costs (5.34%)	\$2,245,000	\$16.87
Contingency (0.40%)	\$168,343	\$1.27
<b>Total Soft Costs (14.39%)</b>	<b>\$6,048,694</b>	<b>\$45.46</b>
Relocation of Existing Business	\$1,661,647	\$12.49
Land Acquisition and Assembly	\$1,000,000	\$7.52
<b>Total Uses</b>	<b>\$42,041,660</b>	<b>\$315.96</b>

\*Building is 133,061 total square feet

**VII. PUBLIC BENEFITS**

The proposed project will provide the following public benefits.

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

**Environmental Features:** The project will incorporate a LEED certified building and include a green roof covering 100% of the net roof area.

**Permanent Jobs:** The project is estimated to generate 200-250 permanent jobs. The department's workforce development specialists will work with the developer on job training and placement.

**Construction Jobs:** The project will produce 175-200 temporary construction jobs.

**Affirmative Action:** The developer will comply with the requirements of Chicago's affirmative action ordinance, which requires contract participation of 24% by minority-owned business enterprises (MBEs) and 4% by woman-owned business enterprises (WBEs). The developer has provided notification of the proposed project, by certified mail, to several associations of minority and women contractors. A sample version of the letter and copies of the post office receipts for the certified letters are presented as exhibits to this report.

**City Residency:** The developer will comply with the requirements of Chicago's city residency ordinance, which requires that at least half of all construction-worker hours be filled by Chicago residents. The developer will also comply with the requirement that all construction jobs are paid the prevailing wage.

## **VIII. COMMUNITY SUPPORT**

Alderman Pawar endorses the project and has provided a letter of support (see exhibits for copy).

The project was presented to the community in three meetings held on December 1, 2011; December 5, 2011; and December 19, 2011. Also, the following community organization has endorsed the project: Lincoln Square Chamber of Commerce. (See exhibits for copies of support letters).

## **IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN**

The proposed project is located in the Western Avenue North Tax Increment Financing Redevelopment Project Area. The proposed project will satisfy the following goals of the area's redevelopment plan:

- Eliminate conditions that qualify the Western Avenue North Redevelopment Project Area (RPA) as a conservation area.
- Encourage the development of mixed-use retail/commercial, residential, and institutional uses, as appropriate, along major corridors of Western, Damen, Lawrence, Lincoln, and Montrose, and at the core Lawrence/Lincoln/Western Intersection
- Strengthen the economic well-being of the Western Avenue North RPA by providing resources for retail, commercial, residential, and institutional development in the Western Avenue North RPA, as appropriate.
- Provide opportunities for women-owned, minority-owned, and locally owned business to share in the job and construction opportunities associated with the redevelopment of the Western Avenue North RPA
- Support job training programs and increase employment opportunities, including high-technology jobs for area residents.

The implementation strategy for achieving the plan's goals envisions the need to provide TIF financial assistance for the development of approximately 3.7 acre site the will include approximately 127,000 square feet of retail and 357 parking spaces. The proposed project also conforms to the plan's land use map, which calls for Community shopping – destination oriented development at the subject site.

## **X. CONDITIONS OF ASSISTANCE**

If the proposed resolution is approved by the CDC, DHED 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 DHED policy that no business will be conducted with a development entity whose any principal has outstanding municipal debts (such as unpaid parking tickets, unpaid water bills, unpaid business licenses, and others), is in arrears



## Ravenswood Station

### Lawrence Avenue/Ravenswood Avenue

The project entails the development of an approximately 3.7 acre site for a 127,000 square foot retail center that will be anchored by a Mariano's Fresh Market grocery store. The remainder of the retail space will be occupied by an LA Fitness center and a Sears Tire and Battery store as well as roughly 350 parking spaces.

Type of Project: **Commercial**

Total Project Cost: **\$42,041,660**

TIF Funding Requested: **\$5,500,000 (not to exceed)**

TIF District: **Western Avenue North, 47<sup>th</sup> Ward**

Developer: **Ravenswood Station, LLC**

Timeline for Completion: **Construction completion at the end of 2014.**

Project Status: **July 3<sup>rd</sup> 2012, anticipate CDC on July 10, 2012**

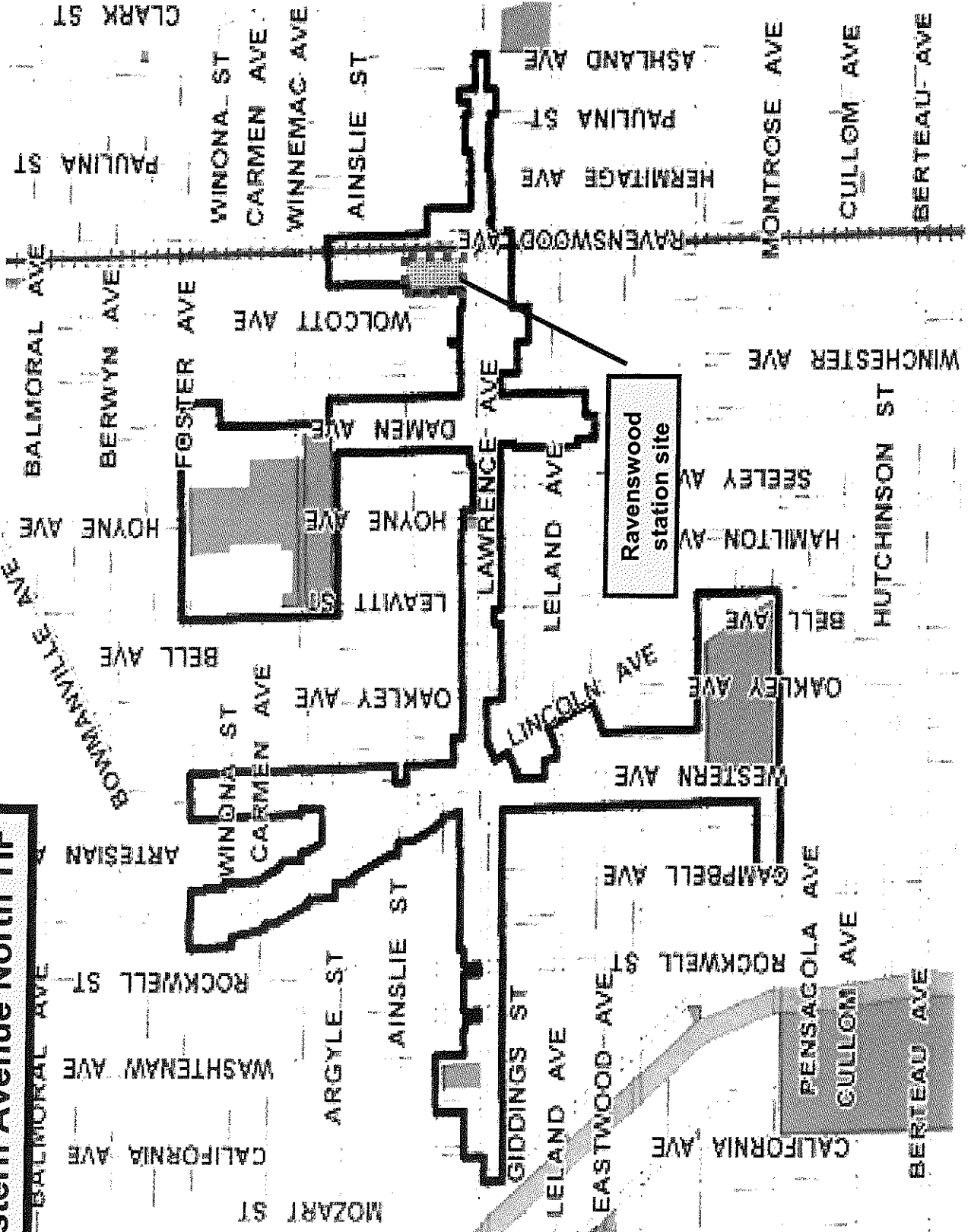
<b>Return on Investment Benchmarks</b>	
<b>Advances Goal of Economic Development Plan</b>	Yes- Develop and Deploy Neighborhood Assets to Align with Regional Economic Growth.
<b>Advances Goal of TIF District</b>	Yes- Encourage the development of mixed-use retail/commercial along the major corridors of Western, Damen, Lawrence, Lincoln, and Montrose.
<b>Addresses Community Need</b>	Yes- Development of a long-vacant/underutilized site for commercial use including a grocery store.
<b>Jobs Created/Retained</b>	Created: 200 permanent/175 construction
<b>Affordable Housing Units Created/Preserved</b>	Not Applicable.
<b>Return on Investment to City</b>	Increased sales taxes and property taxes.

