

TIF PROJECT SCORECARD

Pulaski Promenade

4100 S Pulaski

Pulaski Promenade is a commercial development that will comprise of 150,985 square feet of gross leaseable retail space. Marshall's, Michael's and Ross will be the main tenants. Project will bring quality retail options to an area currently underserved. Environmental clean up costs may be significant and projected rents do not support acquisition and building costs.

Type of Project: Commercial

Developer: Pulaski Promenade LLC

Total Project Cost: \$33,588,933.97

Timeline for Completion: 24 months

TIF Funding Requested: \$10,000,000

Project Status: CDC June 12, 2012

TIF District: Stevenson/Brighton TIF WARD 14

RETURN ON INVESTMENT BENCHMARKS

Advances Goal of Economic Development Plan

Develop and Deploy Neighborhood Assets to Align with Regional Economic Growth

Jobs Created/Retained

200 construction /305 permanent jobs

Advances Goal of TIF District

Facilitate the assembly, marketing and preparation of vacant or underutilized sites for commercial development within specified locations with the RPA.

Affordable Housing Units Created/Preserved

N/A

Return on Investment to City

\$13M property taxes over TIF life; \$284,000 Sales Tax to City annually, \$2.84M annually total; 300 FTE

Addresses Community Need

Yes –Underserved by quality retail

FINANCIAL BENCHMARKS

Other Funds Leveraged by \$1 of TIF

\$2.3 leveraged for every \$1 TIF

Financing Structure

Grant

Types of Other Funding Leveraged

Equity: \$4.1M; Debt: \$26.5M

RDA TERMS

Payment Schedule

Annual Note payments commencing in 2014

Monitoring Term of Agreement

10 years

Taxpayer Protection Provisions

Notes will be paid mostly with Developer increment; taxable note payment cancelled if retail center occupancy falls below 75%

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:	Pulaski Promenade
Applicant Name:	Pulaski Promenade LLC
Project Address:	42 nd Street and Pulaski Road
Ward and Alderman:	14 th Ward, Edward M. Burke
Community Area:	Archer Heights (57)
Redevelopment Project Area:	Stevenson/Brighton TIF
Requested Action:	TIF Developer Designation
Proposed Project:	Pulaski Promenade is a commercial development that will comprise 152,817 square feet of gross leasable retail space.
TIF Assistance:	\$10,000,000.00

II. PROPERTY DESCRIPTION

Address:	4064-4200 S. Pulaski Rd
Location:	North West Corner of 42 nd street and Pulaski Road
Tax Parcel Numbers:	19-03-201-004/-047/-049/-050/-053/-054
Land Area:	11.53 acres
Current Use:	Vacant Land

Current Zoning: M2-3 Light Industry District

Proposed Zoning: C3-3 Community Shopping District

Environmental Condition: The site does require remediation. The developer will be responsible in remediating the site. Based on a Phase 1 report, there are approximately five suspected underground storage tanks and associated contamination that appear to be related to the historic production of cardboard cartons and associated printing. The developer proposes to obtain a focused NFR letter for volatile organic compounds (VOCs) polynuclear aromatic hydrocarbons (PNAs) and RCRA metals.

III. BACKGROUND

Located on the city's southwest side, Archer Heights is a primarily middle class neighborhood in Chicago, Illinois. One of the 77 official community areas of Chicago, it is located on the city's southwest side. The neighborhood is a center of Polish culture, and home of the Polish Highlanders Alliance of North America as well as Curie Metropolitan High School.

The name Archer Heights comes from the major arterial street, Archer Ave. which runs from south of Chicago's downtown area through the southwest side of Chicago and beyond into the southwest suburbs. The street is built along what was once a Native American trail.

The project site was a former industrial site and home to Rock Tenn. Co. which produced paperboard, packaging and displays. The manufacturing building was demolished in 2004 and the site has been vacant since.

IV. PROPOSED DEVELOPMENT TEAM

Current Owner

The current property owner is RMK Pulaski LLC, which is 90% owned by Roger Keaton. Upon closing of the redevelopment agreement, the property will be acquired by Pulaski Promenade LLC, which are the TIF applicant and the Developer of the proposed commercial Project.

Project Owner/Developer

Pulaski Promenade LLC, ("Pulaski Promenade") will consist of two members, Inland Pulaski Promenade LLC ("IPP") and PTSP Pulaski, LLC ("PTSP"). IPP has an 85% membership interest and PTSP, a 15% membership interest as well as a sponsorship interest in Pulaski Promenade. IBT Group LLC, ("IBT") is the manager of Pulaski Promenade LLC, and will also have a sponsorship interest.

Roles of the Parties

IPP is solely owned and managed by Inland Real Estate Corporation ("Inland"). Inland, as part of the Inland Real Estate Group of Companies, Inc. is headquartered in Oak Brook, IL and is part of one of the nation's largest commercial real estate and finance groups which owns and manages, in total, over 130.1 million square feet of diversified commercial real

estate in 48 states, as well as managed assets in excess of \$25.2 billion. IPP role in the Project is as an equity investor.

PTSP consists of two members, SP Pulaski LLC (“SP Pulaski”), which has a 90% membership interest and PT (Pine Tree) Pulaski LLC (“PT Pulaski”), which has a 10% membership interest. The membership interest of SP Pulaski is held by Mark Walsh, Brett Bossung and Chris Westfahl. The membership interest of PT Pulaski is currently held by Peter Borzak, however additional members are to be added.

Pine Tree Commercial Realty, LLC is a national, privately held retail real estate owner, operator and developer headquartered in Northbrook, Illinois. Since its foundation in 1995, Pine Tree has since developed and acquired 64 shopping centers, with an aggregate value of over \$614 million. PTSP’s role in the Project is as an equity investor.

IBT was founded in 1999 and is a full-service real estate development firm specializing in the development, construction, leasing and management of high quality projects. Currently, IBT is developing projects in the Midwest, Central, and Southwest United States with a value in excess of \$270 million. IBT is solely owned by Gary Pachucki. IBT will serve as the Project Manager of construction as well as handling all marketing and sales associated with the Project.

An organizational chart is included in the exhibits.

General Contractor

Lend Lease is the General Contractor for the project.

Future Owner

After the project has been stabilized, ownership of the property will be transferred from Pulaski Promenade LLC to an Inland related entity, to be held as part of their investment portfolio.

V. PROPOSED PROJECT

Project Overview:

The proposed neighborhood shopping center, to be located at 4200 South Pulaski Road Chicago, IL, (“Property”) development that will comprise of 152,817 sq. ft. (Project). The Project will consist of the following: a) a main retail building, anchored by several national retailers of general merchandise (containing 135,817 sq. ft). a one-story building, containing multiple retail uses located on Outlot F (containing 8,000 sq. ft.), two additional Outlots (E and G) of which will be “pad-ready” and available for construction by those Tenants (collectively 9,000 sq. ft.) and 566 parking spaces.

Retail-includes:

- 133,985 square feet of single level in-line retail including national tenants Burlington Coat Factory, Marshall’s and Michael’s.

- 8,000 square feet of out-parcel small shops located along Pulaski Road.
- 4,000 square foot bank, that will be pad delivered on the corner of 42nd Place and Pulaski Road.
- 5,000 square foot restaurant located at the main entrance, across from the existing Burger King fast food restaurant.

