

STATE OF ILLINOIS)
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COUNTY OF COOK)

CERTIFICATE

I, Jennifer Rampke, the duly authorized, qualified and Executive Secretary of the **Community Development Commission of the City of Chicago**, and the custodian of the records thereof, do hereby certify that I have compared the attached copy of a Resolution adopted by the **Community Development Commission of the City of Chicago** at a Regular Meeting Held on the 8th Day of March 2005 with the original resolution adopted at said meeting and recorded in the minutes of the Commission, and do hereby certify that said copy is a true, correct and complete transcript of said Resolution.

Dated this 8th Day of March 2005


EXECUTIVE SECRETARY
Jennifer Rampke

COMMUNITY DEVELOPMENT COMMISSION
OF THE
CITY OF CHICAGO

RESOLUTION NO. 05 - CDC - 28

AUTHORITY TO NEGOTIATE A
REDEVELOPMENT AGREEMENT WITH
METRAMARKET OF CHICAGO, LLC

AND/OR

A RELATED ENTITY TO BE FORMED

WITHIN THE
RIVER WEST TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AREA,

AND

TO RECOMMEND TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
THE DESIGNATION OF
METRAMARKET OF CHICAGO, LLC
AS THE DEVELOPER

WHEREAS, the Community Development Commission (the "Commission") of the City of Chicago (the "City") has heretofore been appointed by the Mayor of the City with the approval of its City Council (the City Council referred to herein collectively with the Mayor as the "Corporate Authorities") as codified in Section 2-121 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 00-CDC-112 and pursuant to the Act, enacted three ordinances on January 10, 2001 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the River West 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, MetraMarket of Chicago, LLC (the "Developer"), has presented to

the City's Department of Planning and Development ("DPD") a proposal for redevelopment of the Area or a portion thereof that is in compliance with the Plan, consisting of the redevelopment of the ground floor of Metra's Ogilvie Transportation Center located bounded by Canal, Clinton, Lake and Washington Streets (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 DPD 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 DPD 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: March 8, 2005

Attachment: Exhibit A, Street Boundary Description

CITY OF CHICAGO
Community Development Commission
Department of Planning & Development
March 8, 2005

SUMMARY SHEET
MetraMarket of Chicago, LLC

**Actions
Requested:**

- 1) Request authority to negotiate a Redevelopment Agreement with MetraMarket of Chicago, LLC and/or a related entity to be formed (the "Developer") for the redevelopment of the ground floor of Metra's Ogilvie Transportation Center property bounded by Lake Street, Washington Street, Clinton Street, and Canal Street, within the boundaries of the River West Tax Increment Financing ("TIF") Redevelopment Project Area (the "Project" and the "Property"); and
- 2) Recommend to the City Council of the City of Chicago the designation of MetraMarket of Chicago, LLC and/or a related entity to be formed as the developer of the Project located within the boundaries of the Area.

Project: The Developer has proposed the reuse of the ground floor of Metra's Ogilvie Transportation Center (OTC) into a food-related retail concept including a fresh food market, restaurants, and retail.

Location: The Property is located at Metra's Ogilvie Transportation Center bounded by Lake Street, Washington Street, Clinton Street, and Canal Street, within the boundaries of the River West Tax Increment Financing Redevelopment Project Area

Developer: MetraMarket of Chicago, LLC

Assistance: \$12,000,000 in tax increment financing assistance or an amount not to exceed 25.8% of the total project budget estimated at \$46,449,000

The assistance will be provided to the Developer in the form of two developer notes.

Zoning: The Property is within Planned Development #264.

Ward: 42nd Ward, Alderman Burton Natarus

CITY OF CHICAGO
Community Development Commission
Department of Planning & Development
March 8, 2005

SUMMARY SHEET
MetraMarket of Chicago, LLC

**Actions
Requested:**

- 1) Request authority to negotiate a Redevelopment Agreement with MetraMarket of Chicago, LLC and/or a related entity to be formed (the "Developer") for the redevelopment of the ground floor of Metra's Ogilvie Transportation Center property bounded by Lake Street, Washington Street, Clinton Street, and Canal Street, within the boundaries of the River West Tax Increment Financing ("TIF") Redevelopment Project Area (the "Project" and the "Property"); and
- 2) Recommend to the City Council of the City of Chicago the designation of MetraMarket of Chicago, LLC and/or a related entity to be formed as the developer of the Project located within the boundaries of the Area.