<b>Financial Benchmarks</b>	
<b>Other Funds Leveraged by \$1 of TIF</b>	\$7.41
<b>Types of Other Funding Leveraged</b>	Yes- Construction Loan, Developer Equity
<b>Financing Structure</b>	Grant

<b>RDA Terms</b>	
<b>Payment Schedule</b>	To be determined, after project completion.
<b>Taxpayer Protection Provisions</b>	No
<b>Monitoring Term of Agreement</b>	10 Years

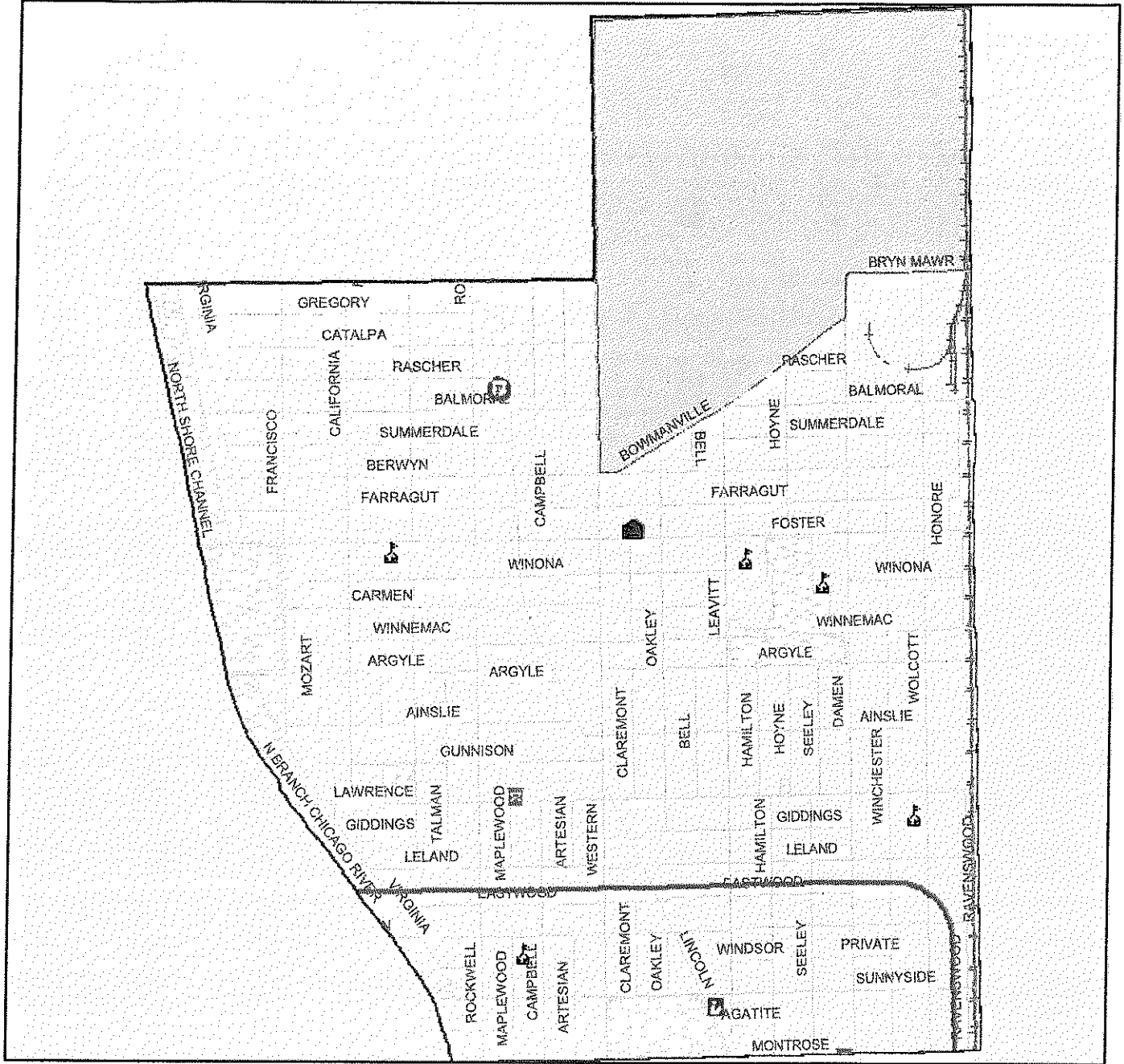
<b>Other Considerations</b>
ONLY USE IF IT MEETS SPECIAL MERIT CONSIDERATION AND PROJECT DOES NOT FIT INTO ECON DEV PLAN AND/OR TIF DISTRICT PLAN

