

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

**STAFF REPORT
TO THE
COMMUNITY DEVELOPMENT COMMISSION
REQUESTING DEVELOPER DESIGNATION
JUNE 12, 2018**

I. PROJECT IDENTIFICATION AND OVERVIEW

Project Name:	Congress Theater
Applicant Name:	New Congress, LLC
Project Address:	2100 N Milwaukee Ave
Ward and Alderman:	1 st Ward, Moreno
Community Area:	22, Logan Square
Redevelopment Project Area:	Fullerton/Milwaukee TIF
Requested Action:	TIF Developer Designation
Proposed Project:	<p>Theater Building: Rehabilitation of the 160,000 square foot Congress Theater into a 4,900 seat, music venue with the addition of a 30 key boutique hotel, 14 residential units that are 100% affordable and approximately 16,000 square feet of ground floor retail.</p> <p>Residential Building: Construction of an estimated 100 unit residential building with at least 30% affordable housing units.</p>
Goal of Project:	Renovation and restoration of historic theater for live concerts and community use with 14 affordable units. 75 new full time equivalent (“FTE”) employees and 250 temporary construction positions.
TIF Assistance:	Total: \$9,650,000

II. PROPERTY DESCRIPTION

Address: 2135 N Milwaukee Ave

Location: Northeast & Northwest Corners of Milwaukee Ave. and Rockwell St.

Tax Parcel Numbers:

The Theater Building PINs:
13-36-221-017
13-36-221-031
13-36-221-032

The Residential Building PINs:
13-36-202-052
13-36-202-053
13-36-202-054
13-36-202-055

Land Area: 72,500 square feet

Current Use: Theater Building: Vacant Theater/Retail/Residential Space
Residential Building: Unimproved fenced gravel lot.

Current Zoning: B3-1, Commercial Shopping District
C1-1, Neighborhood Commercial

Proposed Zoning: Planned Development (PD)

Environmental Condition: N/A

III. BACKGROUND

The Congress Theater project is located at 2100 N Milwaukee Avenue, at the corner of Milwaukee Avenue and Rockwell Street in the Logan Square community of Chicago. The community area is bounded by Diversey Avenue to the north, the Chicago River to the east, Bloomingdale Avenue to the south and the Milwaukee District Metra line to the west.

The population of Logan Square is 72,791 and it contains 29,391 households. The neighborhood is primarily a mix between white non-Hispanic (42%) and white Hispanic (46%) households.

The median household income is \$55,944 which is above the City of Chicago median household income of \$47,270.

The Congress Theater was constructed in 1926 by Fridstein and Company and was originally operated as a motion picture theater. It was constructed in the Classical Revival and Italian Renaissance styles with an ornate lobby and auditorium space. These unique architectural features allowed it to be designated as a Chicago Landmark in 2002. Up until its closure in 2013 it hosted live musical acts and community events.

The Congress Theater sits in the Fullerton Milwaukee TIF District. The district was designated in 2000. The goal of the district is to strengthen the economic vitality of the community, eliminate blight and increase employment opportunities.

The developer acquired the Congress Theater in 2015 for \$16,050,000. It sits along a stretch of Milwaukee Avenue that is seeing increased investment in new housing and businesses. In the past few years several large scale residential, apartment developments, including the 216 unit MICA towers and the 120 unit L Logan Square building were completed on previously vacant lots. The Congress Theater is accessible to both the California and Western Ave Blue Line stations. These factors ensure the project will add to the vitality and regeneration of the neighborhood while providing a new source of entertainment for the community and revenue for the City.

IV. PROPOSED DEVELOPMENT TEAM

Development Entity:

New Congress, LLC, through its CEO Michael Moyer is proposing the redevelopment of the 2100 block of N Milwaukee Ave. Prior to this, he was the Managing Member and CEO of PalMet Venture, LLC. He is an active real estate investor and developer, primarily in Chicago.

Mr. Moyer has over 25 years of real estate and business experience. He began his career at Price Waterhouse & Co, in the Seattle and Anchorage Offices. After earning master's degrees in Accounting (MAcc) and Political Science (MA), he joined Kenneth Leventhal in Chicago. Mr. Moyer next became Vice President of Finance for Melvin Simon and Associates, the private entity that became Simon Property Group (NYSE: SPG). Mr. Moyer worked with the Van Kampen family beginning in 1995, during which he sourced, developed, and managed various real estate assets.

PalMet Venture, LLC with Michael Moyer as Managing Member was established to redevelop the \$120 million historic mixed use block adjacent to City Hall in Chicago's Loop which included the renovation of the Cadillac Palace Theater and the Hotel Allegro. PalMet Venture has also functioned as a platform to develop office, hotels, and residential projects with gross valuation exceeding \$1 billion.

Mr. Moyer has been a board member of various civic and community organizations including the Chicago Convention and Tourism Bureau, League of Historic American Theaters, Mental Health Association of Illinois, and the YMCA.