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**Public
Benefits:**

- Jobs
- Activation of a Underused Facility
- MBE/WBE, Prevailing Wage, City Residency compliance

MBE/WBE:

The Developer will comply with the City's MBE/WBE requirements. The certified mail receipts are attached as evidence that the Developer has provided the MBE/WBE contractor associations with the required notifications.

**Community
Outreach:**

Alderman Natarus is supportive of the Project.

Issues:

N/A

CITY OF CHICAGO
Community Development Commission
Department of Planning & Development
March 8, 2005

STAFF REPORT
MetraMarket of Chicago, LLC

CHAIRMAN RICHARDSON-LOWRY AND MEMBERS OF THE COMMISSION:

The Resolution before you requests that the Community Development Commission take the following actions:

- 1) Request authority to negotiate a Redevelopment Agreement with MetraMarket of Chicago, LLC and/or a related entity to be formed (the "Developer") for the redevelopment of the ground floor of Metra's Ogilvie Transportation Center property bounded by Lake Street, Washington Street, Clinton Street, and Canal Street, within the boundaries of the River West Tax Increment Financing ("TIF") Redevelopment Project Area (the "Project" and the "Property"); and
- 2) Recommend to the City Council of the City of Chicago the designation of MetraMarket of Chicago, LLC and/or a related entity to be formed as the developer of the Project located within the boundaries of the Area.

Purpose of Resolution

To provide Tax Increment Financing assistance for the redevelopment of the ground floor of Metra's Ogilvie Transportation Center.

Background

The Property is located within the River West Tax Increment Financing Redevelopment Project Area (the "Area"), which was established by the City Council on January 10, 2001. The Property is located northwest of the Loop on a property bounded by Lake Street, Washington Street, Clinton Street, and Canal Street. This site is part of Planned Development #264 enacted (as amended) in June of 2001.

The two blocks that will comprise MetraMarket are currently vacant except for Metra's commuter concourse located just north of Washington Street. The emerging adjacent neighborhoods are currently visibly and physically split. The existing form of the building exterior, a long masonry structure, now lines between Canal and Clinton Streets and forms a barrier and no-man's-land between the growing neighborhoods flanking both sides. Also, the Randolph Street underpass is a dark, uninviting tunnel which splits the project in two, dividing the area even further.

The structure's main function is as a bridge that supports the Metra trains, creating many particular responsibilities and special conditions. However, the vacant space underneath and within this structure is vacant, creating a well-located development opportunity. Intensive investigation into this building has identified a number of constraints and increased costs that a new building or an ordinary renovation would not face. With the train tracks located immediately above the facility, the need to protect and allow inspection of Metra's infrastructure while also protecting MetraMarket's tenants are issues that arise from the unusual context of this proposed

development. The placement of retail under a bridge/structure raises many concerns for retailers including:

- Water infiltration
- Noise and vibration abatement
- Diesel fume containment and elimination
- Variable ceiling heights
- Visibility and maximization of storefronts
- Technical building constraints of building systems for required mechanical systems

Any development of this location requires intense coordination with Metra and the Union Pacific Railroad, so that commuter traffic and train operations are unaffected by the construction and operation of the project.

Development Project

Proposed Developer

MétraMarket of Chicago, LLC (the "Developer")

The project draws from four divisions of U.S. Equities Realty, LLC to provide development, financing, leasing and property management services for the Project.

U.S. Equities Realty, LLC will lead the team providing development services including concept development, design management, governmental and regulatory approval management, owners representation, contractor qualification, budgeting, cost control reporting, scheduling, construction services, and MBE/WBE oversight.

U.S. Equities will be responsible for leasing and financing the development project. U.S. Equities is experienced in repositioning retail properties and attracting vital tenants. Responsibilities will include attracting retailers, market tenants, and restaurants.

Building and property management services will be provided by U.S. Equities Realty, which currently provides facility management for over 36 million square feet of property in 474 facilities. The Asset Management Group will oversee the daily activities of the market while providing for security services and cleaning and maintenance services.