# Western Avenue North TIF



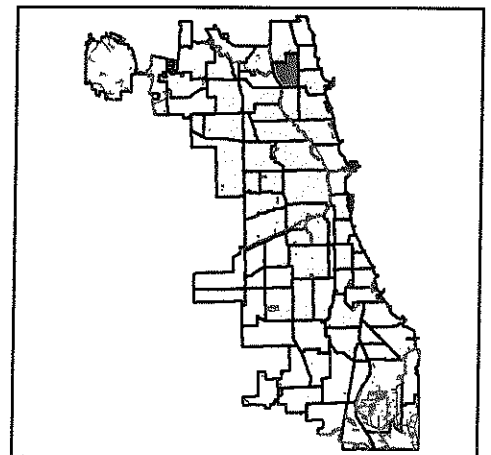


# LINCOLN SQUARE

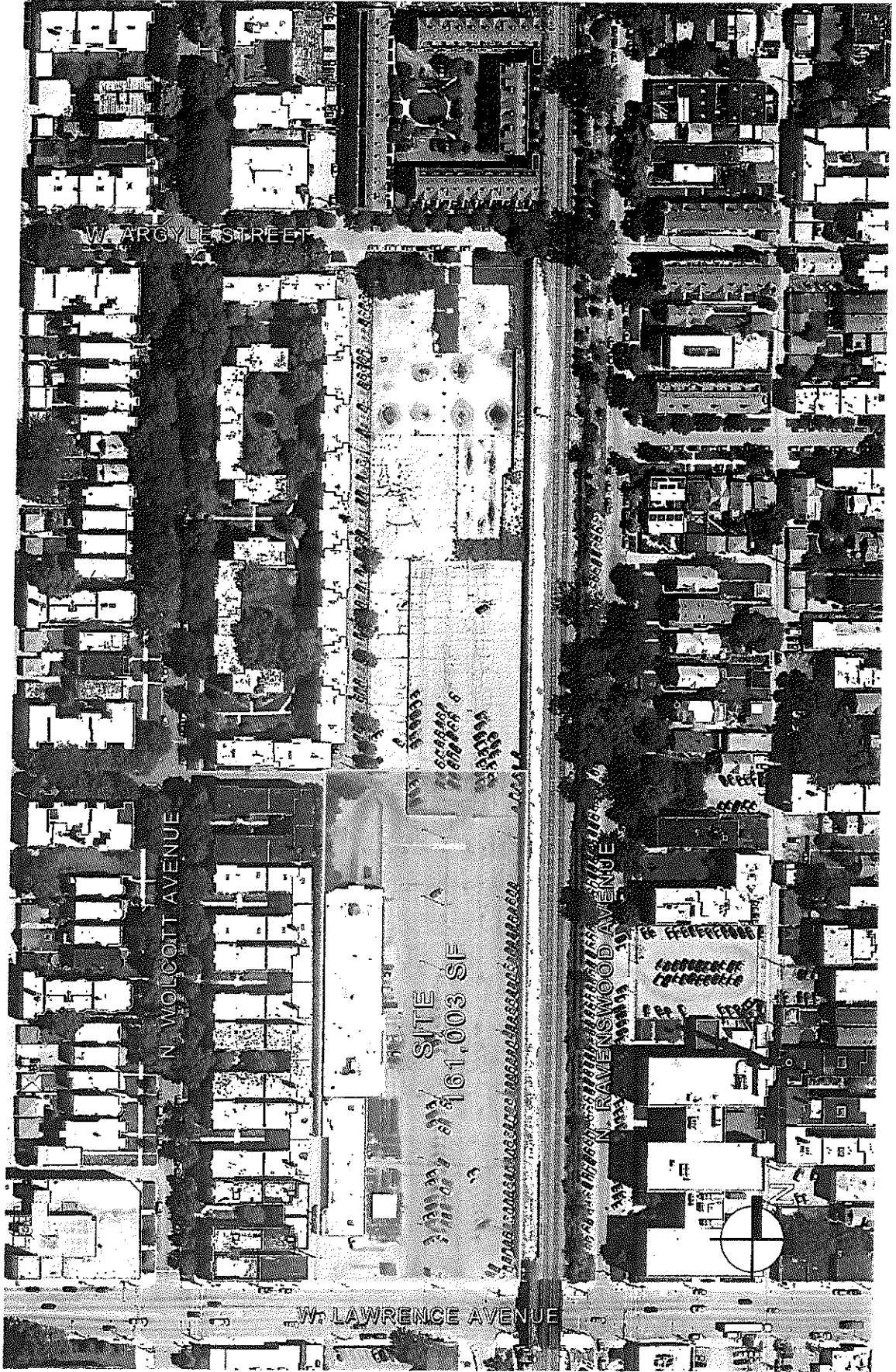


**Legend**

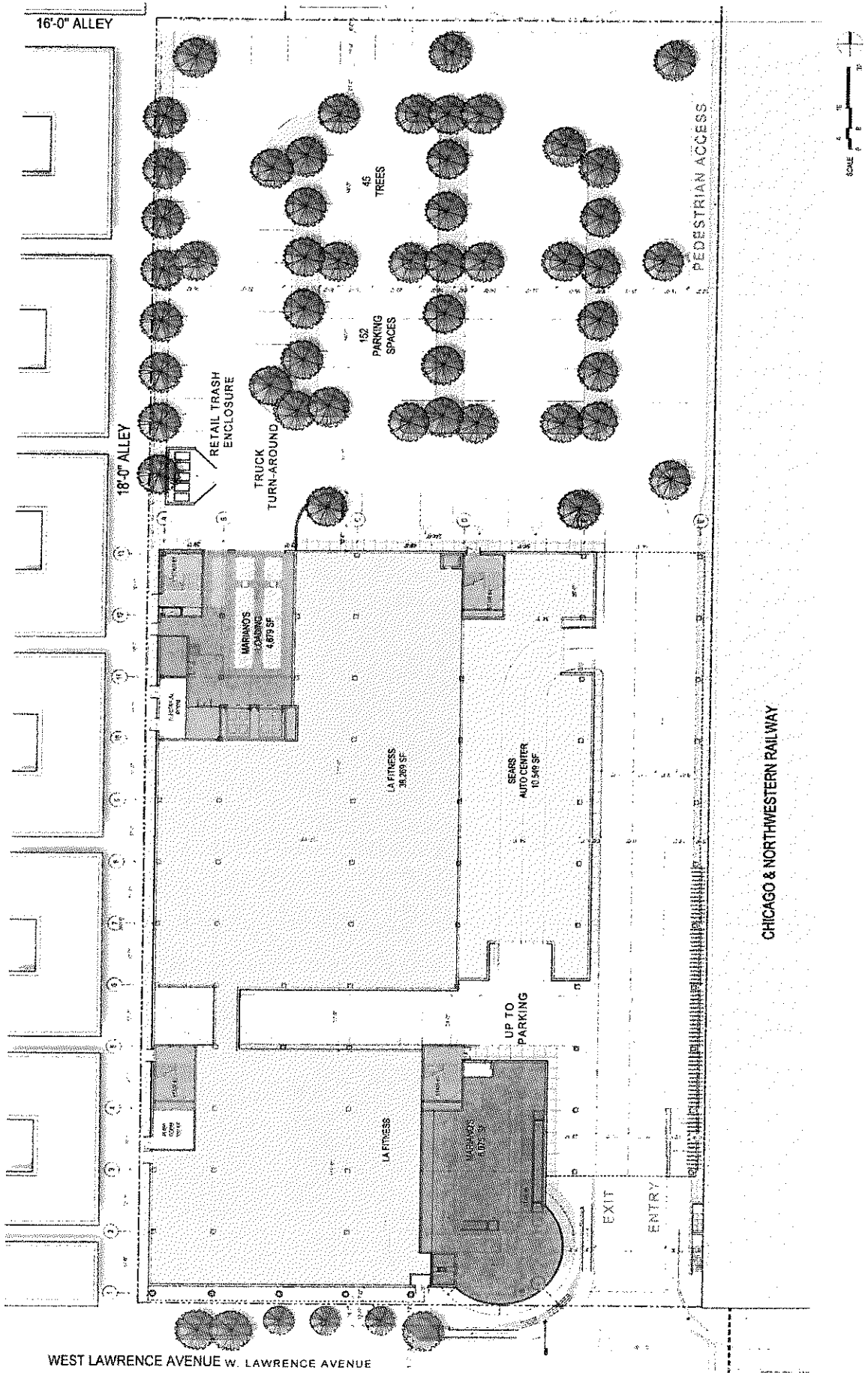
	Firehouses		CTA Lines
	Hospitals		Blue Line Subway
	Libraries		Blue Line Elevated/At-Grade
	Police Facilities		Brown Line
	Schools		Brown, Purple Lines
	U.S. Post Offices		Green Line
	Railroads		Green, Orange Lines
	Cemeteries		Pink, Brown, Purple, Orange Lines
	Parks		Pink, Brown, Purple, Orange, Green Lines
			Orange Line
			Purple Line
			Red Line Subway
			Red Line Elevated/At-Grade
			Red, Purple Lines
			Red, Purple, Brown Lines
			Yellow Line



# Ravenswood station site



# Ravenswood station site plan



# Ravenswood Station – North Elevation





July 2, 2012

**BY CERTIFIED MAIL**

Perry Nackachi  
Association of Asian Construction Enterprises  
333 N. Ogden Avenue  
Chicago, IL. 60607

*Re Ravenswood Station Redevelopment Project  
Lawrence/Ravenswood Avenues, Chicago, Illinois*

Dear Mr. Nackachi:

Ravenswood Station, LLC ("**Developer**") is pleased to announce the redevelopment of certain property generally located at the northwest corner of the intersection of Lawrence and Ravenswood Avenues in Chicago, Illinois (the "**Property**"). The Property will be redeveloped with a building housing a grocery store and other retail uses.

The Developer has tentatively chosen Leopardo Companies, Inc. to be the general contractor for the project. The project will require the participation of multiple trades. The project will be subject to minority business enterprise (MBE) participation of 24 percent and women business enterprise (WBE) participation of 4 percent for certain budget items. The Developer expects that construction will begin in October 2012 and be completed in September 2013. The general contractor may be contacted at 5200 Prairie Stone Parkway, Hoffman Estates, Illinois 60192, phone: 847.783.3300.

At your request, the general contractor will meet with a representative of your organization to present the draft project budget and schedule when they have been completed. Further, at your request, the general contractor will also provide your organization with one copy of the project bid documents (including plans and specifications) when they have been prepared.

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

Sincerely,

RAVENSWOOD STATION, LLC

By:   
Eugene Porto

cc: Mary Bonome, Dept. of Housing and Economic Development, City of Chicago



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Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)	5.60	
<b>Total</b>		

To: **Beth Doria**  
 Sent To: **Federation of Women Contractors**  
 Street or PO: **5650 S. Archer Avenue**  