Retail accessory parking will be provided at a ratio of 4.10 spaces per 1,000 square feet of gross retail leasable area, and include a total of approximately 623 spaces. Construction is planned to start in the Spring of 2013 and complete in Fall 2014. The total project cost is \$33,588,993.97. Developer requesting \$10M in TIF financing (30% of the total project cost). There will be 200 construction jobs and 305 permanent jobs created in this project.

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

Environmental Features

The project will incorporate LEED Core and Shell (CS) Certification and will include 100% green roof.

VI. FINANCIAL STRUCTURE

Undertaking a development of this scope on a parcel with a former industrial use is very costly. The environmental costs along with the costs of installing the appropriate infrastructure are difficult to fund in this market. It is also challenging for retail projects to obtain the construction financing needed to build developments of a superior quality and aesthetic level.

TIF financial assistance will consist of a taxable note B not to exceed \$2,500,000, bearing an interest rate not to exceed 8.5%. This note will be issued at RDA closing but will not accrue interest and will not receive any payments until project completion. There will also be a tax-exempt note A not to exceed \$7.5M, which will be issued at project completion. If there are not enough TIF eligible costs to total \$10,000,000 the TIF assistance will be a combination of a taxable note, a tax-exempt note and TIF eligible construction period interest costs. The total of the TIF assistance will still be no more than \$10,000,000. Note payments and any interest reimbursement will be funded mostly from project increment, with a portion of the Note debt service, not to exceed \$300,000 annually, and funded from the area-wide increment of Stevenson Brighton TIF.

If the Developer does not comply with the occupancy and prohibited uses covenants in any given year then there will be no payments on Note B and no interest reimbursement payments in that year.

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 sources and uses of funds:

Sources and Uses of Funds

<u>Sources</u>	<u>Amount</u>	<u>% of total</u>
Equity	4,088,994.00	12.1%
Bridge Loan backed up by TIF	7,500,000.00	22.4%
Pledge TIF Note	2,500,000.00	7.5%
Construction Debt (Associated/mb financial)	<u>19,500,000.00</u>	58%
Total Sources	33,588,994.00	100%
<u>Uses</u>	<u>Amount</u>	<u>\$/sf of Building*</u>
Land Acquisition (\$15 per sf of land)	\$ 8,100,000.00	\$53.65 psf
Site Clearance and Preparation	\$ 2,741,379.00	\$18.16psf
Hard Costs	\$14,765,065.00	\$97.79 psf
Soft Costs		
Architect's Fee /Engineer (5% of hard costs)	\$470,000.00	
General Contractor	1,131,878.30	
Developer Fee	647,000.00	
Commissions	895,271.00	
Loan Origination Fee (1% of loan)	\$180,000.00	
Legal Fees (0.6% of total costs)	\$290,666.00	
Marketing (.05% of total costs)	\$20,000.00	
Loan Interest (11.2% of total costs)	\$1,662,938.00	
Other soft costs (2.0% of total costs)	<u>\$1,141,272.00</u>	
Total Soft Costs (18.2% of total costs)	<u>\$ 6,821,025.00</u>	<u>\$45.18 psf</u>
Total Uses	\$33,588,994.00	\$222.47psf

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 LEED Core and Shell (CS) Certification and will include 100% green roof.

Permanent Jobs: The project is estimated to generate 305 permanent retail jobs. The department's workforce development specialists will work with the developer on job training and placement.

Construction Jobs: The project will produce approximately 205 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 Burke endorses the project and has provided a letter of support (see exhibits)

IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN

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

Facilitate assembly, preparation and marketing of vacant and or underutilized sites primarily for industrial development, but also for commercial, residential and/or public institutional development in certain specified locations within RPA.

The implementation strategy for achieving the plan's goals envisions the need to provide TIF financial assistance for the development of a neighborhood shopping center. The proposed project also conforms to the plan's land use map, which calls for mixed use development at the subject site.

X. CONDITIONS OF ASSISTANCE

If the proposed resolution is approved by the CDC, HED 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 HED 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 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 Housing and Economic 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 HED recommends that the CDC recommend to the City Council the designation of Pulaski Promenade LLC as Developer for the development of a 150,000 square foot neighborhood shopping center at 4064-4200 South Pulaski Rd.

EXHIBITS

TIF Project Assessment Form
Redevelopment Area Map
Neighborhood Map or Aerial
Survey or Plat
Site Plan
Typical Floor Plan
Front Elevation or Rendering
Sample M/WBE Letter
Copies of M/WBE Certified Letter Receipts
Lender's Letter of Interest
Community Letters of Support
Alderman's Letter of Support

**OPERATING PROFORMA
MILASKI PROMENADE**

Tenant	SF	Rent/PSF	Annual Rent	Admin Fee
Burlington	63,732	\$8.25	\$525,789	5.00%
Marshalls	25,463	\$12.00	\$305,556	5.00%
Ross	25,000	\$14.50	\$362,500	5.00%
Michaels	21,703	\$14.70	\$319,034	5.00%
-				
Wendy's (G/L) G	3,500		\$95,000	
Bank (G/L) E	5,125		\$200,000	
-				
-				
Outlot F	8,000	\$40.65	\$325,200	10.00%
Total	152,523		\$2,133,079	
<i>Gross Rental Income</i>				\$2,133,079
<i>Reimbursables</i>				
CAM			\$2.45	\$358,550
Real Estate Taxes			\$4.80	\$732,110
Insurance			\$0.30	\$45,757
Admin				\$18,608
<i>Total Reimbursements</i>				\$1,155,025
<i>Potential Gross Revenue</i>				\$3,288,104
Vacancy			16.00%	(862,010)
<i>Effective Gross Revenue</i>				\$3,226,094
<i>Operating Expenses</i>				
CAM			\$2.45	\$358,550
Real Estate Taxes			\$4.80	\$732,110
Insurance			\$0.30	\$45,757
Management Fee			3.50%	\$112,913
Structural Reserve			\$0.10	\$15,252
<i>Total Operating Expenses</i>				\$1,264,583
In Place Net Operating Income				\$1,961,511

Pulaski Promenade

4100 S Pulaski

Pulaski Promenade is a commercial development that will comprise of 150,985 square feet of gross leaseable retail space. Marshall's, Michael's and Ross will be the main tenants. Project will bring quality retail options to an area currently underserved. Environmental clean up costs may be significant and projected rents do not support acquisition and building costs.