U.S. Equities, founded in 1978, is a full-service real estate firm based in Chicago. The company enjoys preeminent standing among the country's top-tier real estate firms and has earned an outstanding reputation through exceptional performance by its four business groups. U.S. Equities current portfolio includes more than 650 properties totaling more than 34 million square feet of mixed-use commercial, retail and industrial space for nearly 50 clients, including nearly 7 million square feet of management assignments in South America.

The development group offers a broad range of services to various institutional, governmental and entrepreneurial clients, including the City of Chicago. Projects include Evanston Public Library, Harold Washington Library Center, Plaza Escada, WBEZ Radio, The Arts Club of Chicago, John Hancock Center and Chicago Union Station

Bensidoun USA, Inc. will manage the public market. Bensidoun USA, Inc. is a subsidiary of Bensidoun Group, public market managers and developers which operate over 60 markets in Paris.

Bensidoun Group was started in 1953 by Rolland Bensidoun who, like his father and grandfather before him, began managing open-air markets in and around Paris. In the last several years, The Bensidoun Group further developed its market concept, collaborating with certain municipalities and developing several indoor markets, making a significant investment in each indoor market. The Bensidoun Group has proven to be a leader in market technology, developing the first indoor market facility with cold air ventilation in Europe.

In 1996, The Bensidoun Group decided to expand outside of Europe and created an American subsidiary, Bensidoun USA, Inc. to develop the French Market in the United States. Bensidoun USA has already brought, and hopes to continue to bring, its expertise and resources, as well as a touch of Parisian color, to the United States. Bensidoun USA has opened a French Market in the Village of Villa Park.

OWP&P is the architect for the Project. Founded in 1958, OWP&P has offices in Chicago and Phoenix and offers a full-service practice including the design of education, corporate, retail/mixed-use, healthcare, and civic facilities.

Agreement with Metra (Regional Transportation Authority)

The Developer has negotiated a 90-year participating ground lease with Metra where Metra will get 75% of the net revenue and the Developer will get 25%, subject to a "minimum rental achievement standard." If the project does not meet the minimum specified amount each year (which escalates over time), the Developer will need to pay the remainder out of their own funds. In addition, Metra is an equity investor, so they will also get a return on their investment as will the Developer at standard market rates.

While there is no "purchase price" beyond a participation in net revenue, the ground lease and right to control the leasing of the Metra-owned space, the opportunity of which was won through an RFP and negotiated at great cost, has "value" which the Developer estimates at approximately \$10 million. Ultimately, the land value would be expected to be worth more than \$10 million.

Proposed Project

MetraMarket of Chicago, LLC will convert the ground floor of Metra's Ogilvie Transportation Center into a retail center combined with a permanent fresh food market intended to draw local residents, area employees, as well as commuters and tourists.

The project contains approximately 200,000 square feet of developable area encompassing two entire blocks bounded by Washington Street on the south, Canal Street on the east, Clinton Street on the west and Lake Street on the north. Randolph Street runs through the project site. The site, directly under the Metra rail lines, presently consists of a commuter concourse, vacant areas, and parking.

In this redevelopment, approximately 112,000 square feet of space are designated for restaurants and retail, including food related specialty stores, the market, and commuter specialties.

Specifically, the fresh food market will encompass approximately 20,055 sf, additional retail space will account for another approximately 49,000 sf, and the remaining 43,000 sf will be occupied by retail users. The project will provide parking for approximately 100 vehicles, to specifically serve the restaurant patrons and market visitors.

As proposed, the mix of uses will be as follows:

Project Component	Square Footage
Retail and Restaurant	92,000
Market and Public Space	20,000
Service Area	5,000
Parking	78,000

The highlight of the project will be the fresh food market. The market will provide a vibrant daily marketplace where fresh, quality foods are displayed for sale by midwestern vendors and local food purveyors. Chicago is one of the few major cities in the world without a permanent market of this type. Vendors representing the breadth of regionally-produced, traditional, gourmet and ethnic foods will create an international flavor with Chicago flair.

With a market providing fresh and quality goods, the aim is to serve the routine shopping excursion of local residents, as well as the impulse purchases of the spontaneous passerby and commuter. The objective will be to attract vendors and retailers that provide quick and convenient goods and services to commuters and others on the go, while creating a gathering place or destination for community residents.