 City, St: **Chicago, IL. 60638**

PS Form 3800, June 2002

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Restricted Delivery Fee (Endorsement Required)	5.60	
<b>Total</b>		

To: **Omar Duque**  
 Sent To: **Illinois Hispanic Chamber of Commerce**  
 Street or PO: **855 W. Adams Street**  
 City: **Chicago, IL. 60617**

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Restricted Delivery Fee (Endorsement Required)		
<b>Total Postage &amp; Fees</b>		5.60

To: **Perry Nackachi**  
 Sent To: **Association of Asian Construction Enterprises**  
 Street or PO: **333 N. Ogden Avenue**  
 City, St: **Chicago, IL. 60607**

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Restricted Delivery Fee (Endorsement Required)		
<b>Total Postage &amp; Fees</b>		5.60

To: **Omar Shareef**  
 Sent To: **African American Contractors Association**  
 Street or PO: **7445 S. South Chicago Avenue**  
 City: **Chicago, IL. 60619**

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Restricted Delivery Fee (Endorsement Required)	5.60	
<b>Total</b>		

To: **Belinda Henderson**  
 Sent To: **Black Contractors United**  
 Street or PO: **1200 Marshfield St.**  
 City: **Calumet Park, IL. 60827**

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Restricted Delivery Fee (Endorsement Required)	5.60	
<b>Total</b>		

To: **Ray Rivera**  
 Sent To: **Hispanic American Construction Industry Association**  
 Street or PO: **901 West Jackson Suite 205**  
 City, St: **Chicago, IL 60607**

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7005 1820 0008 2073 7619

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Restricted Delivery Fee (Endorsement Required)	5.60

7/2/12  
Postmark  
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Total Postage  
**Hedy Ratner**  
**Women Business Development Center**  
**8 South Michigan Avenue Suite 400**  
**Chicago, IL. 60603**

Sent To  
Street, Apt. No.  
or PO Box No.  
City, State, ZIP



**Associated  
Bank**

## **Commercial Real Estate Proposal**

March 22, 2012

Seymour R. Taxman  
The Taxman Corporation  
5215 Old Orchard Road  
Suite 130  
Skokie, IL 60077

RE: Mariano's, Ravenswood Station Construction Loan, REVISED proposal

Dear Sy:

The purpose of this letter is to provide in writing the basic terms and conditions upon which Associated Bank may be willing to consider providing a construction loan for the above referenced property. **This letter is not a commitment, but is intended to serve as an outline providing the basis for further discussion.**

**Borrower:**

**FOR DISCUSSION PURPOSES ONLY**

Chitown-EB/EP JV, LLC: a special purpose, limited liability joint venture partnership sponsored by Tim Barrett, Gene Porto and Sy Taxman.

