



Office of Chicago City Clerk



F2011-49

Office of the City Clerk

Tracking Sheet

Meeting Date:	4/13/2011
Sponsor(s):	Burke, Edward (14)
Type:	Communication
Title:	Quarterly Report for Chicago Development
Committee(s) Assignment:	Joint Committee on Economic, Capital and Technoloav Development, Finance

J+Cof/ ①
Econ

CHICAGO April 13, 2011

To the President and Members of the City Council:

Your Joint Committee on Finance and Committee on Economic, Capital and Technology Development having had under consideration

A communication transmitting a quarterly report containing information regarding the Chicago Development Fund.

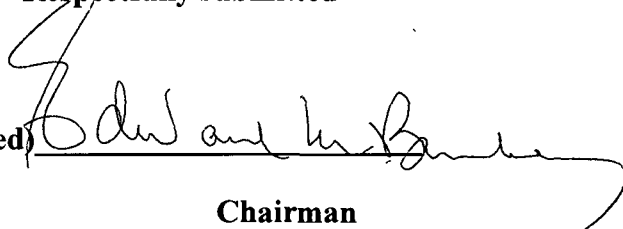
Having had the same under advisement, begs leave to report and recommend that your Honorable Body pass the proposed

Communication Transmitted Herewith

This recommendation was concurred in by _____ (a viva voce vote of members of the committee with _____ dissenting vote(s)).

Respectfully submitted

(signed)



Chairman

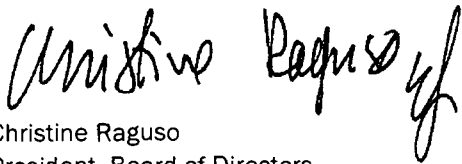
Letter from the Board Chair

Dear Chairman Burke:

I am pleased to submit to the Committee on Finance an update on the activities of Chicago Development Fund (CDF), a City of Chicago-controlled entity dedicated to obtaining and deploying New Markets Tax Credits (NMTCs) to create jobs and improve neighborhoods in the City of Chicago.

In the third quarter of 2010, CDF's Board approved allocation of up to \$20 million in NMTC financing for the Ray Kroc Community Center, located in Chicago's West Pullman neighborhood. This \$60+ million project will cause a significantly polluted vacant site to be redeveloped into a major new community facility in an underserved neighborhood, providing recreational, social, and other amenities. CDF also closed financing on the \$6.5 million PCC Community Wellness Center project, located in the Austin neighborhood. This health clinic facility is located in a federally designated Medically Underserved Area, and provides vital services to uninsured, underinsured, and Medicaid patients. Together, these facilities are anticipated to create or retain 98 jobs, and provide services to 37,540 community residents per year.

CDF continues to work hard to identify high-impact community development projects in Chicago's low-income community areas. We look forward to successfully deploying CDF's existing NMTC allocations, and have applied to the US Treasury to attempt to secure additional credits in the 2010 competitive round.



Christine Raguso
President, Board of Directors
Chicago Development Fund

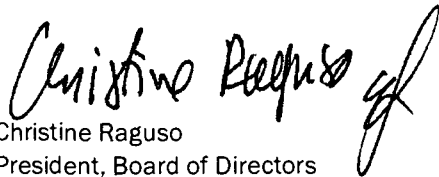
Letter from the Board Chair

Dear Chairman Laurino:

I am pleased to submit to the Committee on Economic, Capital, and Technology Development an update on the activities of Chicago Development Fund (CDF), a City of Chicago-controlled entity dedicated to obtaining and deploying New Markets Tax Credits (NMTCs) to create jobs and improve neighborhoods in the City of Chicago.

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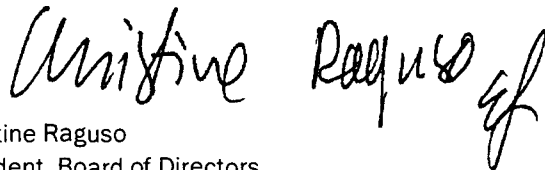
Letter from the Board Chair

Dear Chairman Austin:

I am pleased to submit to the Committee on the Budget and Government Operations an update on the activities of Chicago Development Fund (CDF), a City of Chicago-controlled entity dedicated to obtaining and deploying New Markets Tax Credits (NMTCs) to create jobs and improve neighborhoods in the City of Chicago.