The plan also includes the development of restaurants of differing cuisine, ranging from neighborhood eateries to white tablecloth establishments. In addition to the huge lunch demand these restaurants could take advantage of the close location of the Lyric Opera, the United Center and other local attractions, by providing shuttle service to and from these locations during their respective seasons.

For the retail component of the plan, the developer will aim to attract a wide variety of established tenants. The site will be marketed to credit tenants, but will also make room for "mom and pop" locally-owned restaurants and retail stores in order to provide opportunity for the local business community. These tenants must be attractive for the target markets and particularly to neighborhood residents and commuters. It is estimated that the tenant least rates would range from \$20.00 to \$40.00 per square foot and all tenants will receive a per square foot tenant improvement allowance.

MetraMarket will be developed in a two-phased approach. Initial development will focus on the southern block of the project, including development of concourse/commuter retail and the large food related tenants. The first phase of the project will also include restaurant development on the southern corners of the north block. Phase II will transform the northern block from primarily a parking area to a parking area with special street-oriented amenities.

This project will provide exterior enhancements with the addition of welcoming entries, windows and colorful awnings along both Canal and Clinton. The Developer will also create lighting and environmental improvements in the Randolph Street viaduct to make it more pedestrian-friendly.

In order to enhance the exterior of the site, the Developer is planning to include sidewalk cafés. The improvements include larger trees than are currently in place and additional plantings. New tree grates that are flush with the sidewalk will be necessary to plant the larger trees.

Deal Structure

Project Cost and Financing

The City, through the Department of Planning and Development (DPD), is planning to reimburse the Developer for the TIF eligible costs through \$12,000,000 in tax increment financing assistance which is 25.8% of the total project budget currently estimated at \$46,499,000. To the extent that the actual cost of the Project is less than the budgeted amount, the TIF amount will be reduced by \$.50 for every \$1.00 the actual cost is less than the budgeted amount.

The assistance will be provided to the Developer in the form of two TIF Developer Notes (the "Notes"). Note A will be a tax-exempt note issued at "substantial completion" of the Project. Note B will be a taxable note and will be issued at full completion of the Project. The Developer will be entitled to one Note payment each year. That annual payment amount will consist of 1) 100% of the increment created off the Project PINs and 2) a percentage of the amount of inflationary increment that is created outside of their PINs within the River West TIF District, although excluding specific PINs related to active TIF projects (ABN AMRO, Blommer Chocolate, Jewel @ Kinzie and DesPlaines).

The physical challenges of development at this location (under 16 highly active sets of train tracks) add costs to the project that a new building or normal rehabilitation project would not typically confront. As the underside and columns of the structure are required to remain exposed, the Developer is challenged by ways to protect the tenants from noise, water infiltration, etc.

Water Management System (Pan & Drain) Given that Metra requires regular access to the steel structure and the railroad track from the underside for inspection, the tenants will not be able install drywall ceilings and the Developer are challenged to create attractive, accessible, alternate ceilings for their spaces. Therefore, either a full pan and drain system would be installed to capture and divert any water leakage. Alternately, the Developer is working with Metra to try to create a water-resistant membrane at the track level of the property.

Diesel Oil Separators - With the trains located above, drainage for the train and platform run-off is crucial. The Developer proposes to put the required diesel oil separators in easily accessible places in the sidewalks, this way they will not prohibit retail usage and will allow easy access for cleaning out the system. The drains from the train tracks are currently located in the corners of the building at the same locations most sought after for restaurants and retail. The Developer will relocate these basins in the sidewalk along the sewer line.

HVAC - The layout of the HVAC system is significantly constrained by the configuration of the space. With the long brick façade, the mechanical units and venting requirements must be taken care of along the roadways. As part of the HVAC system, a cooling tower must be added. The best location for a cooling tower is usually on the roof of the building. In this case, however, the roof-top is shared by train tracks. The only viable location for the cooling tower is the northwest corner of the northern most block void of tracks.

City assistance will be used to assist in reimbursing a portion of these extraordinary costs associated with the development of the site. Without assistance, the developer would not realize an adequate rate of return on their investment and would not go forward with the project.