- Sy Taxman – 15%
- Gene Porto – 15%
- Tim Barrett – 15%
- Sears Holdings – 45%
- Sierra Realty Advisors (Marc Offit/Rob Rowe) – 10%

**Property Description:**

To-be built, 133,061 SF Mariano's anchored (Roundy) retail center that is 100% leased, located on 3.5 acres at the NWC of Lawrence and Ravenswood Avenues, Chicago, Illinois.

The site will include a 213 car parking deck and 157 surface parking spaces, providing a 2.78:1,000 rsf parking ratio.

**Purpose:**

Borrower has requested a Construction Loan and City of Chicago TIF Bridge Loan to develop a grocery anchored retail center in Chicago's Near North submarket.

**Loan Amount:**

Construction Loan amount will not exceed the lesser of:

- \$33,865,394;
- 75% of \$45,416,922 total development budget (Exhibit A);
- 75% of stabilized value;
- Appraisal must support at least \$4,000,000 land value ascribed in the development budget; and
- Appraisal supports no less than \$3,600,000 of annual Net Operating Income with a 1.30:1 Debt Service Coverage Ratio (as defined herein).

TIF Bridge Loan not to exceed the lesser of:

- \$4,500,000, comprised of the aggregate of:
  - The lesser of: (i) \$1,000,000; or (ii) the payment due from North Central TIF District when Mariano's is open for one day of business; and
  - The lesser of: (i) \$3,500,000; (ii) 70% of the Net Present Value of projected tax increment; or (iii) 100% of projected net TIF Note sale proceeds.
- and the Aggregate of Construction Loan amount and TIF Bridge Loan will not to exceed the lesser of:
  - 85% of total development costs.
  - 80% of stabilized value.

**Interest Rate:**

Construction Loan:

- 30-day Libor + 2.75%, dropping to
- 30-day Libor + 2.50% as long as:
  1. Tenants, per Rent Roll (Exhibit B), in occupancy, paying scheduled rent, and not in default under their lease; and
  2. Outstanding principal loan balance is amortizing,
  3. TIF Bridge Loan has been paid off.

TIF Bridge Loan: 30-day Libor + 3.50%.

**Interest Rate Floor:**

None

**Commitment Fee:**

Construction Loan: 0.75%

TIF Bridge Loan: 1.00%

**Amortization:**

Construction Loan:

- None during initial term.
- Amortization to begin no later than beginning of month 25.
- Based on a 25 year amortization schedule.

TIF Bridge Loan: Interest only

**Term:**

Construction Loan: 24 months plus two 12 month extension options (see following).

TIF Bridge Loan: 24 months

- \$1,000,000 principal pay down due no later than 12/01/13 (beginning of month 16 from loan closing date).
- \$3,500,000 balance of TIF Bridge Loan will be due no later than 08/31/14 (end of month 24 from loan closing date).

**Extension Options:**

The Construction Loan will have two 12 month extension options available, subject to:

- No default under terms of Loan Agreement;
- Payment of 0.25% extension fee;
- All tenants (per Rent Roll, Exhibit B) are in occupancy, current on rent, and no defaults under terms of their leases.
- In-place NOI provides no less than 1.30:1 DSCR (as defined herein) on the outstanding loan commitment.
- Associated Bank reserves right to reappraise the property with the second extension option, supporting outstanding loan commitment does not exceed 75% of as-is value.
- Outstanding principal loan balance is amortizing.
- The TIF Bridge Note has been paid off in full.

**Repayment Source:**

Construction Loan: Interest paid from Interest Reserve until tenants are in occupancy and paying rent, at which time it will be paid from property cash flow. Principal amortization will be paid from property cash flow. Outstanding principal balance is due at maturity.

TIF Bridge Loan: Interest paid from construction loan interest reserve. Principal repaid as follows: \$1,000,000 from North Central TIF District upon Mariano's opening for business and balance from sale of City of Chicago TIF Note. If the City TIF Note generates proceeds in excess of TIF Bridge loan balance, excess proceeds will be applied to the construction loan outstanding principal balance.

**Collateral:**

First mortgage, assignment of rents and leases, operating deposit accounts, contracts, developer's rights (including but not limited to assignment of redevelopment agreement including TIF payment, TIF Note, and TIF Note sale proceeds), members' interests, and UCC's on the Property.

The Construction Loan and TIF Bridge Loan will be cross-collateralized and cross-defaulted with one another.

**Guarantors:**

100% several principal repayment guarantees on the Construction Loan from Sy Taxman, Tim Barrett, and Gene Porto:

- Sy Taxman's principal repayment guaranty is limited to 33.34% of the outstanding Construction Loan commitment.
- Tim Barrett's principal repayment guaranty is limited to 33.34% of the outstanding Construction Loan commitment.
- Gene Porto's principal repayment guaranty is limited to 33.34% of the outstanding Construction Loan commitment.

Each guarantor's individual principal repayment guaranty on the Construction Loan will be reduced to 20% (several) subject to:

- (1) Certificate of Occupancy received;
- (2) All tenants per Rent Roll (Exhibit B) have: (i) accepted their Premises; (ii) open for business; and (iii) commenced paying rent due under their respective lease;
- (3) No default under the loan documents; and
- (4) In-place Debt Service Coverage Ratio of 1.30:1.

100% joint/several completion and collection guarantees, plus full indemnifications provided by Tim Barrett, Gene Porto and Sy Taxman. Standard non-recourse carve-out provisions apply (including but not limited to fraud, bankruptcy, etc.).

Guarantors will provide 100% joint and several principal repayment and collection guarantees in support of TIF Bridge Loan.

**Equity Contribution:**

Borrower will contribute no less than 16% of the total development costs in Equity prior to loan closing (see breakdown of Borrower equity in Exhibit A).

Borrower will maintain a balanced budget at all times.

