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F2018-60

Meeting Date: 11/7/2018
Sponsor(s): Emanuel (Mayor)
Type: Communication
Title: Executive Order No. 2018-3 (Developer Requirements Concerning Redevelopment Agreements Involving Tax Increment Financing (TIF) Funds)
Committee(s) Assignment:



OFFICE OF THE MAYOR
CITY OF CHICAGO

RAHM EMANUEL
MAYOR

November 7, 2018

Anna Valencia
City Clerk
Room 107, City Hall
Chicago, IL 60602

Dear Ms. Valencia:

I transmit herewith for filing Executive Order No. 2018-3, which I have signed this date.

Your prompt attention to this matter is appreciated.

Sincerely,

A handwritten signature in black ink that reads "Rahm Emanuel".

Mayor

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Executive Order No. 2018-3

WHEREAS, Illinois law created tax increment financing (“TIF”) as a way to encourage economic growth in blighted, decaying, and underperforming areas in need of development or redevelopment; and

WHEREAS, the City of Chicago seeks to use this valuable and important financial tool carefully, by allocating TIF funds to projects, and in geographic areas, where the dollars invested will reap the greatest rewards for the community, and the City as a whole; and

WHEREAS, in order to efficiently and effectively use TIF, the City needs to be able to rely on plans that are proposed, and representations that are made, by potential recipients of TIF funds, both on their own behalf and in connection with potential tenants and other partners envisioned to participate in TIF projects; and

WHEREAS, it is essential that the City be able to rely on all participants in our TIF transactions to act in good faith, to carry through on the representations they make, to behave as good corporate citizens in all neighborhoods of the City, and to demonstrate, through their stated commitments and actions, that they have the well-being of the communities in which they transact business as well as the entirety of the City in mind; and

WHEREAS, in order to better guard against a lack of good-faith commitment and actions by outside parties to the City’s detriment, it is important to put in place additional requirements and protections to ensure that the City’s TIF dollars are used for the greatest benefit to all the neighborhoods of the City, according to the City’s plans, and are only provided to those who have a genuine and longstanding commitment to the City and all of its neighborhoods; now, therefore,

I, RAHM EMANUEL, Mayor of the City of Chicago, do hereby order as follows:

(A) (1) No Department head or other City officer (collectively, “City Officer”) may enter into a redevelopment agreement (“RDA”) with any party (“Developer”) involving the expenditure of TIF funds that will be used to develop retail uses of 25,000 or more square feet until the Developer submits to the City, at closing of the RDA, an affidavit attesting to the following:

- (i) that the Developer has received a sworn certificate signed within the last 60 days by a senior executive from each tenant leasing 25,000 or more square feet of the development stating that, effective as of the RDA closing date, the tenant has no plans to close any of its other retail locations within the City in the future;
- (ii) that the City is a third-party beneficiary of any such certificate; and
- (iii) that the Developer understands that should any such tenant certificate prove to be false or misleading, the City shall have the right to declare the Developer in default and terminate the TIF transaction.

The City Officer shall not close the TIF transaction until the Developer provides the City with copies of all such tenant certificates.

(2) After the RDA closing, for any initial tenant of 25,000 or more square feet of the development which was not identified at the time of the RDA closing with whom the Developer plans to execute a lease, the Developer shall submit to the City affidavits attesting to the fact that it has received sworn certificates in conformance with subsection (A)(1) prior to and effective as of the initial lease or be in default under the RDA.

(B) The requirements of subsection (A) may only be waived by action of the City Council.

(C) If a City Officer determines at any time that a tenant certification submitted pursuant to Section (A) of this Order was at the time of its certification false or misleading, the City Officer will take all appropriate action, including referral of the matter to the Law Department for prosecution, to ensure that the City's interests are protected and that the maker(s) of the false or misleading statements receive appropriate consequences. Such consequences may include one or more of the following:

- (i) a declaration that the Developer is in default;
- (ii) termination of the TIF transaction; and
- (iii) prosecution pursuant to the City's False Statements Ordinance (Chapter 1-21) or False Claims Ordinance (Chapter 1-22).

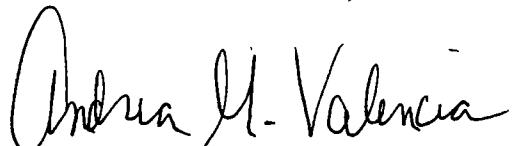
Effective Date.

This Order shall take effect upon its execution and filing with the City Clerk.



Bal Emanuel
Mayor

Received and filed November 7, 2018



Andrea M. Valencia
City Clerk

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