



# City of Chicago



O2022-2015

Office of the City Clerk

## Document Tracking Sheet

**Meeting Date:** 6/22/2022

**Sponsor(s):** Lightfoot (Mayor)

**Type:** Ordinance

**Title:** Redevelopment agreement including Chicago Recovery Fund (CRF) Community Development Grant and tax increment financing (TIF) assistance, with Sputnik Coffee Company for acquisition and construction at 4743 S Talman Ave

**Committee(s) Assignment:** Committee on Finance

## ORDINANCE

WHEREAS, pursuant to ordinances adopted by the City Council (the "City Council") of the City of Chicago (the "City"), published in the *Journal of the Proceedings of the City Council of the City* for such date identified on Exhibit A attached hereto, and under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4.1 *et seq.*, as amended (the "Act"), the City Council: (i) approved and adopted a redevelopment plan and project (the "Plan") for a portion of the City identified on Exhibit A (the "Redevelopment Area"); (ii) designated the Redevelopment Area as a "redevelopment project area" within the requirements of the Act; and (iii) adopted tax increment allocation financing for the Redevelopment Area (items (i)-(iii), each as amended from time to time, collectively the "TIF Ordinance"); and

WHEREAS, the Department of Planning and Development ("DPD") desires to make a grant (the "Grant") to the applicant named in Exhibit A (the "Grantee") for the purpose of wholly or partially funding certain costs (the "TIF-Funded Improvements") of the Project described in Exhibit A (the "Project"), in the amount and under the terms and conditions set forth in Exhibit A; and

WHEREAS, a budget for the Project and a description of the TIF-Funded Improvements are each incorporated into Exhibit A; and

WHEREAS, the Project lies wholly within the boundaries of the Redevelopment Area; and

WHEREAS, the Grantee will be obligated to undertake the Project in accordance with the Plan and the terms and conditions set forth in Exhibit A, with the Project to be financed in part by a Grant consisting of certain incremental taxes deposited from time to time in the Special Tax Allocation Fund for the Redevelopment Area (as defined in the TIF Ordinance) pursuant to Section 5/11-74.4-8(b) of the Act; and

WHEREAS, pursuant to Resolution 22-CDC-26 adopted by the Community Development Commission of the City (the "Commission") on June 14, 2022, the Commission has recommended that the Grantee and/or its affiliated entities be designated as the developer for the Project and that DPD be authorized to negotiate, execute and deliver on behalf of the City a redevelopment agreement with the Grantee for the Project; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The above recitals are expressly incorporated in and made a part of this ordinance as though fully set forth herein.

SECTION 2. The Grantee is hereby collectively designated as the "Developer" for the Project pursuant to Section 5/11-74.4-4 of the Act.

SECTION 3. The Commissioner and a designee of the Commissioner (collectively, the "Authorized Officer") are each hereby authorized, subject to approval by the City's Corporation Counsel, to negotiate, execute and deliver a redevelopment agreement with the Grantee and to execute such agreements and instruments, and perform any and all acts as shall be necessary

or advisable in connection with the implementation of the Grant. The execution of such agreements and instruments and the performance of such acts shall be conclusive evidence of such approval. The Authorized Officer is hereby authorized, subject to the approval of the Corporation Counsel, to negotiate any and all terms and provisions in connection with the Grant which do not substantially modify the terms described in Exhibit A hereto. Upon the execution and receipt of proper documentation, the Authorized Officer is hereby authorized to disburse the proceeds of the Grant to the Grantee.

SECTION 4. The Mayor, the Chief Financial Officer, the City Clerk, the Commissioner (or his or her designee) and the other officers of the City are authorized to execute and deliver on behalf of the City such other documents, agreements and certificates and to do such other things consistent with the terms of this ordinance as such officers and employees shall deem necessary or appropriate in order to effectuate the intent and purposes of this ordinance.

SECTION 5. To the extent that any ordinance, resolution, rule, order or provision of the Code, or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall control. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any other provisions of this ordinance.

SECTION 6. This ordinance shall be effective as of the date of its passage and approval.

**EXHIBIT A**

Attached



June 16, 2022

Vladimir Kagan  
Sputnik Coffee Company  
2057 W. 51<sup>st</sup> St.  
Chicago, IL 60609

**RE: Conditional Commitment of City Funds**

Dear Vladimir,

On behalf of the City of Chicago ("City") Department of Planning and Development ("DPD"), congratulations on being selected as a finalist to receive City funds ("Finalist")! Your Project has been evaluated and selected for an award based on the Chicago Recovery Fund Community Development Grant ("CDG") program criteria. Pending approval from City Council of the City (the "City Council") and execution of a Redevelopment Agreement ("RDA"), Sputnik Coffee Company will be a grantee of City funds ("Grantee").