The TIF Bridge Loan will fund ahead of the Construction Loan.

**Appraisal:**

Appraisal satisfactory to Associated Bank.

**Environmental:  
Inspecting Architect:**

Environmental assessment satisfactory to Associated Bank.  
An independent Inspecting Architect will complete a plan and cost review based on final plans and specifications prior to closing. Inspecting Architect will review each draw request.

**Preleasing Requirement:**

Executed leases consistent with Rent Roll depicted in Exhibit B.

**Draws:**

Monthly construction draws shall be funded through a construction escrow account established at a title company, and date down endorsements shall be obtained with each draw.

**General Contractor:** To be determined and subject to approval by Associated Bank.  
Borrower will have a Guaranteed Maximum Price contract in place prior to closing the Subject loan.

**Deposit Accounts:** All property operating accounts shall be opened prior to loan closing and maintained with Associated Bank throughout the term of the loan.

**Development Fee:** Developer Fees and Overhead Expense will be treated as contributed equity (Exhibit A).

**Reporting Requirements:**

1. Property financial statement due within 45 days of quarter end, and 90 days of year end, including: balance sheet, income statement, statement of cash flows, statement of past due receivables, and property rent roll.
2. Annual Personal Financial Statement of guarantor(s) within 90 days of year-end, including: statement of contingent liabilities, global cash flow, Bank form personal financial statement certification statement; and guarantor covenant compliance certificate.
3. Annual tax return of guarantor(s), including K1s, due within 15 days of applicable filing date.

**Guarantor Covenants:** Each guarantor to maintain unencumbered liquidity of no less than \_\_\_\_\_ (to be determined) and tangible net worth of no less than \_\_\_\_\_ (to be determined).

**Borrower Covenants:**

1. All tenants (per Rent Roll, Exhibit B) are in occupancy, current on scheduled rent (per Exhibit B), and there are no defaults under the terms of any tenant's lease.
2. In-place Net Operating Income maintains a 1.30:1 Debt Service Coverage Ratio (as defined herein) at all times, tested annually.

**Debt Service Coverage Ratio:** The ratio of Net Operating Income (numerator) to Debt Service (denominator).

Net Operating Income will be calculated using income scheduled and received from tenants (per Rent Roll, Exhibit B): (i) under executed lease; (ii) in occupancy, (iii) current on rent, and (iv) not in default under their lease (annualized); less annual operating expenses (including management fee of no less than 3.0% and \$13,306 capital reserve allowance).

Debt Service will be calculated using 25 year amortization on the outstanding Construction Loan commitment and an interest rate that is the greater of: (i) 6.00%; (ii) the ten-year Treasury Rate plus 2.5%; and (iii) the actual interest rate (Base Rate plus Bank spread).

**Other Requirements:**

1. Loan documentation shall be prepared by outside counsel.
2. Appropriate insurance on the Property is required.
3. A review of borrower's property insurance needs with Associated Financial Group.
4. Satisfactory review of executed TIF agreement between Borrower and City of Chicago, including but not limited to: (i) that the only condition for City to issue both the \$1,000,000 TIF payment and TIF Note is that Mariano's be open for business one day; and (ii) opinion letters from Peter Raphael (William Blair) and Mike Lauby (Laube Companies) supporting the assumptions that the TIF Note sale will generate no less than \$3,500,000 in net proceeds to the Borrower within 24 months of loan closing.
5. Satisfactory review of executed leases with Mariano's, LA Fitness, and Sears, including review of current Roundy's and LA Fitness financial statements.
6. Construction will be complete, with Mariano's and LA Fitness accepting their premises, and commencing paying rent, and open for business no later than 12/01/13 (beginning of month 16 from loan closing).
7. Associated Bank will notify Borrower of estimated third party expenses that may exceed \$1,500.00 prior to engaging said services.

The above proposal is subject to a complete due diligence underwriting by Associated Bank, satisfactory loan documentation, and other loan closing requirements. This would include a satisfactory financial review of the Guarantors of the proposed project. All costs associated with any aspects of the financing, including but not limited to appraisal, environmental, travel, legal, title and inspecting architect fees, and a flood zone determination for the real estate, will be your responsibility, whether or not the loan, if approved, is actually closed.

Again, this is not a binding commitment, but a summary of indicative terms and conditions, which may be presented and subject to appropriate Associated Bank approvals. I look forward to your response to proceed with consideration of the financing described herein. Please call me if you have any questions or comments regarding this letter at (847) 236-4439.

Sincerely,

\_\_\_\_\_  
Edward U. Notz, Jr.  
Senior Vice President  
Commercial Real Estate

\_\_\_\_\_  
Seymour Taxman

\_\_\_\_\_  
Tim Barrett

\_\_\_\_\_  
Gene Porto

## Exhibit A - Preliminary Budget

\*The following budget is subject to review and approval by Associated Bank prior to loan closing\*

land	Equity \$3,000,000	TIF Bridge \$0	Debt \$1,000,000	Total \$4,000,000
site work				
offsite	\$0	\$0	\$250,000	\$250,000
shell/core (1)	\$0	\$0	\$500,000	\$500,000
construction management	\$2,250,000	\$4,500,000	\$14,266,938	\$21,016,938
tenant improvements	\$0	\$0	\$794,043	\$794,043
tenant contributions	\$0	\$0	\$1,319,224	\$1,319,224
environmental (soil disposal)	\$0	\$0	\$9,425,570	\$9,425,570
signage	\$0	\$0	\$250,000	\$250,000
<u>hard cost contingency</u>	<u>\$0</u>	<u>\$0</u>	<u>\$50,000</u>	<u>\$50,000</u>
total hard costs	\$2,250,000	\$4,500,000	\$1,334,231	\$1,334,231
arch/eng	\$0	\$0	\$730,000	\$730,000
testing/insp	\$0	\$0	\$150,000	\$150,000
permits	\$0	\$0	\$452,327	\$452,327
commissions	\$551,529 (2)	\$0	\$584,718 (3)	\$1,136,246
real estate taxes	\$0	\$0	\$150,000	\$150,000
insurance	\$0	\$0	\$45,000	\$45,000
legal	\$0	\$0	\$645,000	\$645,000
utilities	\$0	\$0	\$50,000	\$50,000
overhead	\$500,000	\$0	\$0	\$500,000
construction loan fee (0.75%)	\$0	\$0	\$253,207	\$253,207
TIF Bridge Loan Fee (1.00%)	\$0	\$0	\$45,000	\$45,000
loan closing costs (estimated)	\$0	\$0	\$51,793	\$51,793
interest reserve	\$0	\$0	\$1,000,000	\$1,000,000
soft cost contingency	\$0	\$0	\$168,343	\$168,343
Development Fee (1.65%)	\$750,000	\$0	\$0	\$750,000
<u>community sitework</u>	<u>\$0</u>	<u>\$0</u>	<u>\$350,000</u>	<u>\$350,000</u>
total soft costs	\$1,801,529	\$0	\$4,675,387	\$6,476,916
total development costs	\$7,051,529	\$4,500,000	\$33,865,394	\$45,416,922
Loan to Cost	16%	10%	75%	100%

- (1) Borrower Equity and TIF Bridge Loan may comprise other line items. For presentation purposes, the balances are lumped into shell/core.
- (2) Sierra Realty's commissions for bringing together the deal, and is being counted as contributed equity into the project.
- (3) third party leasing commissions for securing leases with Mariano's and LA Fitness.