Consultants:

Architect

Woodhouse Tinucci Architects
230 W Superior 6th Floor
Chicago, IL 60654

TIF Consultant

Laube Companies
200 S Wacker Dr Suite 3100
Chicago, IL 60606

V. PROPOSED PROJECT

Project Overview:

The developer is proposing to redevelop the vacant Congress Theater with a Total Project Cost (“TPC”) estimated to be \$69,241,050. The Theater Building is a 160,000 square foot building containing a theater, along with residential units and ground floor retail. The developer will renovate the theater into a music venue with an approximately 4,900 person maximum capacity. The Project will also create a boutique hotel containing approximately 30 rooms as well as approximately 16,000 square feet of restaurant/retail store space. Additionally, it will renovate the structure to include 14 affordable residential units. The residential units will be affordable in the following categories: 33% units affordable to 50% AMI; 33% units affordable to 60% AMI; 33% units affordable to 80% AMI.

In addition, the developer proposes to redevelop an adjacent parking lot into the Residential Building made up of apartments with ground floor retail. This project will be included in the RDA negotiated between the City and the developer. The developer will receive an additional \$800,000 in TIF funding when they complete the Residential Building. The development is required to set aside 30% of the units as affordable. A final unit count and timeline has not been determined.

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

Theater Building:

Affordable Rental Units

Unit Type	Percent	Size-sf	Affordable Threshold	HUD Rent Threshold
Efficiency	5	425 sqft avg.	50 % AMI	\$691
Efficiency	5	425 sqft avg.	60% AMI	\$830
Efficiency	4	425 sqft avg.	80 % AMI	\$1106
Total		425 sqft avg.		\$875 avg.

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 (“HUD”) and listed according to building construction type (i.e. apartment, townhouse, house), number of bedrooms and household size. Different federal funding development and operating support sources may have different maximum income and rent restrictions.

VI. FINANCIAL STRUCTURE

The project will be financed with a mix of investor equity and debt. The City intends to reimburse the Developer for a portion of its TIF-eligible costs in an amount not to exceed \$9,650,000 which is approximately 13.93% of the Total Project Cost of the Theater Building, currently estimated to be \$69,241,050. The reimbursement will be provided through the issuance of a taxable note to the Developer not to exceed \$4,600,000 and up to an additional \$4,250,000 in cash payments. Upon completion of Theater Building, the City will issue the taxable note to the Developer payable from increment created by the project PINs of the Theater Building. Upon the issuance of the Certificate of Completion for the Theater, the City will issue a cash payment of \$1,750,000 from area-wide funds available from the Fullerton/Milwaukee TIF district. Upon the 1st anniversary of the Certificate of Completion for the Theater, the City will issue a cash payment of \$1,500,000 from area-wide funds available from the Fullerton/Milwaukee TIF district. Upon the 2nd anniversary of the Certificate of Completion for the Theater, the City will issue a cash payment of \$1,000,000 from area-wide funds available from the

Fullerton/Milwaukee TIF district. Upon completion of Residential Building across the street, the City will issue a taxable note to the Developer not to exceed \$800,000 payable from increment created by the project PINs of the Residential Building. Of the increment generated from the Project PINs no more than 95% will be made available for payment.

Given the difficulty the Developer has had in obtaining financing for this deal the TIF funds are being used as collateral for a portion of the permanent financing. Without the TIF funds this project could not be financed and would not generate an acceptable level of return on investment.

The following table identifies the Theater Project's proposed sources and uses of funds. The developer has not secured a lender to date.

<u>Sources</u>	<u>Amount</u>	<u>% of total</u>
Equity	\$8,641,038	12.4%
Equity TIF Bridge	\$2,218,697	3.2%
Debt	\$29,435,525	42.5%
Debt TIF Bridge	\$6,631,303	9.5%
Other (HTC, PACE)	\$22,314,487	32.2%
Total Sources	\$69,241,050	100%
<u>Uses</u>	<u>Amount</u>	<u>\$/sf of Building</u>
Acquisition	\$16,879,997	\$105.50 psf
Hard Costs	\$36,601,033	\$228.76 psf
Soft Costs		
Architects Fee (7% of hard costs)	\$1,685,000	
Loan Origination Fee (1% of loan)	\$175,000	
Loan Interest (5% of total costs)	\$3,600,000	
GC Fee 1% of total costs)	\$949,334	
Development Fee (3% of total costs)	\$ 2,233,251	
Permits and Taxes (1% of total costs)	\$485,000	
Pre Opening—FF&E/OSE/Capital (6% of total costs)	\$3,966,180	
Credit Fee (1% of total costs)	\$700,000	
Other soft costs (2% of total costs)	\$1,126,255	
Total Soft Costs (18.2% of total costs)	\$ 15,760,020	\$98.5 psf
Total Uses	\$69,241,050	\$432.76 psf

VII. PUBLIC BENEFITS

The proposed project will provide the following public benefits.

Historic Preservation: Rehab historic Chicago landmarked Congress Theatre

Affordable Housing: The project will provide 14 new affordable housing units.

Permanent Jobs: The project is estimated to generate 75 new permanent jobs in the hotel, theater and service sectors.

Construction Jobs: The project will produce 250 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.

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

Additional Taxes: The project will generate additional Amusement, Hotel and Sales tax revenue for the City.

VIII. COMMUNITY SUPPORT

Alderman Moreno endorses the project and has provided a letter of support.

IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN

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

- Encourage productive use of underutilized and vacant property;
- Stimulate private investment;
- Restore and expand the tax base in order to maintain a high level of services, programs and facilities;
- Encourage sales tax producing enterprises in the area;

- Eliminate blighting conditions which prevent further development of the area;
- Encourage the use of environmentally sustainable design standards;
- Restore and enhance the property tax base within the area

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 whose 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.

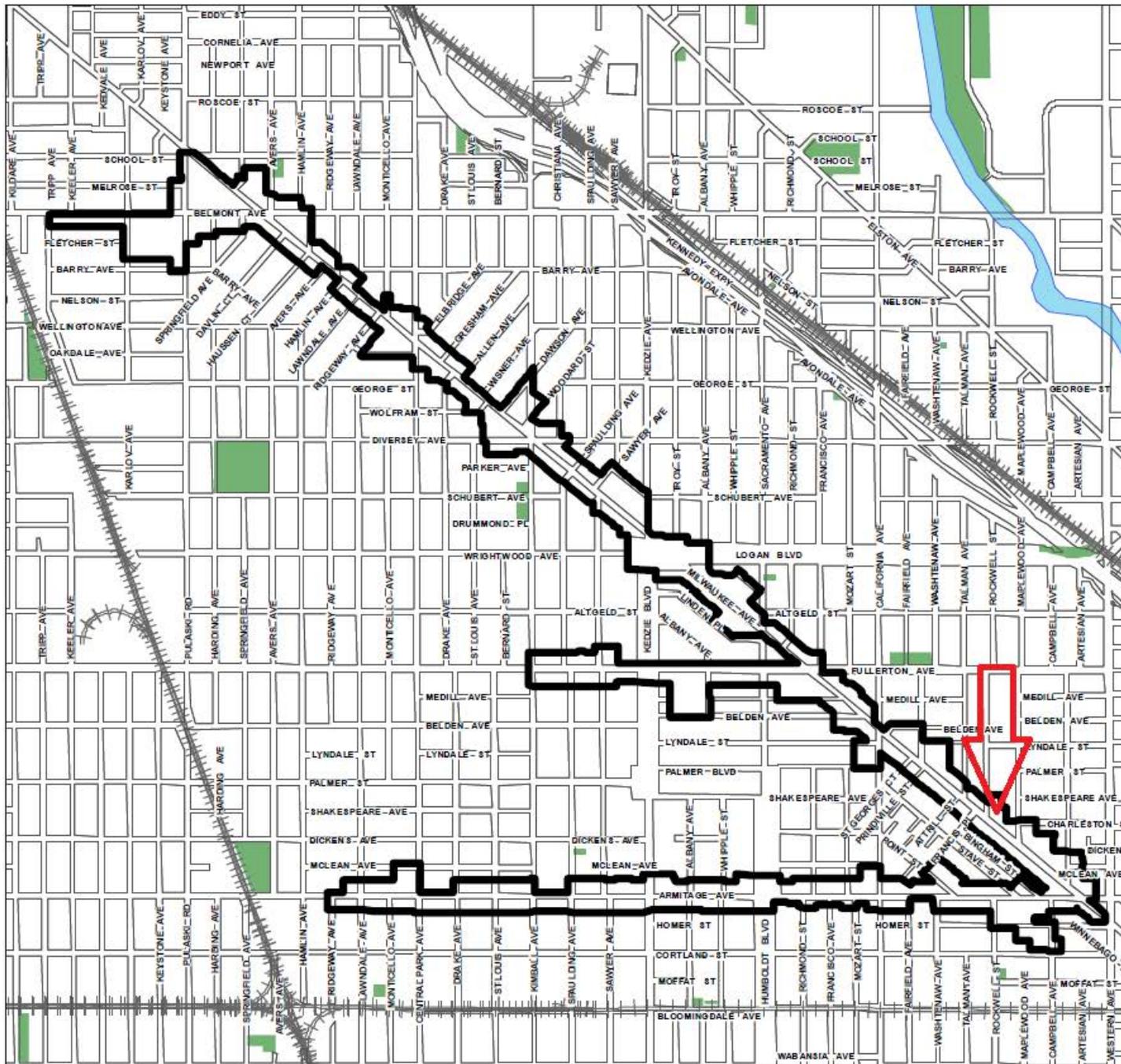
Closing of the sale of the property will not occur before the City Council has approved the redevelopment agreement, the developer has obtained all necessary City approvals including zoning and building permits, and the developer has presented proof of financing. The documents will include a development 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 New Congress, LLC as Developer for the development of Congress Theater project at 2100 block of N. Milwaukee