Type of Project: Commercial

Total Project Cost: \$33,588,933.97

TIF Funding Requested: \$10,000,000

TIF District: Stevenson/Brighton TIF WARD: 14

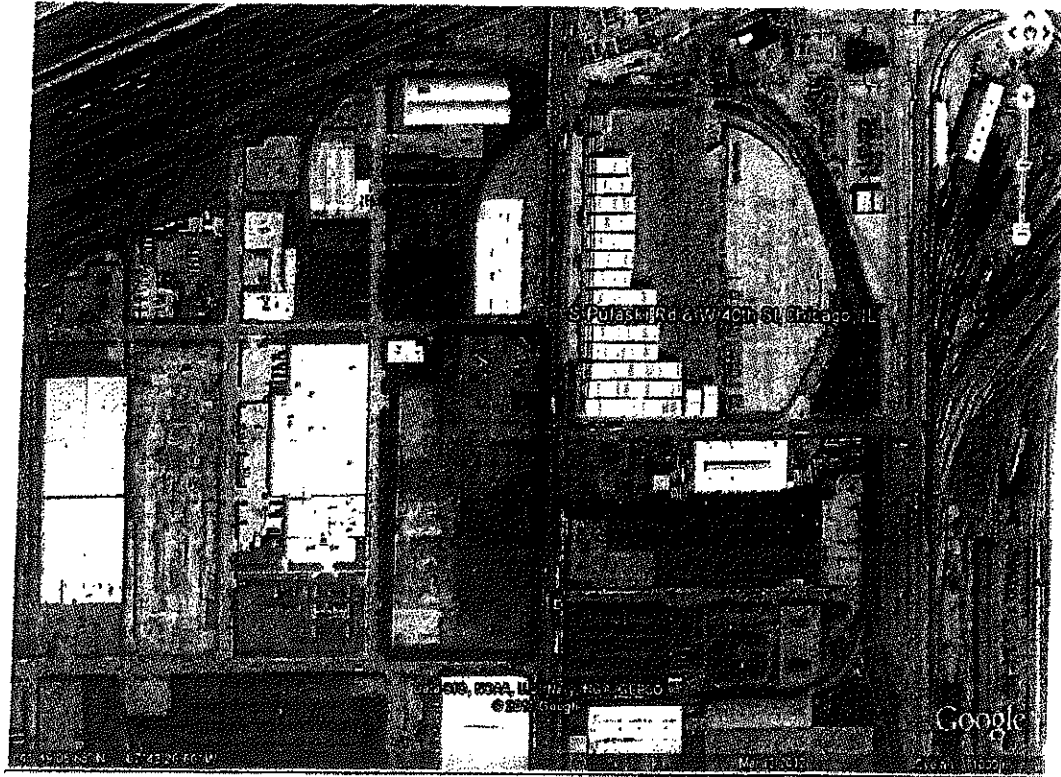
Developer: Pulaski Promenade LLC

Timeline for Completion: 24 months

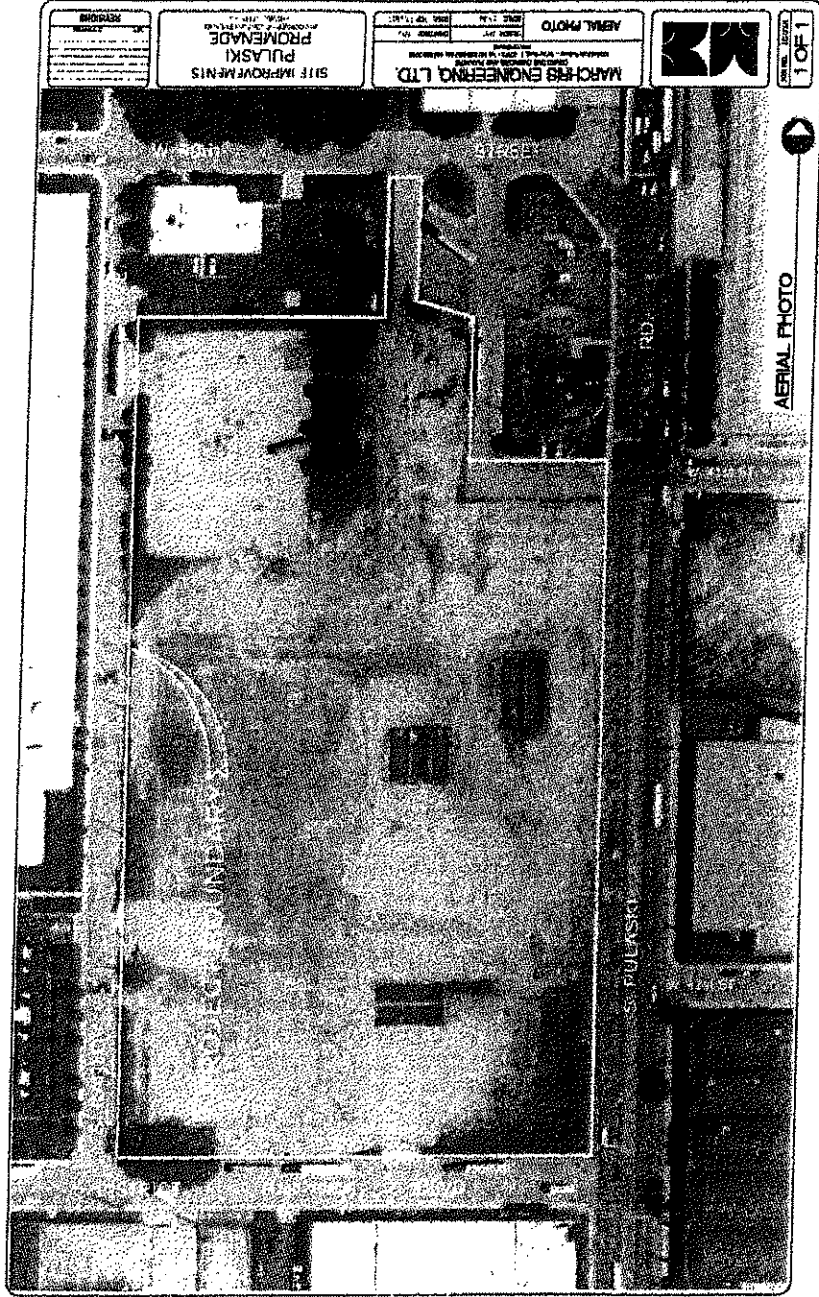
Project Status: TTF May 22, 2012

Return on Investment Benchmarks	
Advances Goal of Economic Development Plan	Develop and Deploy Neighborhood Assets to Align with Regional Economic Growth
Advances Goal of TIF District	Facilitate the assembly, marketing and preparation of vacant or underutilized sites for commercial development within specified locations with the RPA.
Addresses Community Need	Yes; underserved by quality retail
Jobs Created/Retained	200 construction /305 permanent jobs
Affordable Housing Units Created/Preserved	N/A
Return on Investment to City	\$13M property taxes over TIF life; \$284,000 Sales Tax to City annually, \$2.84M annually total; 300 FTE, salaries \$8/hour to \$80,000/annual.
Financial Benchmarks	
Other Funds Leveraged by \$1 of TIF	\$2.1 leveraged for every \$1 TIF
Types of Other Funding Leveraged	Equity: \$4.1M; Debt: \$19.5M
Financing Structure	Grant
RDA Terms	
Payment Schedule	TBD: combination cash from existing increment from Stevenson or adjacent TIFs at RDA closing, tax-exempt and taxable Notes; possible construction interest reimbursement
Taxpayer Protection Provisions	Notes can only be paid with Developer increment; taxable note payment cancelled if developer misses jobs/occupancy any year or defaults.
Total Term of Agreement	2031
Other Considerations	
ONLY USE IF IT MEETS SPECIAL MERIT CONSIDERATION AND PROJECT DOES NOT FIT INTO ECON DEV PLAN AND/OR TIF DISTRICT PLAN	