## Exhibit B - Rent Roll

Tenant	rsf	% rsf	lease term	base rent	base rent psf	pass-thru expenses
Mariano's	86,151	65%	20 years	\$2,778,370	\$32.25	NNN
LA Fitness	36,909	28%	15 years	\$1,217,997	\$33.00	NNN
Sears Auto	10,250	8%	tbd	\$0	\$0.00	NNN
<b>Total</b>	<b>133,310</b>	<b>100%</b>		<b>\$3,996,367</b>		

Note:

- (1) In return for contributing land, Sears is not paying base rent. Sears is however paying their full share of operating expenses. Final details are still being negotiated, including lease term.
- (2) Leases are Triple Net. Borrower also passing through a limited "Administration Fee" to Mariano's and LA Fitness (expected to be roughly 1.5% of base rent).



July 2, 2012

Honorable Ameya Pawar

Dear Alderman Pawar,

The Lincoln Square Chamber of Commerce is in support of Mariano's and a gym at Lawrence and Ravenswood in the east parking lot of the Sears property. There have been three community meetings on this topic that have received a great deal of support. We believe having a grocery store and gym in that area will be a catalyst for development on Lawrence Avenue. This development along with the scheduled streetscape on Lawrence will hopefully spur new interest in that section of Lawrence and help transform the area and make it inviting to independent businesses to open.

We are pleased that the TIF request has decreased significantly from the first presentation of this project. We are confident that Mariano's along with the gym will be true to their word and be a good community partner for the Lincoln Square / Ravenswood Area.

Sincerely,

Jason Kraus  
Board President  
Lincoln Square Chamber of Commerce of Commerce

Melissa Flynn  
Executive Director  
Lincoln Square Chamber of Commerce



## CITY COUNCIL

CITY OF CHICAGO

### COUNCIL CHAMBER

CITY HALL, FLOOR 200  
121 NORTH LA SALLE STREET  
CHICAGO, ILLINOIS 60602  
TELEPHONE: 312 744 0446

### COMMITTEE MEMBERSHIPS

Chairman: Public Safety

Chairman: Capital and Technology Development

Chairman: Public Safety

Chairman: Cultural Affairs and Recreation

Chairman: Law and Public Safety

## AMEYA PAWAR, MPA, M.Sc.

Alderman, 47th Ward  
4243 North Lincoln Avenue  
CHICAGO, ILLINOIS 60618  
TELEPHONE: 773 668 4747  
FAX: 773 549 4757

Tuesday, July 03, 2012

Dear Commissioner Mooney:

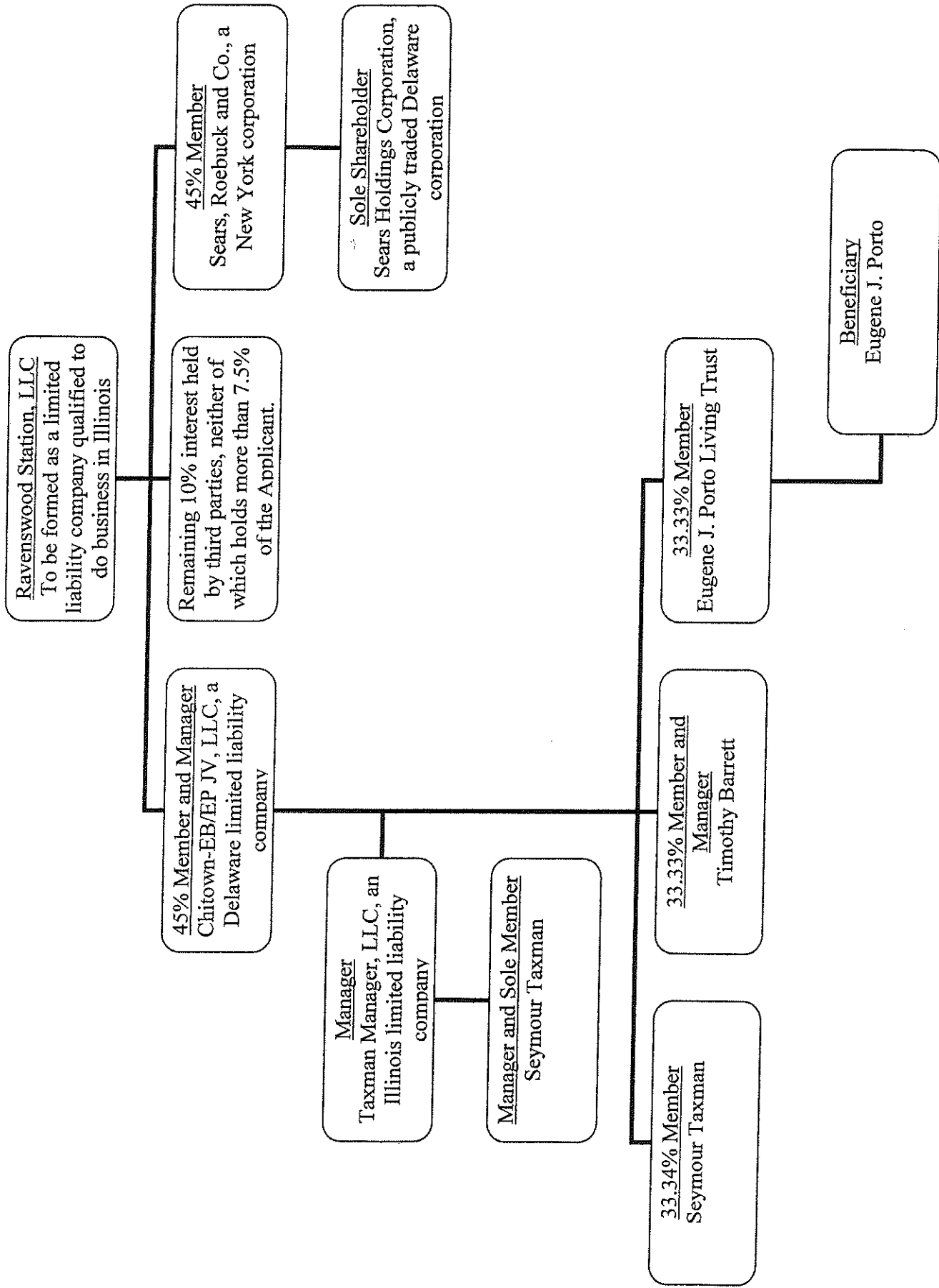
I am writing this letter to express my full support for a tax increment financing (TIF) award of \$4,500,000, from the Western Avenue North TIF, for the Ravenswood Station project. This letter also serves as an approval for the Planned Development plan for the Ravenswood Station project.