EXHIBITS

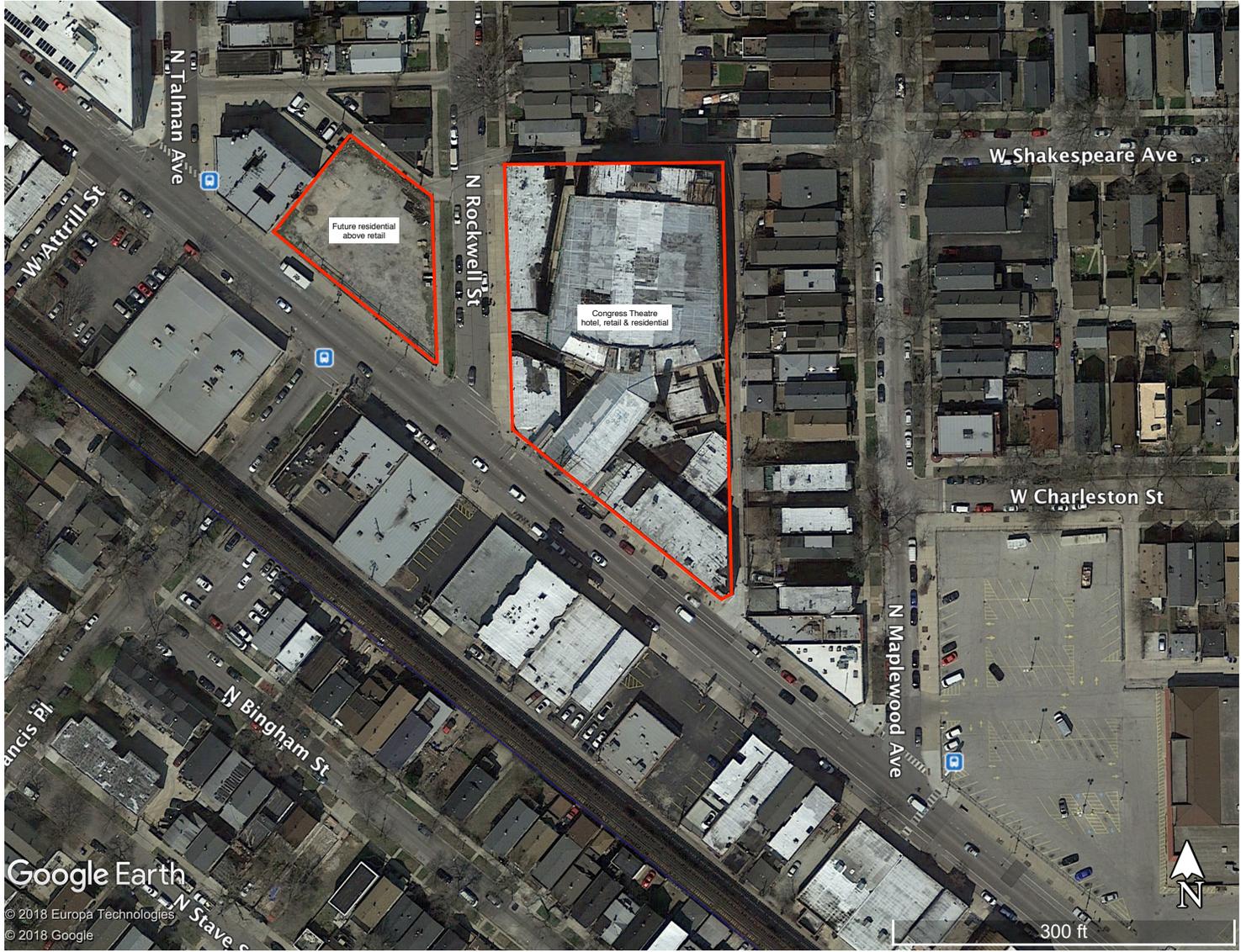
Redevelopment Area Map
Neighborhood Map or Aerial
Survey or Plat
Site Plan
Elevation
Floor Plans
Renderings
Sample M/WBE Letter
Copies of M/WBE Certified Letter Receipts
Lender's Letter of Interest
Alderman Letter of Support