Aerial of Pulaski Promenade Site

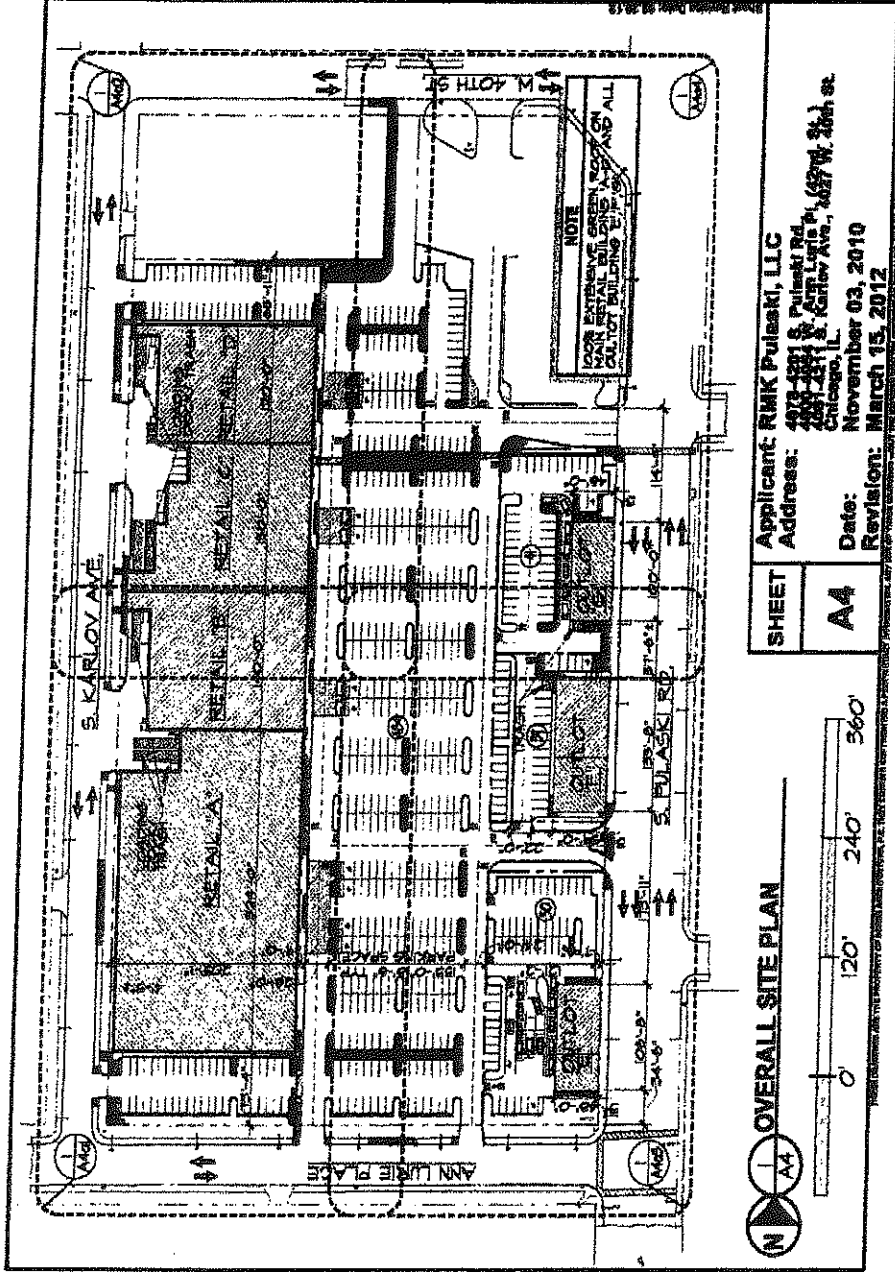


Aerial Map With Site Boundary



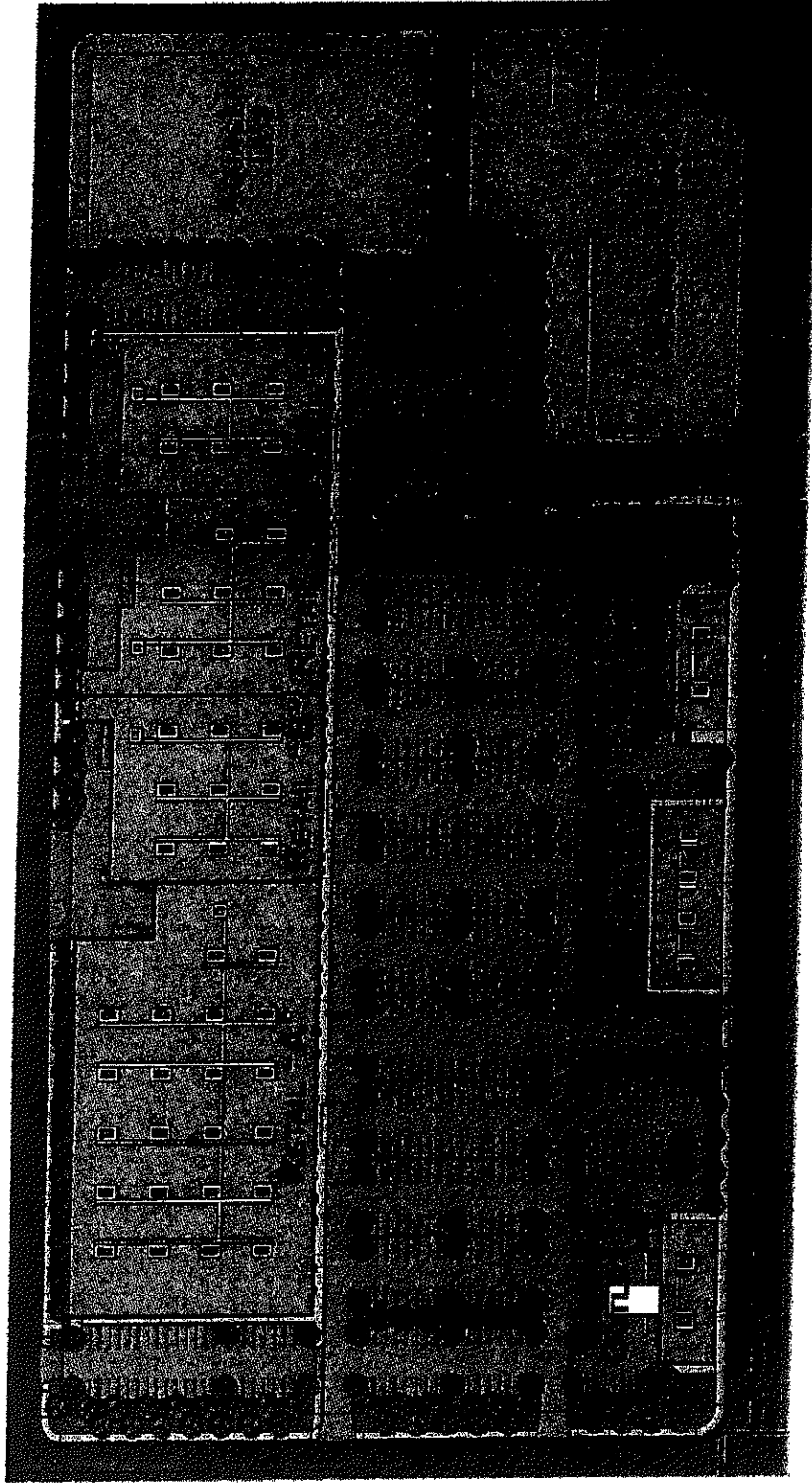
Pulaski Promenade Retail Center • 4200 South Pulaski Road • Chicago • Illinois