My office held a total of 4 community meetings in December of 2011 and there was overwhelming community support for the use of TIF funds and for the project. The Lincoln Square Chamber of Commerce has also provided a letter of support for this project.

Please consider this strong letter of support in any decision you make.

Warm regards,

Ameya Pawar  
Alderman, 47th Ward



**City of Chicago**  
**Workforce Solutions Unit**  
**Employer Personnel Needs Assessment Form**

**Company Information**

**Company Name:** Barrett and Porto, LLC

**Address 1:** 221 W. Illinois St.

**Contact Person/Title:** Tim Barrett

**Address 2:**

**Telephone:** (630) 221-7000

**City/State/Zip:** Wheaton, Illinois 60184

**Email:** mobiletim7@aol.com

**Industry Description:** Real Estate Development

**HR Contact/Title:** N/A

**Telephone:** (630) 221-7000

**Email:** N/A

**# of Existing Jobs:** 0

**# of New Jobs:** -480

**Job Creation Information**

*Directions: Please list your new job titles below and also include the number of estimated positions for each title, technical skills required and start date.*

Position/Title	# of Positions	Technical Skills	Approx. Wage/Salary	Estimated Start Date
Mariano's - Management positions	10	Managerial	\$100,000 / year (avg.)	Jan-14
Mariano's - full-time store positions	100	Baker, Clerk, Butcher, Cashier	\$65,000 / year (avg.)	Jan-14
Mariano's - part-time store positions	150	Clerk, Cashier	\$25,000 / year (avg.)	Jan-14
LA Fitness - Management positions	5	Managerial	\$80,000 / year (avg.)	Nov-13
LA Fitness - full-time positions	50	Trainers, Laborers, Clerks	\$60,000 / year (avg.)	13-Nov
LA Fitness - part-time positions	145	Trainers, Laborers, Clerks	\$25,000 / year (avg.)	Nov-13
Sears - Management positions	3	Managerial	\$90,000 / year (avg.)	Nov-13
Sears - full-time positions	12	Mechanics, Clerks	\$85,000 / year (avg.)	Nov-13
Sears - part-time positions	5	Laborers, Clerks	\$25,000 / year (avg.)	Nov-13

*A detailed job description for each position will be required for the Employment Plan.*

*Please return this form to the Workforce Solutions Unit, to the attention of either:*

**Emily Bradley** OR  
**Coordinator of Economic Development**  
**Phone: 312-744-8565**  
**Email: emily.bradley@cityofchicago.org**

**Camille Loggins**  
**Coordinator of Economic Development**  
**Phone: 312-744-0140**  
**Email: camille.loggins@cityofchicago.org**

*If applicable, you will be contacted by the Workforce Solutions staff to complete an Employment Plan prior to your TIF application submission to the Community Development Commission (CDC).*

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

**RESOLUTION NO. \_\_ - CDC -**

**AUTHORIZATION TO NEGOTIATE A  
REDEVELOPMENT AGREEMENT WITH RAVENSWOOD STATION, LLC.**

**AND  
RECOMMENDATION TO  
THE CITY COUNCIL OF THE CITY OF CHICAGO  
FOR THE DESIGNATION OF RAVENSWOOD STATION, LLC.  
AS DEVELOPER**

**WHEREAS**, the Community Development Commission (the "Commission") of the City of Chicago (the "City") has heretofore been appointed by the Mayor of the City with the approval of its City Council (the City Council referred to herein collectively with the Mayor as the "Corporate Authorities") as codified in Section 2-124 of the City's Municipal Code; and

**WHEREAS**, the Commission is empowered by the Corporate Authorities to exercise certain powers enumerated in Section 5/11-74.4-4(k) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.), (as amended from time to time, the "Act"); and

**WHEREAS**, the City Council, upon the Commission's recommendation pursuant to Resolution \_\_-CDC-\_\_ and pursuant to the Act, enacted three ordinances on July 10, 2012 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Western Avenue North Tax Increment Financing Redevelopment Project Area (the "Area"), designated the Area as a redevelopment project area and adopted tax increment allocation financing for the Area. The street boundaries of the Area are described on Exhibit A hereto; and

**WHEREAS**, Ravenswood Station, LLC. (the "Developer"), has presented to the City's Department of Housing and Economic Development ("HED") a proposal for redevelopment of the Area or a portion thereof that is in compliance with the Plan, consisting of the construction of approximately 127,000 square feet of retail and 357 parking spaces Retail at 1820-24 W. Lawrence Avenue (the "Project"); and

**WHEREAS**, HED requests that the Commission recommend to City Council that the Developer be designated as the developer for the Project and that HED be authorized to negotiate, execute and deliver a redevelopment agreement with the Developer for the Project; now, therefore,

**BE IT RESOLVED BY THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF CHICAGO:**

- Section 1. The above recitals are incorporated herein and made a part hereof.
- Section 2. The Commission hereby recommends to City Council that the Developer be designated as the developer for the Project and that HED be authorized to negotiate, execute and deliver on the City's behalf a redevelopment agreement with the Developer for the Project.
- Section 3. If any provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this resolution.
- Section 4. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.
- Section 5. This resolution shall be effective as of the date of its adoption.
- Section 6. A certified copy of this resolution shall be transmitted to the City Council.

ADOPTED: \_\_\_\_\_, 200\_

Attachment: Exhibit A, Street Boundary Description

**EXHIBIT A**

Street Boundary Description of the  
Western Avenue North Tax Increment Financing  
Redevelopment Project Area

The Area is generally bounded by West Foster Avenue on the north, North Ashland Avenue on the east, West Montrose Avenue on the south, and North California Avenue on the west.