Existing Tax Increment Financing Districts

Fullerton/Milwaukee

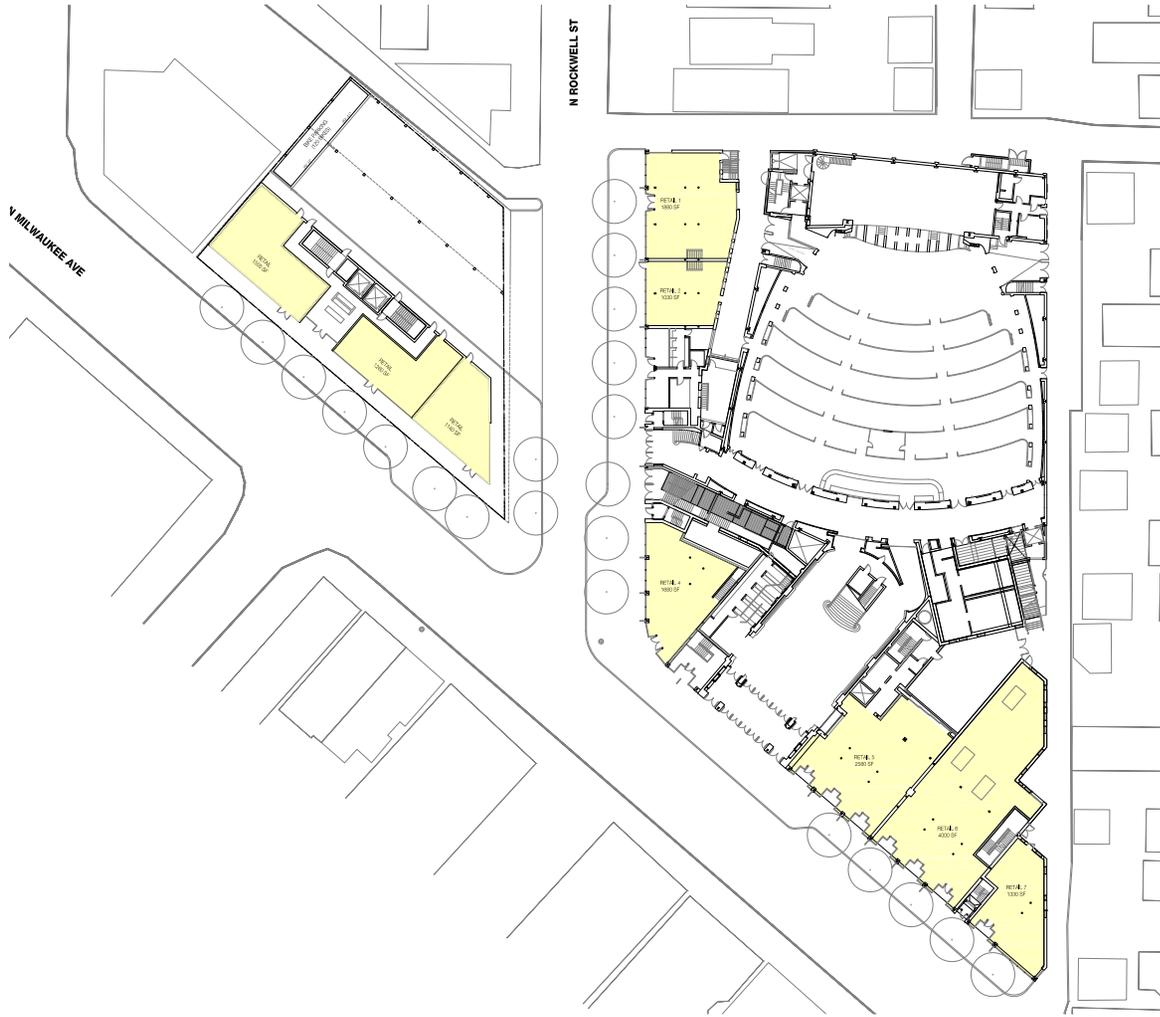




Google Earth

© 2018 Europa Technologies
© 2018 Google

300 ft



New Congress LLC · David Woodhouse Architects LLC · WE O'Neil Construction

Congress Theater | Logan Square

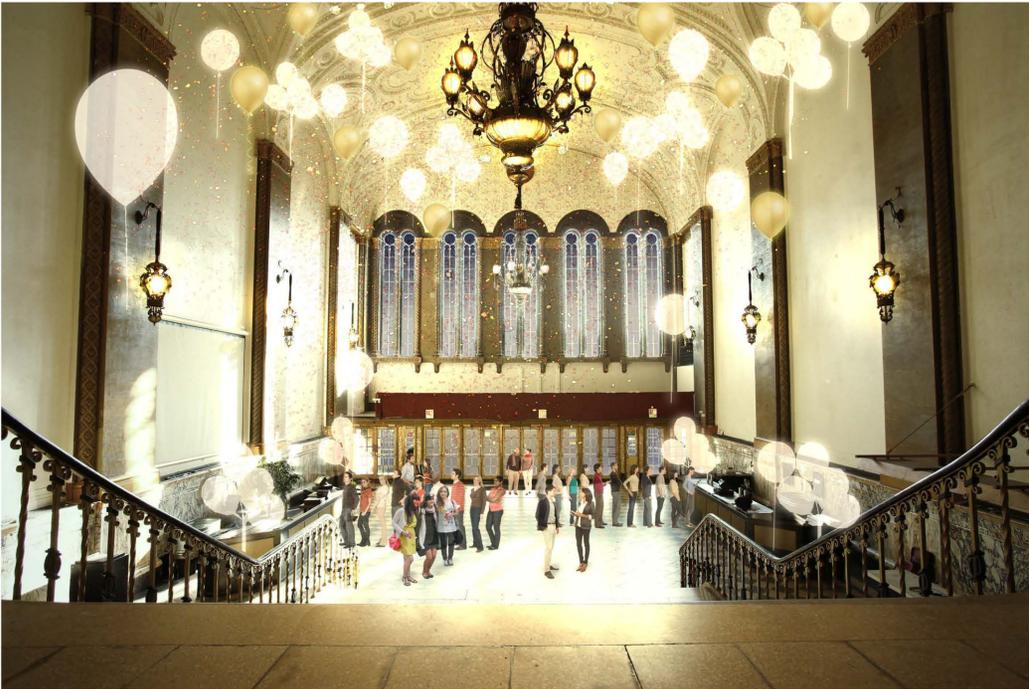


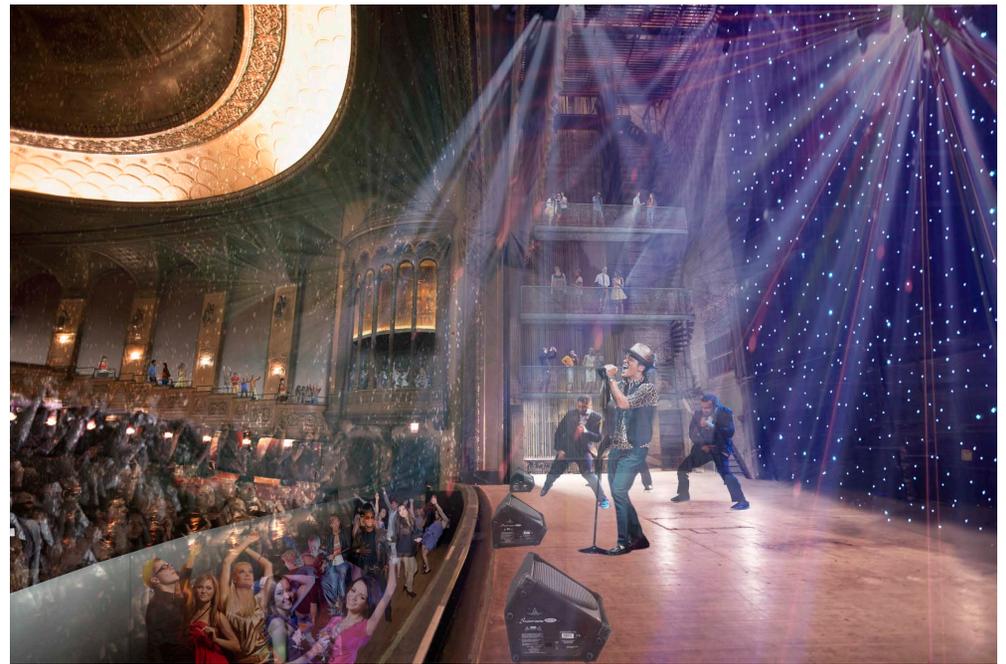


New Congress LLC · David Woodhouse Architects LLC · WE O'Neill Construction

Congress Theater Logan Square







NEW CONGRESS, LLC

May 23, 2018

African American Contractors Association
7445 S. South Chicago Avenue
Chicago, IL 60618

Attn: Omar Shareef

Dear Mr. Shareef:

New Congress, LLC is pleased to announce the redevelopment of the Congress Theatre, commonly known as 2115 – 2139 North Milwaukee Avenue, Chicago, IL. The property is currently improved with a mixed-use building containing approximately 110,000 square feet, which is to a theatre with an approximate 4,900-person capacity, approximately 16,000 sq. ft. of ground floor retail, 44 hotel rooms and 14 affordable residential units.

New Congress, LLC has chosen W.E. O’Neil as the general contractor for the project. The project will require participation of various trades such as carpentry, masonry, electrical, mechanical, plumbing, HVAC, painting, drywall and roofing. The project hard cost budget is approximately \$37.5 mm and it will require minority business enterprise (“MBE”) and women business enterprise (“WBE”) participation of 26% and 6%, respectively. The project is anticipated to commence in the last quarter of 2018 and be completed in 2019.

At your request, the developer and his project team will meet with a representative of your organization to present the project. Also at your request, a copy of the project drawings will be provided so that your members can submit bids for work on the project.

New Congress, LLC is requesting that you make your members aware of this exciting new project so that they may submit bids for appropriate subcontracting opportunities. Should you have any questions or desire additional information, please contact the undersigned at 312-952-1194.

Sincerely,

Michael A. Moyer
Manager
New Congress, LLC