Site Plan



Pulaski Promenade Retail Center • 4200 South Pulaski Road • Chicago • Illinois

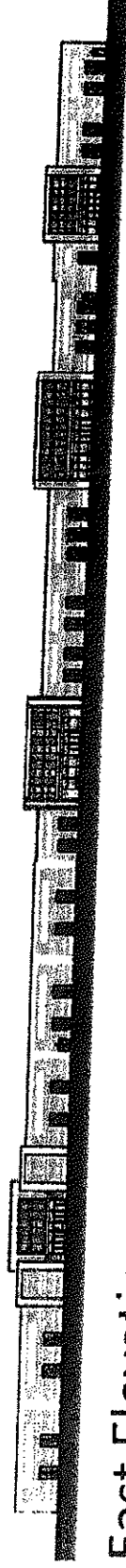
Landscape & Green Roof Plan



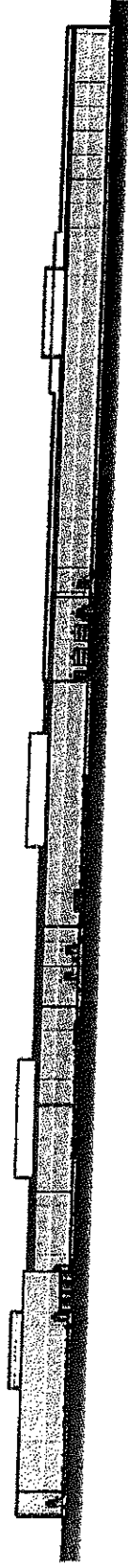
Pulaski Promenade Retail Center • 4200 South Pulaski Road • Chicago • Illinois

Elevations

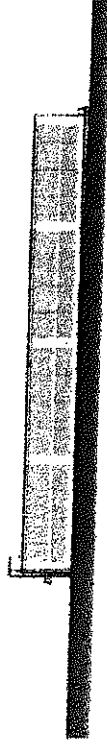
In Line Building – East, West & North Elevations



East Elevation



West Elevation



North Elevation

Pulaski Promenade Retail Center • 4200 South Pulaski Road • Chicago • Illinois



May 29, 2012

Mr. Omar Duque
Illinois Hispanic Chamber of Commerce
855 W. Adams Street
Chicago, Illinois 60617

BY CERTIFIED MAIL

Re: 4200 South Pulaski Street, Chicago, IL

Dear Mr. Duque,

IBT Group, LLC, Manager of Pulaski Promenade, LLC is pleased to announce the redevelopment of the property located at 4200 South Pulaski, Chicago, Illinois. The property consists of 10.58 acres of land that will be developed into 152,000 square feet of new retail space with on-site parking.

IBT Group, LLC has selected Lend Lease to be the general contractor for the project. The project will require participation of trades such as concrete, masonry, carpentry, electrical, mechanical, plumbing, paving, roofing, and others. Attached to this letter is the project budget, which identifies the items subject to minority business enterprise (MBE) participation of 24 percent and women business enterprise (WBE) participation of 4 percent, as well as the project schedule. The contact information for Lend Lease is below:

Tim Harder
Senior Vice President
Lend Lease
1 North Wacker Drive
Suite 850
Chicago, IL 60606
312-245-1000

At your request, the general contractor will meet with a representative of your organization to present the project budget and schedule, and provide one copy of the project bid documents, (plans and specifications).

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

Sincerely,
IBT Group, LLC

Gary Pachucki, President

cc: Scott J. Garland, Project Manager

U.S. Postal Service
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)
 For delivery information visit our website at www.usps.com

Postage	\$ 1.70
Certified Fee	2.80
Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.80

Sent To
 Ms. Beth Doria
 Federation of Women Contractors
 5650 S. Archer Avenue
 Chicago, IL 60638

U.S. Postal Service
CERTIFIED MAIL™ RECEIPT
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 For delivery information visit our website at www.usps.com

Postage	\$ 1.37
Certified Fee	2.90
Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.57

Sent To
 Mr. Perry Naekachi
 Association of Asian
 Construction Enterprises
 333 North Ogden Avenue
 Chicago, IL 60607

U.S. Postal Service
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)
 For delivery information visit our website at www.usps.com

Postage	\$ 1.70
Certified Fee	2.80
Return Receipt Fee	2.30

U.S. Postal Service
CERTIFIED MAIL™ RECEIPT
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Postage	\$ 1.36
Certified Fee	2.80
Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.55

Sent To
 Mr. Omar Duque
 Illinois Hispanic Chamber of Commerce
 855 W. Adams Street
 Chicago, IL 60617

U.S. Postal Service
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)
 For delivery information visit our website at www.usps.com

Postage	\$ 1.37
Certified Fee	2.90
Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.57

Sent To
 Ms. Bellinda Henderson
 Black Contractors United
 1200 Marchfield Street
 Calumet Park, IL 60627

U.S. Postal Service
CERTIFIED MAIL™ RECEIPT
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 For delivery information visit our website at www.usps.com

Postage	\$ 1.70
Certified Fee	2.80
Return Receipt Fee	2.30

7009 2820 0004 2585 5295

7009 2820 0004 2585 5212

04 2585 5204

2009 2820 0004 2585 5259

7009 2820 0004 2585 5242

04 2585 5698

7009 2820 0004 2585 5728

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OFFICIAL USE

Postage	\$ 1.35
Certified Fee	7.48
Return Receipt Fee (Endorsement Required)	7.30
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.13

Postmark Here

Serial To

Mr. Ray Rivera
 Hispanic American Construction
 Industry Association
 901 West Jackson Boulevard
 Suite 205
 Chicago, IL 60607

PS Form 3800, 2005



May 29, 2012

Mr. Gary Pachuki
IBT Group, LLC
850 West Jackson Blvd
Chicago, IL 60607


Re: Pulaski Retail Project

Dear Gary:

I am pleased to hear that your Pulaski retail center is continuing to move forward. As you know, MB would be interested in pursuing the financing. I look forward to seeing revised details. Hopefully we can work together to develop a financing package that meets your needs.

Please let me know when revised information is available.

Sincerely,


Molly S. Oelrich
Vice President

Cc: Sylvia Michas



520 Lake Cook Road
Suite 375
Deerfield, IL 60015
(847) 238-4462 PHONE
(847) 238-0996 FAX

May 30, 2012

Mr. Gary Pachucki
IBT Group LLC
850 West Jackson Boulevard
Chicago, IL 60607

RE: 42nd & Pulaski

Dear Gary,

As you know, I have been involved in successfully financing several of your new construction projects over the past 13 years while at Associated Bank (and also at a prior bank). We have enjoyed a good relationship, and I look forward to working with you on new projects.