Sputnik Coffee Company has received a **conditional commitment** of up to **\$1,200,000** in City funds ("City Grant") to be provided from the Stevenson/Brighton Tax Increment Financing ("TIF") district .

The Project was selected for the plan and scope of work presented in the application and summarized below. Any changes to the proposed project plan or scope of work without DPD's prior written approval may result in forfeiture of the City Grant.

**PROJECT ADDRESS**

4743 S. Talman Ave.  
19-12-203-042-0000  
(The address and PINS collectively, the "Property")

**TIF AREA**

The Property is located in the Stevenson / Brighton Redevelopment Project Area (the "TIF Area"). Under ordinances adopted on April 11, 2007, and published in the Journal of Proceedings of the City Council of the City for such date, the City Council: (i) approved a redevelopment plan and project (the "Plan") for the TIF Area; (ii) designated the TIF Area as a "redevelopment project area" within the requirements of the TIF Act; and (iii) adopted tax increment financing for the TIF Area.

**PROJECT PLAN & SCOPE**

Include a detailed description (the "Project")

**TIF-FUNDED IMPROVEMENTS**

TIF-eligible costs include land assembly, demolition, site preparation, environmental remediation, rehabilitation, and other eligible activities under the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4.1 et seq. (the "TIF Act"). The TIF-eligible activities for the Project will be listed specifically in the RDA.

**PROJECT SOURCES & USES**

Anticipated Project Funds (Sources)*		Anticipated Project Costs (Uses)	
Equity	\$400,000	Acquisition Costs	\$55,000
Lender Financing	\$1,265,000	Site Preparation Costs	\$0
Other Funds	\$0	Hard Costs	\$1,931,000
City Grant	\$1,200,000	Soft Costs	\$179,000
<b>Total</b>	<b>\$2,865,000</b>	<b>Total</b>	<b>\$2,865,000</b>

**CAPITAL GRANT PAYMENT**

The Capital Grant may be disbursed as progress payments through a project escrow, or as a single, 100% reimbursement upon project completion. The Finalist must select a payment method before executing the RDA.

*Project Escrow*

Grantees may establish a project escrow account at their own cost, and receive four, incremental disbursements of their Capital Grant during construction. The fourth, and final, disbursement is provided following the completion of the Project and DPD's issuance of a Certificate of Completion ("Certificate"). Each escrow draw requires review and approval of Grantee's documentation by DPD. Grantees who elect to receive their Capital Grant via a project escrow must execute an escrow agreement with DPD and the title company concurrently with the execution of the RDA.

*Single Reimbursement*

Grantees may receive a one-time disbursement of 100% of their Capital Grant following the completion of the Project and DPD's issuance of the Certificate.

**GRANT STRUCTURE**

Before the City Grant is disbursed, Grantees will be required to submit evidence of eligible costs under the TIF Act, which may differ from costs eligible under the CRP program. Projects are eligible to receive up to 75% of total project costs.

**SUMMARY OF GRANT COVENANTS**

The following is a summary of important City Grant covenants to which the Grantee must adhere. The RDA will contain a complete list of all City Grant covenants.

Grantees shall not do any of the following without prior, written consent from DPD, for the Term of the Agreement: be a party to any merger, liquidation or consolidation; sell, transfer, convey, lease or otherwise dispose of all or substantially all of their assets or any portion of the project property (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business; enter into any transaction outside the ordinary course of Grantee's business; assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity; or enter into any transaction that would cause a material and detrimental change to Grantee's financial condition.

### *Operations & Occupancy Covenants*

Grantees must continuously own, occupy, and/or operate the entirety of the Project for three years following the issuance of the Certificate. If a Grantee fails to satisfy these requirements, the City shall have the right to cease the payment of the City Grant, terminate the RDA, or place a lien on the Project property in the value of disbursed City Grant.

### *Annual Compliance Report*

Grantees must submit an Annual Compliance Report for at least three years following the issuance of the Certificate. Requirements for the Annual Compliance Reports will be detailed in the RDA.

## **GRANT CONDITIONS**

Issuance of the City Grant is subject to the Finalist's ability to fulfill the following conditions, and City Council approval. Following City Council approval of the City Grant, the Grantee will be required to execute the RDA with the City, through DPD, which details the legal requirements of the Project and the process for receiving the City Grant.

### *Conditions for Submission to City Council for Approval for the City Grant*

The following *must* be submitted to your Project Manager by Click to enter Letter Date + Five Months to prepare for submission to City Council for approval.