cc: Terrence Johnson, Chicago Department of Planning and Development

7017 1070 0000 6786 3261

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

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

CHICAGO, IL 60606

OFFICIAL USE

Certified Mail Fee	\$3.45	0251
	\$2.75	09
Extra Services & Fees (check box, add fee as appropriate)		
<input type="checkbox"/> Return Receipt (hardcopy)	\$0.00	
<input type="checkbox"/> Return Receipt (electronic)	\$0.00	
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00	
<input type="checkbox"/> Adult Signature Required	\$0.00	
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00	
Postage	\$0.50	
Total Postage and	\$4.70	05/24/2018

Sent To: **Beñi Doria**
 Federation of Women Contractors
 216 W. Jackson Blvd., Ste 625
 Chicago, IL 60606

Postmark Here

PS Form 3800, April 2015 PSN 7530-02-000-9047

7017 1070 0000 6786 3278

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

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

CHICAGO, IL 60603

OFFICIAL USE

Certified Mail Fee	\$3.45	0251
	\$2.75	09
Extra Services & Fees (check box, add fee as appropriate)		
<input type="checkbox"/> Return Receipt (hardcopy)	\$0.00	
<input type="checkbox"/> Return Receipt (electronic)	\$0.00	
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00	
<input type="checkbox"/> Adult Signature Required	\$0.00	
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00	
Postage	\$0.50	
Total Postage and	\$4.70	05/24/2018

Sent To: **Hedy Ratner**
 Women's Bus. Dev. Center
 8 S. Michigan Ave., Ste 400
 Chicago, IL 60603

Postmark Here

PS Form 3800, April 2015 PSN 7530-02-000-9047

7017 1070 0000 6786 3285

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

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

CHICAGO, IL 60620

OFFICIAL USE

Certified Mail Fee	\$3.45	0251
	\$2.75	09
Extra Services & Fees (check box, add fee as appropriate)		
<input type="checkbox"/> Return Receipt (hardcopy)	\$0.00	
<input type="checkbox"/> Return Receipt (electronic)	\$0.00	
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00	
<input type="checkbox"/> Adult Signature Required	\$0.00	
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00	
Postage	\$0.50	
Total Postage and	\$6.70	05/24/2018