I have reviewed preliminary information on your new construction project at 42nd & Pulaski in Chicago, IL. In general, we are interested in pursuing construction financing for this project and look forward to continuing our negotiations.

Thank you for considering Associated Bank for this opportunity.

Sincerely,

Robert J. Burda
Senior Vice President
Commercial Real Estate Division



October 4, 2011

Gary Pachuki
President- IBT Group
850 West Jackson
Chicago IL 60607

Dear Mr. Pachuki,

At TCF Bank, N.A. ("Lender"), our reputation has been built on servicing the needs of real estate concerns, and as such, I believe TCF Bank would be an excellent partner. Below I have outlined our proposed structure to finance the subject property located at 42nd and Pulaski, Chicago IL:

(THIS IS NOT A COMMITMENT TO LEND)

FACILITY A	Construction Loan
FACILITY B	Commercial Mortgage
Amount:	A) Up to \$19,000,000 B) Up to \$15,000,000
Borrower(s):	A, B) LLC To be determined
Purpose:	A) Finance the construction of a 148,217SF retail facility located at 4200 S. Pulaski, Chicago IL. B) Convert construction loan to end loan upon stabilization
Rate:	A) Prime floating with a 4.25% floor during construction. B) Three year Federal Home Loan Bank Rate + 275 basis points fixed, with a 4.75% floor
Maturity:	A) 24 month construction loan B) Three years
Amortization:	A) Interest only during construction B) 15 year amortization
Security:	A, B) First Mortgage and assignment of rents on the subject property located at 4200 S. Pulaski Chicago IL
Advances:	A, B) The loan amount shall be limited to 70% of total construction costs and 65% of the "as completed" appraised value of the subject property
Fee:	A) 1.0% commitment fee.
Prepayment	A) None
Penalty:	B) 2% for the first year, 1% for the second year and 0% thereafter. In the event of a sale in year 1, 1% and 0% thereafter.
Guarantors:	Gary Pachuki and any other majority owner of the borrowing LLC

REPORTING:

Borrower shall provide the Bank with the following on an annual basis:

-Operating Statements on subject property

OTHER CONDITIONS:

- Subject To:** -Receipt of signed/executed tenant leases.
-Finalized structure of borrowing entity
-Finalized construction plans and specifications
- Deposit Relationship:** Operating account for the property is to be established with TCF Bank
- Real Estate Appraisal:** An appraisal is to be completed by an acceptable appraiser of the Bank.
- Environmental Audit:** A Phase I Environmental report would be required
- Title Insurance:** A title insurance policy must be issued by a title insurer acceptable to Lender in an amount not less than the total loan amount, on an ALTA loan policy form (latest revision) insuring the mortgage to be executed by Borrower to be in a first and prior lien on the property, subject only to those exceptions which may be approved by Lender
- Survey:** The Borrower shall submit to the Lender a current Alta Survey on the subject property prior to the date of funding.
- Hazard Insurance:** Borrower shall submit, at least seven (7) days prior to the Loan Closing Date, evidence of insurance in form and substance satisfactory to Lender or a policy of fire and extended coverage insurance in at least the replacement value of the property or maximum insurable amount obtainable from an insurance company. TCF Bank shall be listed as 1st Mortgagee and Loss Payee.
- Flood Insurance:** Subject to review of a "life of loan" flood determination. This determination must be completed and guaranteed by a third party acceptable to the Bank.
- Expenses:** Borrower shall pay all expenses incident thereto and to the credit facilities contemplated hereby, including but not limited to expenses of any counsel engaged by us, recording fees, inspection fees, appraisal costs, documentation expenses, environmental costs, title/escrow expenses and search fees. Borrower shall be responsible for such fees regardless whether credit facilities are consummated.
- Loan Documents:** The Loans shall be evidenced by documentation including but not limited to a first mortgage, assignment of rents and leases, security agreements, Uniform Commercial Code Financing Statements, assignment of property name, and all other documents within standard or reason required by Lender or its counsel in form and substance acceptable to Lender and its counsel.

This letter is not to be construed as a formal commitment on the part of TCF but merely an indication of our sincere interest in pursuing a full banking relationship with you. The conditions and terms as described herein are not intended to incorporate all such terms or conditions as may be found in the Loan Agreements or such other documents necessary to close the transactions. Any commitment is subject to approval by the appropriate Loan Committees, as well as completion of documents satisfactory to our counsel. Thank you for this opportunity to serve your financial needs. I look forward to working with you in the future.

Sincerely,



Brian Bianchi
Vice President - TCF Commercial Banking

Accepted and Agreed:

By: _____ Date: _____

Its: _____



RECEIVED

JUN 11 2012

City of Chicago

Committee on Finance
City Hall • Room 302 • 60602
www.committeefinance.org

BY: _____

Alderman Edward M. Burke
Chairman

Telephone
312-744-3380

June 1, 2012

Marina Carrott
Commissioner
Community Development Commission
City Hall Room 1000
121 North LaSalle Street
Chicago, IL 60602

Re: Pulaski Promenade LLC
Tax Increment Financing Request

Dear Commissioner Carrott:

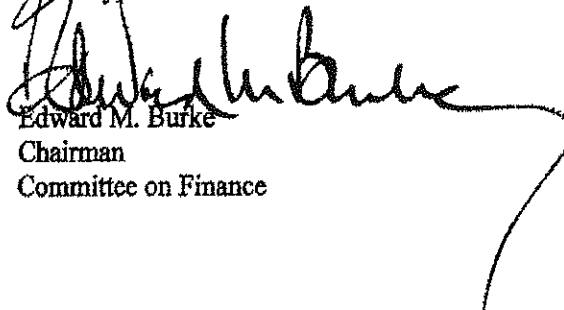
Please be advised that I have no objection to Pulaski Promenade LLC's request for a Tax Increment Financing (TIF) subsidy for the proposed 152,817 sq. ft. retail development to be located at 4200 South Pulaski.

The requested TIF subsidy will be used to reimburse up to \$10,000,000 of the proposed development's \$33,000,000 project costs, of which is subject to TIF eligible expenses.

I am in full support of this request and believe that the proposed retail development will revitalize economic growth and be an asset to this community.

Thank you for your assistance in this matter. If you have any questions or desire any further information, please contact me at 312-744-3380.

Sincerely,



Edward M. Burke
Chairman
Committee on Finance

EMB/cl

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SHOPPING CENTER LEASE

In consideration of the mutual covenants and upon the terms and conditions set forth in "Basic Lease Provisions" below, Exhibit C "General Lease Provisions" and other attachments and exhibits to this Shopping Center Lease (this "Lease"), MICHAELS STORES, INC., a Delaware corporation ("Tenant"), hereby leases from the Landlord named below and Landlord hereby leases to Tenant, the Premises described below.

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BASIC LEASE PROVISIONS

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1. Landlord: RMK PULASKI, LLC, an Illinois limited liability company, whose Federal Taxpayer Identification Number is 26-3778144.