1. **Pre-Construction Compliance Meeting:** The Finalist, general contractor, and all major subcontractors must meet with Construction Compliance staff to review the Finalist's plan to achieve the City's Construction Compliance obligations (MBE/WBE, City Residency and Prevailing Wage Requirements), as established in the RDA and as mandated by City ordinance and DPD policy.
2. **Final Contractor Estimates:** The Finalist must submit at least two, final and comprehensive contractor estimates for the final Project scope of work. All estimates must reflect the same scope of work and final Project Budget, as well as account for the City's M/WBE, Prevailing Wage and City Residency construction compliance requirements.
3. **Final Project Budget:** The Finalist must submit a final Project budget. The City Grant amount in this letter will not be increased; therefore, the Finalist must assume the responsibility of any Project cost increases following City Council approval.
4. **Final Design Documents:** The Finalist must submit, at a minimum, a final site plan, final renderings, and final elevations for the Project. All DPD comments on the Project design should be addressed prior to seeking City Council approval.
5. **Final Zoning Approval:** The Finalist must verify that all proposed Project uses and physical improvements comply with the zoning requirements for the Project location. If the Project uses and/or improvements require a zoning map amendment, licenses, or permits, the Finalist must provide evidence of the approved zoning map amendment, secured licenses and/or permits, and Aldermanic input.
6. **Preliminary Project Financing:** The Finalist must submit proof of project financing, demonstrating that all sources of funds outside of the City Grant are available and secured, or will be secured by closing. The Finalist must close on all financing sources on or before executing the RDA.
7. **Preliminary Site Control:** The Finalist must submit the following proof of site control, demonstrating that the Project location is secured, or will be secured by closing. The Finalist must secure site control on or before executing the RDA.
  - a) Tenant Finalists: Letter of interest or executed lease (for at least three years) for the Project location.
  - b) Owner-Occupied Finalists: Deed or Real Estate Purchase Agreement (demonstrating closing within 90 days), for the Project location.

- c) Property Owner Finalists: Deed or Real Estate Purchase Agreement (demonstrating closing within 90 days), for the Project location; AND letters of interest or executed tenant leases, for at least three years, for at least 75% of the Project.

#### *Conditions for Executing The RDA*

Following City Council's approval, the Grantee must satisfy the conditions below before the City will execute and deliver the RDA, unless the City waives such conditions in writing. The following must be secured within one month of receiving City Council approval to close on the RDA.

1. **Final Project Financing:** If not yet submitted, the Grantee must submit proof of project financing, evidencing that all financing sources outside of the Capital Grant have been secured and are available.
2. **Final Site Control:** If not yet submitted, the Grantee must submit the following proof of site control, evidencing that the Project location has been secured:
  - a) Tenant Grantees: Executed lease for at least three years for the Project location AND written evidence of property owner's consent to record the RDA against the tenant's leasehold interest in the Project location.
  - b) Owner-Occupied Grantee: Deed for the Project location.
  - c) Property Owner Grantee: Deed for the Project location; AND executed tenant leases, for at least three years, for at least 75% of the Project.
3. **Escrow Agreement:** If the Grantee elects to receive the Capital Grant via progress payments (escrow), the escrow agreement between the City, title company and Grantee must be fully executed.
4. **Building Permits:** The Grantee must submit proof of all permits required by the City's Municipal Code for work associated with the Project for all corresponding costs to be eligible for reimbursement.

#### *Conditions for Receiving the Certificate*

The Grantee must complete project construction and receive a Certificate within the timeframe dictated by the executed RDA, or the Project will be considered in default, the City Grant may be forfeited, and the RDA may be terminated. The Certificate *must* be issued within two years of the RDA execution date.

1. **MBE/WBE Requirements:** The Grantee must fulfill at least 26% Minority Business Enterprise (MBE) and 6% Women Business Enterprise (WBE) participation for all direct and indirect construction costs associated with the Project.
2. **City Residency Requirements:** The Grantee must hire City residents to perform 50% of all construction hours.
3. **Prevailing Wage Requirements:** The Grantee must adhere to the City's prevailing wage requirement for all construction trades, as established by the Illinois Department of Labor.
4. **Certificate of Occupancy:** The Grantee must obtain and submit proof of all permits required by the City's Municipal Code to occupy the Project premises.
5. **Business Licenses:** The Grantee must obtain all necessary business licenses.
6. **Documentation:** The Grantee must appropriately document all eligible project costs. Documentation includes, but is not limited to, detailed invoices, cancelled checks, sworn owner's statement, sworn statement of contractor and subcontractor to owner and final lien waivers.

#### **PROJECT EXTENSION, WITHDRAWAL AND TERMINATION POLICIES**

##### *Project Deadline Extension*

Grantees are allowed to request up to two extensions to satisfy the conditions for all milestones leading to RDA execution. Grantees in need of an extension during this time must submit a written request to DPD justifying the

need for the extension. DPD will issue extension approvals and durations, in writing, at its discretion. DPD will withdraw City Grants for Grantees who are unable to satisfy the conditions after exhausting their extensions.