Sent To: **Edward McKinnie**
 Black Contractors United
 400 W. 76th Street
 Chicago, IL 60620

Postmark Here

PS Form 3800, April 2015 PSN 7530-02-000-9047

7017 1070 0000 6786 3292

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

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

CHICAGO, IL 60607

OFFICIAL USE

Certified Mail Fee	\$3.45	0251
	\$2.75	09
Extra Services & Fees (check box, add fee as appropriate)		
<input type="checkbox"/> Return Receipt (hardcopy)	\$0.00	
<input type="checkbox"/> Return Receipt (electronic)	\$0.00	
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00	
<input type="checkbox"/> Adult Signature Required	\$0.00	
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00	
Postage	\$0.50	
Total Postage and	\$6.70	05/24/2018

Sent To: **Omar Duque**
 Illinois Hisp. Chamber of Comm.
 855 W. Adams St., Ste. 100
 Chicago, IL 60607

Postmark Here

PS Form 3800, April 2015 PSN 7530-02-000-9047

7017 1070 0000 6786 3308

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

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

SKOKIE, IL 60077

OFFICIAL USE

Certified Mail Fee	\$3.45	0251
	\$2.75	09
Extra Services & Fees (check box, add fee as appropriate)		
<input type="checkbox"/> Return Receipt (hardcopy)	\$0.00	
<input type="checkbox"/> Return Receipt (electronic)	\$0.00	
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00	
<input type="checkbox"/> Adult Signature Required	\$0.00	
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00	
Postage	\$0.50	
Total Postage and	\$6.70	05/24/2018

Sent To: **Benny Nakachi**
 Assoc. of Asian Const. Enterprises
 5500 W. Touhy Ave., Unit K
 Skokie, IL 60077

Postmark Here

PS Form 3800, April 2015 PSN 7530-02-000-9047

7017 1070 0000 6786 3315

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

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

CHICAGO, IL 60619

OFFICIAL USE

Certified Mail Fee	\$3.45	0251
	\$2.75	09
Extra Services & Fees (check box, add fee as appropriate)		
<input type="checkbox"/> Return Receipt (hardcopy)	\$0.00	
<input type="checkbox"/> Return Receipt (electronic)	\$0.00	
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00	
<input type="checkbox"/> Adult Signature Required	\$0.00	
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00	
Postage	\$0.50	
Total Postage and	\$6.70	05/24/2018

Sent To: **Omar Shareef**
 African Am. Contractor Assoc.
 7445 S. South Chicago Ave.
 Chicago, IL 60619

Postmark Here

PS Form 3800, April 2015 PSN 7530-02-000-9047

7017 1070 0000 6786 3322

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

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

CHICAGO, IL 60661

OFFICIAL USE

Certified Mail Fee	\$3.45
Extra Services & Fees (check box, add fee \$ if appropriate)	\$2.75
<input type="checkbox"/> Return Receipt (hardcopy)	\$0.00
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00

0251
09

Postmark
Here

Postage \$0.50

Total Postage

~~\$4.70~~
\$6.70

05/24/2018

Sent To **Jorge Perez**
 Street and Apt. **Hispanic Am. Const. Industry**
650 W. Lake St., Ste 415
 City, State, ZIP **CHICAGO, IL 60661**

PROVIZIA CAPITAL LTD

February 20, 2018

Mr. Michael Moyer
New Congress, LLC
134 N. LaSalle, #1220
Chicago, IL

Re: Construction and Redevelopment of the Congress Theater Block

Gentlemen:

PROVIZIA CAPITAL LIMITED ("PCL") is interested in providing a loan to facilitate the Redevelopment of the landmarked Congress Theater Block ("CTB") located in Logan Square, Chicago. The CTB project sponsorship is made up of Blueroad Ventures and New Congress, LLC ("Borrower").

Based on the information presented PCL is interested in providing a \$36,066,828 construction debt financing which is a 55% leverage based on a final cost of \$69,241,050 less \$3,665,000 Tax Increment Financing ("TIF") which is payable over time in increments post opening of the CTB redevelopment project inclusive of all fees and closing costs. Equity will be funded as follows: \$8,641,038 will be contributed by the proposed Borrower (the "Borrower"); \$4,000,000 Anschutz Entertainment Group ("AEG") it should be noted that \$4,000,000 being contributed by AEG does not have to be repaid once the CTB opens; Historic Tax Credits ("HTC") in the amount of \$7,014,487 will be monetized; \$11,300,000 **Property Assessed Clean Energy (PACE)** is a means of financing energy efficiency upgrades or renewable energy installations for residential, commercial and industrial property owners. Depending on state legislation, PACE can be used to finance building envelope energy efficiency improvements like insulation and air sealing, cool roofs, water efficiency products, seismic retrofits, and hurricane preparedness measures. In some states, commercial PACE can also fund a portion of new construction projects, as long as the building owner agrees to build the new structure to exceed the local energy code. An additional \$2,250,000 will be contributed by AEG upon CTB receiving their Certificate of Occupancy said funds will be applicable to key money to assist in the early operations of the CTB.