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2. Shopping Center (Exhibit A, Exhibit C, Section 1.1, 1.2):

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Name: "Pulaski Promenade"
Location: City: Chicago County: Cook State: Illinois
Total Leasable Square Feet: 150,895

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3. Premises (Exhibit B, Exhibit C, Section 1.1, 1.2):

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Space Designation: "Premises" Leasable Square Feet: 21,970
(dimensions: 120' frontage x 178'1" depth)

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4. Initial Term (Exhibit C, Section 2.1): Commencing on the Completion Date and ending on the last day of the one hundred twentieth (120th) full calendar month following the Rental Commencement Date (the "Expiration Date"); however, if the Expiration Date would fall in the period from September 1 of a given year to January 31 of the following year, the Expiration Date shall automatically be extended until the last day of February of said following year without notice by either party (unless Tenant gives notice to Landlord six (6) months prior to the Expiration Date, that it desires for the Lease Term to end at the end of the one hundred twentieth (120th) full calendar month whereupon said date shall be the Expiration Date).

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5. Options to Extend Term (Exhibit C, Section 2.2): Four (4) extensions of five (5) years each (each such extension period being an "Extension").

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6. Minimum Rent (Exhibit C, Sections 3.2):

<u>Applicable Time Period</u>	<u>Total Annual Minimum Rent</u>	<u>Total Monthly Minimum Rent</u>	<u>Annual Minimum Rent Per Leasable Square Foot of Premises</u>
Rental Commencement Date through 60th full calendar month after the Rental Commencement Date	\$322,959.00	\$26,913.25	\$14.70
61 st full calendar month after the Rental Commencement Date through the Expiration Date	\$344,929.00	\$28,744.08	\$15.70
First Extension	\$366,899.00	\$30,574.92	\$16.70
Second Extension	\$388,869.00	\$32,405.75	\$17.70
Third Extension	\$410,839.00	\$34,236.58	\$18.70
Fourth Extension	\$432,809.00	\$36,067.42	\$19.70

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Upon proper certification of the Leasable Square Feet of the Premises by Landlord's architect in accordance with this Lease, the Minimum Rent set forth above shall be adjusted in accordance therewith, which such adjustment shall apply from the Completion Date. Landlord warrants and represents that the actual Leasable Square Feet of the Premises will not be less than ninety nine percent (99%) of the Leasable Square Feet stated in Paragraph 3 of the Basic Lease Provisions (the "Stated Premises Size"). Further, if the actual measurement of the Leasable Square Feet determines that there exists within the Premises Leasable Square Feet in excess of one hundred one percent (101%) of the Stated Premises Size, the Premises, for purposes of calculating Minimum Rent, Common Area Charges, Real Estate

1 Taxes and any other charges and for all other purposes shall be deemed to be one hundred one percent
2 (101%) of the Stated Premises Size. Irrespective of the variance in the Leasable Square Feet of the
3 Premises, in no event shall the frontage of the Premises be less than 120'.

4 7. Tenant's Share of Certain Charges (Exhibit C, Sections 3.3, 3.4, 3.5):

- 5 a. Common Area Charges (including insurance): Pro rata, but not to exceed \$2.75 per
6 Leasable Square Foot of the Premises prior to the end of the first full calendar year after
7 the Rental Commencement Date.
8 b. Real Estate Taxes: Pro rata, estimated to be \$4.82 per Leasable Square Foot of the
9 Premises in the first full calendar year after the Rental Commencement Date.
10 c. Utilities: water and sewer submetered; all other utilities to be separately metered.

11 8. Other Required Lessees (Exhibit C, Sections 2.1.2, 16):

	<u>Name of Lessee</u>	<u>Leasable Square Feet of Space</u>	<u>Type of Operation</u>
12	a. Burlington Coat Factory	70,015	Clothing Store
13	b. Marshalls	25,000	Clothing Store

14 9. Construction (Exhibit D): Construction of leasehold improvements will be accomplished pursuant
15 to Exhibit D.

16 10. Addresses for Notices and Payment of Rent (Exhibit C, Section 17.13):

17	TO TENANT:	TO LANDLORD:
18	8000 Bent Branch Drive Irving, Texas 75063 Attn: Director of Real Estate Administration	RMK PULASKI, LLC 850 West Jackson Boulevard, Suite 701 Chicago, Illinois 60607 Attn: Gary Puchucki
	With a copy of notices to:	With a copy of notices to:
	8000 Bent Branch Drive Irving, Texas 75063 Attn: Real Estate Attorney	Much Shelist 191 North Wacker Drive, Suite 1800 Chicago, Illinois 60606 Attn: Arnold Weinberg

19 11. Exhibits: The following Exhibits are attached to this Lease and made a part of this Lease for all
20 purposes.

- 21 Exhibit A: Legal Description of Shopping Center Site
22 Exhibit B: Site Plan
23 Exhibit C: General Lease Provisions
24 Exhibit D: Construction Provisions
25 Exhibit D-1: Program Drawings
26 Exhibit E: Notice of Lease
27 Exhibit F: Sign Rendering
28 Exhibit F-1: Pylon Sign Rendering
29 Exhibit G: Non-Disturbance Agreement Form
30 Exhibit H: Underlying Documents
31 Exhibit I: Existing Leases Not Subject to Tenant's Exclusive/Other Exclusives
32 Exhibit J: Prohibited Uses
33 Exhibit K: Memorandum of Lease

34 12. Incorporation of Other Provisions:

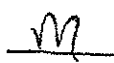
35 Cross-references contained in the Basic Lease Provisions are not intended to be exhaustive. All
36 of the provisions, covenants and conditions set forth in Exhibit C to this Lease and all other
37 exhibits and attachments described in Paragraph 11 of the Basic Lease Provisions are by this
38 reference incorporated into the Basic Lease Provisions as fully as if the same were set forth at
39 length in the Basic Lease Provisions. Each reference in the exhibits and other attachments to
40 any provision in the Basic Lease Provisions will be construed to incorporate all of the terms
41 provided under the referenced provision in the Basic Lease Provisions. In the event of any
42 conflict between a provision in the Basic Lease Provisions, on the one hand and a provision in the
43 exhibits or other attachments, on the other hand, the letter will control.

44 13. Effective Date of Lease (Exhibit C, Section 17.14): April 26, 2011.

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14. Broker (Exhibit C, Section 17.16):

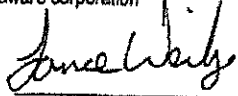
Kevin McLoughlin
Mid-America Real Estate Corporation
One Parkview Plaza, 9th Floor
Oakbrook Terrace, IL 60181



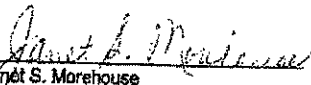
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TENANT

MICHAELS STORES, INC.,
a Delaware corporation

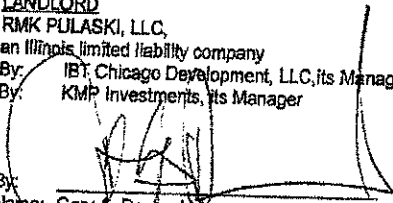
By: 
Name: Lance Weibye
Title: Vice President-Real Estate