*Project Withdrawal*

Finalists or Grantees must provide written notification to DPD staff of their intent to rescind their City Grant and withdraw from the program. DPD staff will send the Finalist or Grantee an email confirmation of the Project's withdrawal and the return of the allocated City Grant.

*Project Termination*

DPD staff will send the Finalist or Grantee notification via email and postal mail to the above address regarding termination of the Project and the return of the allocated City Grant.

All questions regarding the conditions outlined in this letter, and general City requirements and procedures, can be addressed to Emmett Morrissey (Emmett.morrissey@cityofchicago.org) or 312-744-9499.

We look forward to supporting your efforts to revitalize the City's South, Southwest and West sides.

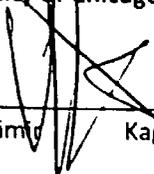
Sincerely,

A handwritten signature in black ink, appearing to read 'Tim Jeffries', written over a horizontal line.

Tim Jeffries  
Deputy Commissioner  
Department of Planning and Development

On behalf of Sputnik Coffee Company, I accept the above terms and conditions of this *Conditional Commitment of City Funds* offered by the City of Chicago.

6/16/22  
Date

  
Vladimir Kagan

  
Title

Return one copy of this letter to:

City of Chicago  
Department of Planning and Development  
Attention: Emmett Morrissey  
121 North LaSalle Street, RM 1003  
Chicago, IL 60602

## CITY GRANT DELIVERABLE SUMMARY CHECKLIST & SCHEDULE

### Milestone #1: Conditional Commitment of Funds (Letter)

<input checked="" type="checkbox"/>	<i>Conditions for Next Milestone</i>	<i>Time to Next Milestone</i>
	Final Contractor Estimates (2)	<u>5 MONTHS</u>
	Final Project Budget	
	Final Zoning	
	Final Design Documents	
	Preliminary (Final acceptable) Project Financing Documentation	
	Preliminary (Final acceptable) Site Control Documentation	
	Approval by Community Development Commission	

### Milestone #2: Council Approval (City Grant Authorization)

<input checked="" type="checkbox"/>	<i>Conditions for Next Milestone</i>	<i>Time to Next Milestone</i>
	Final Project Financing Documentation	<u>1 MONTH</u>
	Final Site Control Documentation	
	Grant Payment Election (executed escrow agreement, if applicable)	
	Building Permits Secured	

### Milestone #3: Project Closing (Executed RDA)

<input checked="" type="checkbox"/>	<i>Conditions for Next Milestone</i>	<i>Time to Next Milestone</i>
	M/WBE Construction Compliance Requirements Fulfilled	<u>24 MONTHS</u>
	City Residency Construction Compliance Requirements Fulfilled	
	Prevailing Wage Construction Compliance Requirements Fulfilled	
	Occupancy Permits Secured	
	Business Permits Secured	
	Business Licenses Secured	
	Project Cost Documentation (invoices, sworn statements, lien waivers)	

### Milestone #4: Project Completion (Certificate of Completion)

FIN



OFFICE OF THE MAYOR  
CITY OF CHICAGO

LORI E. LIGHTFOOT  
MAYOR

June 22, 2022

TO THE HONORABLE, THE CITY COUNCIL  
OF THE CITY OF CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Planning and Development, I transmit herewith ordinances authorizing the execution of tax increment financing redevelopment agreements with various entities.

Your favorable consideration of these ordinances will be appreciated.

Very truly yours,

A handwritten signature in black ink that reads "Lori E. Lightfoot".

Mayor

CHICAGO July 20, 2022

**To the President and Members of the City Council:**

**Your Committee on Finance having had under consideration** a communication recommending a proposed ordinance concerning the authority to enter into and execute a Redevelopment Agreement and provision of Chicago Recovery Fund (CRF) Community Development Grant and Tax Increment Financing (TIF) assistance to Sputnik Coffee for land acquisition and construction located at 4743 South Talman Avenue, in the 15<sup>th</sup> Ward.

O2022-2015

Amount: \$1,200,000

**Having had the same under advisement, begs leave to report and recommend that your Honorable Body pass the proposed**

**This recommendation was concurred in by viva voce vote of members of the committee with \_\_\_\_\_ 0 \_\_\_\_\_ dissenting vote(s).**

**Respectfully submitted,**

(signed) 

**Chairman**

APPROVED

  
\_\_\_\_\_  
CORPORATION COUNSEL

DATED: 8/2/2022

APPROVED

  
\_\_\_\_\_  
MAYOR

DATED: 8/2/2022