The planed redevelopment project will transform the historic CTB, located on Milwaukee Avenue in Chicago, IL into a world-class live music, hospitality, and food & beverage mixed use project. The Theater will be reimaged and renovated into a state-of-the art live music venue with 4,000 +/- seating capacity. The Borrowers have signed a 20-year NNN lease with AEG to operate and manage the music venue component of the project. The lease represents \$36 million net income over 20 years with an annual average of \$1.8 million. The current historic storefronts at CTB will be repurposed into a 15,000 SF food and beverage venues to include a restaurant, bistro, bar/lounge, nightclub, and a separate 3,500 SF three season rood deck and bar. The CTB currently includes apartments which will be converted into a 30-key, boutique hotel, and 14 apartments. The Aparium Hotel Group will operate and manage the hotel.

PROVIZIA CAPITAL LTD

Congress Theater Block
Redevelopment Development Project
February 20, 2018
Page 2

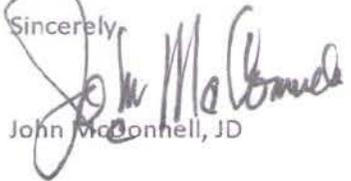
Please understand that this summary of terms is not a commitment to lend, either expressed or implied, nor is it all inclusive, but rather does describe the terms and conditions that we are prepared to underwrite based on receiving required information, necessary to underwrite the credit.

This summary of terms is based on our current understanding of the project, and as we gain information and move through the approval process, we may require additional information, and a revision of the proposed terms and conditions. The attached Terms Sheet is based upon preliminary information and loan request provided by Borrower.

If not signed by Borrower this Terms Sheet will expire on a Monday, February 26, 2018, and is subject to required due diligence, underwriting and credit approval.

We appreciate this opportunity and look forward to working with you towards a successful project. Please do not hesitate to contact Alan Rosenberg at 646-288-4230 or Linda Zale at 416-998-0699 with any questions or comments.

Sincerely,



John McConnell, JD





PROCO JOE MORENO

CITY COUNCIL CITY OF CHICAGO

ALDERMAN, 1ST WARD
2740 WEST NORTH AVENUE
CHICAGO, ILLINOIS 60647
TELEPHONE: 773-278-0101

CITY HALL, ROOM 300
121 NORTH LA SALLE STREET
CHICAGO, ILLINOIS 60602
TELEPHONE: (312) 744-3063
FAX: (312) 744-2870

COMMITTEE MEMBERSHIPS

CHAIRMAN, COMMITTEE ON ECONOMIC, CAPITAL &
TECHNOLOGY DEVELOPMENT

COMMITTEES, RULES & ETHICS

FINANCE

HEALTH & ENVIRONMENTAL PROTECTION

SPECIAL EVENTS, CULTURAL AFFAIRS & RECREATION

ZONING, LANDMARKS & BUILDING STANDARDS

June 8, 2018

David L Reifman
Commissioner
Department of Planning and Development
121 N. LaSalle Street, Room 1000
Chicago, Illinois 60602

Re: Congress Theater

Dear Commissioner Reifman:

Please accept this letter of support for Tax Increment Financing Assistance requested by New Congress, LLC (the "Applicant") for the redevelopment of the Congress Theater site generally located in the 2100 block of N Milwaukee.

The proposal will transform the theater building into a mixed use venue of theater, retail, restaurant, and hotel space, as well as 14 affordable residential units. The proposal will also create a residential building in a currently empty space. The project will create temporary construction jobs, including jobs for minority and women-owned business enterprises and Chicago residents. It will also generate permanent jobs for the City.

Please contact me with any questions.

Sincerely,

Proco Joe Moreno

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

RESOLUTION NO. __ - CDC -

**AUTHORIZATION TO NEGOTIATE A
REDEVELOPMENT AGREEMENT WITH NEW CONGRESS, LLC**

**AND
RECOMMENDATION TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
FOR THE DESIGNATION OF NEW CONGRESS, 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 99-CDC-254 and pursuant to the Act, enacted three ordinances on February 16, 2000 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Fullerton Milwaukee TIF 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, New Congress, LLC (the "Developer"), has presented to the City's Department of Planning and Development (the "Department") a proposal for redevelopment of the Area or a portion thereof that is in compliance with the Plan, consisting of the rehabilitation of the Congress Theater into 160,000 square foot, 4,900 seat, music venue with the addition of 30 key boutique hotel, 14 residential units and 40,000 square feet of ground floor retail. (the "Project"); and

WHEREAS, DPD requests that the Commission recommend to City Council that the Developer be designated as the developer for the Project and that the Department 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 the Department 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: _____, 20__

Attachment: Exhibit A, Street Boundary Description

EXHIBIT A

Street Boundary Description of the Fullerton Milwaukee TIF Tax Increment Financing Redevelopment Project Area

The TIF encompasses portions of three major corridors: West Armitage Avenue from North Ridgeway Avenue to North Milwaukee Avenue, West Fullerton Avenue from North Kimball Avenue to North Francisco Avenue and Milwaukee Avenue from West Armitage Avenue to West School Avenue.