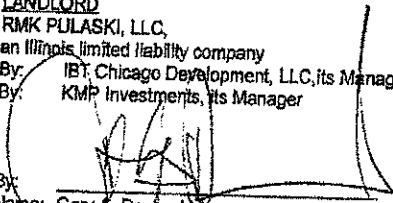
ATTEST

By: 
Name: Janet S. Morehouse
Title: Assistant Secretary

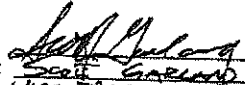
Date of Execution by Tenant:
April 26, 2011

LANDLORD

RMK PULASKI, LLC,
an Illinois limited liability company
By: 
By: IBT Chicago Development, LLC, its Manager
By: KMP Investments, its Manager


By: 
Name: Gary A. Pachucki
Title: Manager

ATTEST

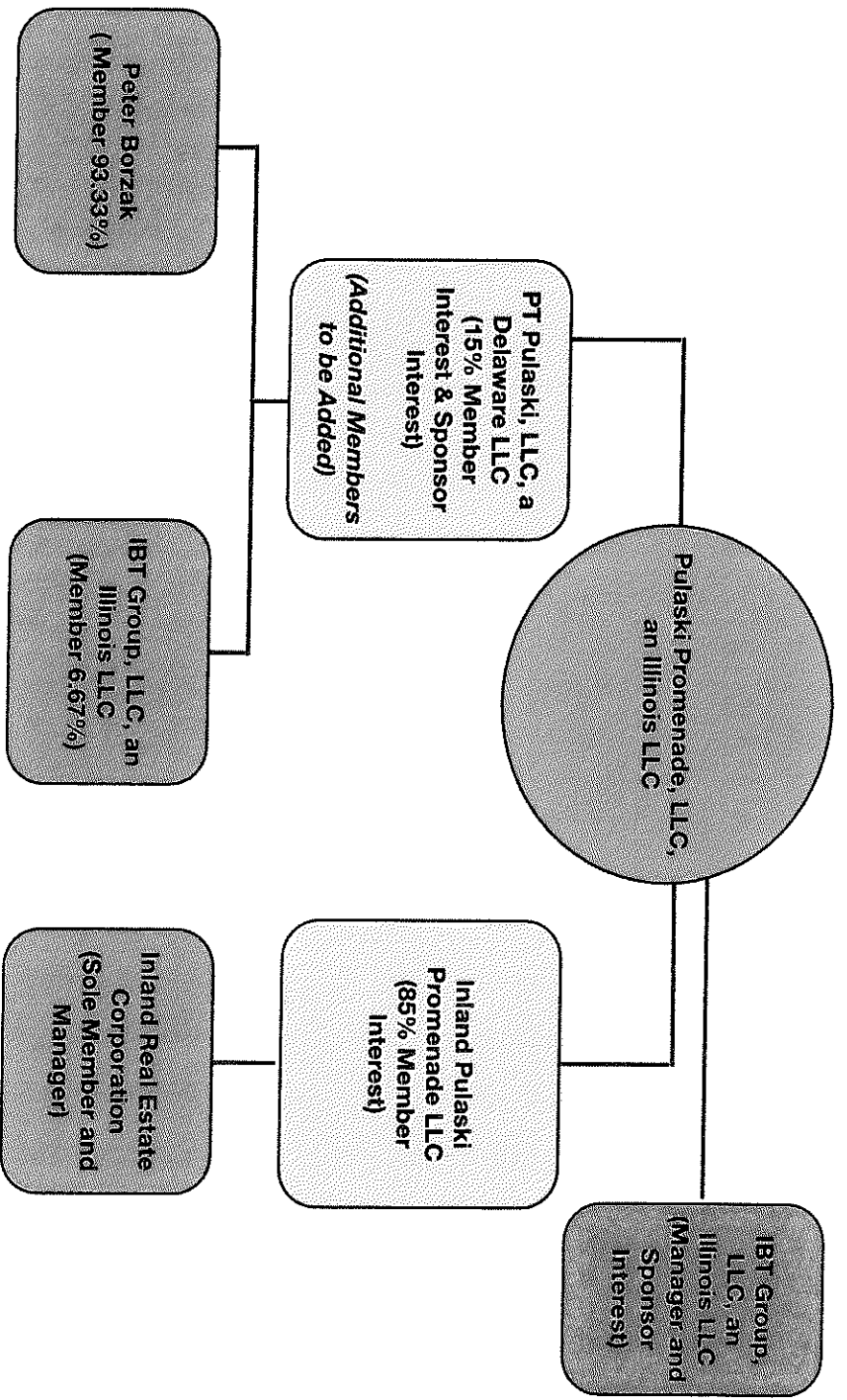
By: 
Name: Scott Garwood
Title: VICE PRESIDENT

Date of Execution by Landlord:
March 23, 2011

[THIS LEASE MUST BE EXECUTED FOR LANDLORD, IF A CORPORATION, BY THE PRESIDENT OR VICE-PRESIDENT AND ATTESTED BY THE SECRETARY OR ASSISTANT SECRETARY, UNLESS THE BY-LAWS OR A RESOLUTION OF THE BOARD OF DIRECTORS OTHERWISE PROVIDE, IN WHICH EVENT A CERTIFIED COPY OF THE BY-LAWS OR RESOLUTION, AS THE CASE MAY BE, MUST BE FURNISHED.]



PULASKI PROMENADE, LLC - OWNERSHIP AND ORGANIZATIONAL CHART



**OPERATING PROFORMA
PULASKI PROMENADE**

Tenant	SF	Rent/PSF	Annual Rent	Admin Fee
Burlington	63,732	\$8.25	\$525,789	5.00%
Marshall's	25,463	\$12.00	\$305,556	5.00%
Ross	25,000	\$14.50	\$362,500	5.00%
Michaels	21,703	\$14.70	\$319,034	5.00%
Wendy's (GL) G	3,500		\$95,000	
Bank (GA) E	5,125		\$200,000	
Outlot F	8,000	\$40.65	\$325,200	10.00%
Total	152,523		\$2,133,079	
<i>Gross Rental Income</i>				\$2,133,079
<i>Reimbursables</i>				
CAM		\$2.45	\$358,550	
Real Estate Taxes		\$4.80	\$732,110	
Insurance		\$0.30	\$45,757	
Admin			\$18,608	
<i>Total Reimbursements</i>				\$1,155,025
<i>Potential Gross Revenue</i>				\$3,288,104
Vacancy		16.00%		(\$62,010)
<i>Effective Gross Revenue</i>				\$3,226,094
<i>Total Operating Expenses</i>				\$1,264,583
In Place Net Operating Income				\$1,961,511

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

RESOLUTION NO. __ - CDC -

**AUTHORIZATION TO NEGOTIATE A
REDEVELOPMENT AGREEMENT WITH IBT GROUP LLC
AND
RECOMMENDATION TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
FOR THE DESIGNATION OF IBT GROUP 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 07-CDC-09 and pursuant to the Act, enacted three ordinances on April 11, 2007 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Stevenson Brighton 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, IBT GROUP 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 a 150,985 square foot retail shopping center consisting of in-line and out parcel shops (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
Stevenson Brighton Redevelopment Tax Increment Financing
Redevelopment Project Area

The Area is generally bounded by Stevenson Expressway on the north, Western Avenue on the east, 51st Street on the south, and Kilbourn Ave on the west.