Sources and Uses of Funds:

<u>Sources:</u>	<u>Amount</u>	<u>% of Total</u>
First Mortgage Loan	\$22,500,000	48%
Cash Equity (from Metra)	\$ 6,800,000	14%
TIF/Up-front TIF Grant*	\$ 7,000,000	15%
Land Valuation** <i>loan?</i>	\$10,000,000	22%
Cash Flow from Operations	\$ 199,000	1%
Total Sources	\$46,499,000	100%

<u>Uses of Funds:</u>	<u>Amount</u>	<u>\$/sf of Building</u>
Total Acquisition Costs**	\$10,000,000	\$50.00

Building and Site Improvement Costs

Base Building Construction Costs	\$12,644,000	\$63.22
Parking	\$ 291,000	
Tenant Improvements	\$ 8,750,000	
Misc. Hard Costs	\$ 933,000	
Hard Cost Contingency	\$ 3,393,000	
	\$26,011,000	\$130.00

Soft Costs Incl. Construction Interest

Design	\$ 989,000	\$4.95
Consultants	\$ 1,018,000	\$5.09
Professional Fees	\$ 966,000	\$4.83
Marketing	\$ 100,000	
Space Planning	\$ 37,000	
Lease Commissions	\$ 1,867,000	\$9.34
Insurance and Bonding	\$ 260,000	
Financing Costs	\$ 450,000	\$2.25
Development Fees	\$ 875,000	1.8% of TPC

Permitting Costs	\$ 173,000
Misc. Soft Costs	\$ 500,000
Soft Cost Contingency	\$ 1,085,000
Construction Period Interest	<u>\$ 2,168,000</u>
Total Project Costs	\$46,499,000

Note: 200,000 square feet of building

*When combined with \$0.7 million in debt service reserve and \$0.3 million in issuance costs, the total "A" Note would be $(\$7.0M + \$0.7M + \$0.3) = \8.0 million. When you take the \$4.0 million "B" note into account, the TIF assistance totals \$12.0 million, or 25.8% of total project costs.

**This value represents the NPV of the 90 year ground lease between MetraMarket of Chicago, LLC and Metra.

Conformance with Plan

The proposed redevelopment is in conformance with the land use goals and objectives of the River West Tax Increment Financing Redevelopment Project Area Plan.

Community Outreach

Alderman Natarus is supportive of the Project. The Developer has also met with local community groups such as the Fulton River District Association, an organization made up of residents of the area.

Public Benefits

Jobs

The Project will create approximately 165 new full-time and part-time positions. Additionally, it is expected that this project will create approximately 200 construction jobs.

Activation of an Underused Facility

Activating the ground floor of the Ogilvie Transportation Center will not only bring the property onto the tax rolls, thereby creating revenue for the City of Chicago, but will also serve to bring economic activity to a property that can serve as a gateway to the West Loop.

The development will break down the barriers between downtown and the neighborhoods to the west by populating this block with 24/7 activities. The success of this development will attract office workers, local residents, area city dwellers, and tourists creating an exciting destination while bridging the gap between east and west. MetraMarket's location at the OTC also will draw suburbanites to the facility from the communities along Metra's train line. The benefits provided by MetraMarket will encourage Metra ridership on weekdays, nights and weekends, thereby reducing traffic on already congested roadways.

Prevailing Wage, MBE/WBE, City Residency

The Developer has agreed to comply with all City ordinances regarding Prevailing Wage, MBE/WBE and City Residency.

MBE / WBE

The Developer will comply with all requirements regarding the use of minority and women-owned business contractors for the construction and build-out of the Project. In February of 2005, the Developer notified eight minority and women-owned business associations, by certified mail of their intent to develop this Project. The Developer will meet with the Monitoring and Compliance staff in March of 2005 to discuss the monitoring and reporting requirements related to MBE / WBE compliance.

Recommendations

- 1) Request authority to negotiate a Redevelopment Agreement with MetraMarket of Chicago, LLC and/or a related entity to be formed (the "Developer") for the redevelopment of the ground floor of Metra's Ogilvie Transportation Center bounded by Canal, Clinton, Lake and Washington within the boundaries of the River West Tax Increment Financing ("TIF") Redevelopment Project Area; and
- 2) Recommend to the City Council of the City of Chicago the designation of MetraMarket of Chicago, LLC and/or a related entity to be formed as the developer of the Project located within the boundaries of the Area.

Attachments

- TIF Boundary Map
- Site Plan Map
- Elevations
- MBE/WBE Contractor Notifications and Certified Mail Receipts
- TIF Term Sheet

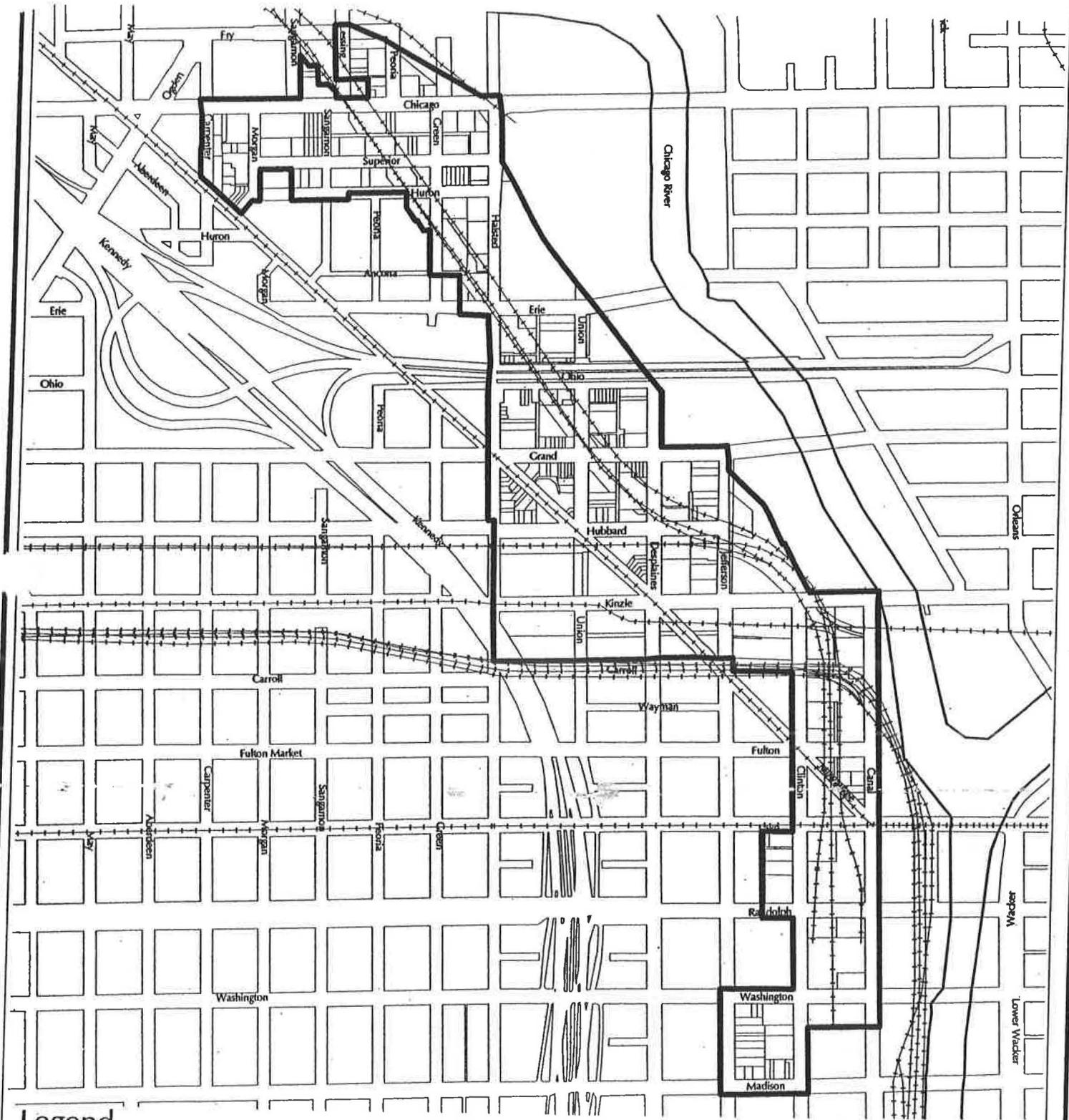
Figure 1

Proposed Project Area

River West TIF District - Chicago, Illinois

TESKA
ASSOCIATES
INC.

September 5, 2000



Legend

 Project Area

500 0 500 1000 Feet