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President, Board of Directors
Chicago Development Fund

3rd Quarter 2010
Program Summary

in the 3rd Quarter of 2010:

- Financing for one project approved by both the Advisory and Governing Board – Salvation Army Kroc Community Center
- Financing for two projects recommended by the Advisory Board and pending decision by the Governing Board - Testa Produce, Radio Flyer
- Financing for one project closed – PCG Community Wellness Center

To Date:

- Financing for seven projects has closed:
 - Five community facilities
 - Two industrial projects
- Six projects are substantially complete:
 - Homan Powerhouse High School
 - Greater West Town Community Development Project
 - Imperial Zinc
 - Christ the King College Prep
 - Gary Comer College Prep High School
 - PCC Community Wellness Center
- Total of \$80.2 million of NMTCs allocated
 - Represents a total of approximately \$24.4 million in subsidy based on the federally defined 39% tax credit rate and prevailing investor pricing
- Approximately 11,960 students and clients served annually
- Approximately 405 permanent jobs created or retained

Program information and updates can be found at CDF's website: www.chicagodevelopmentfund.org

PCC Community Wellness Center



In August 2010, CDF provided \$6.5 million in New Markets Tax Credits (NMTC) financing to PCC Wellness Center (PCC), a non-profit organization and operator of multiple federally qualified health centers located in Chicago's West Side and near western suburbs. PCC had recently completed construction of an 18,300 SF health clinic in the Austin Community Area, replacing and substantially expanding upon an outdated facility. CDF was able to provide permanent finance that allowed PCC to take out its existing construction loan.

PCC's client base consists of many uninsured individuals, as well as patients who receive care through Medicare and Medicaid. This patient mix limits PCC's cash flow available to service debt for a new facility while still providing a full range of services. In addition, PCC encountered approximately \$530,000 in unanticipated site preparation costs associated with environmental remediation. NMTC financing from CDF has helped PCC address this cost while reducing its debt service load, thus freeing up operating funds to allow the organization to serve its clients more effectively.

The new LEED Silver certified Austin Family Health Center is anticipated to serve as many as 10,000 patients per year—2.5 times as many patients as the previous facility accommodated. The new facility provides comprehensive, outpatient primary health care including behavioral health offices and counseling rooms, community meeting rooms, a dental suite, WIC offices, and space for a future pharmacy.

NMTC equity for this project was provided by JPMorgan Chase, which provided approximately \$1.825 million in NMTC equity to the transaction. In addition, the City of Chicago provided a land write-down for site acquisition costs.

Charter Steel Trading Company



In May 2010, CDF provided \$4.9 million in New Markets Tax Credits to Charter Steel Trading Company, a national distributor of premium steel products, to finance the acquisition and renovation of a new facility that will allow them to expand their current operations.

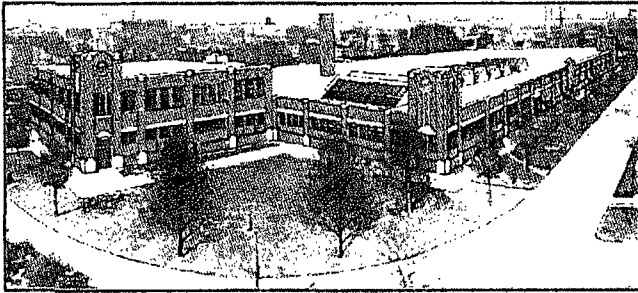
Charter Steel currently occupies a 140,000 square foot facility at 4401 W. Roosevelt Road. This expansion will allow Charter Steel to renovate a 103,000 square foot building located at 1600 S. Kostner. Work will include floor resurfacing, adding heating units, and adding a recessed loading dock. Project funds will also be used to purchase and install equipment.

The Charter Steel transaction was made possible through a partnership with JPMorgan Chase, which provided approximately

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\$1.375 million in NMTC equity to the transaction. This expansion is projected to result in the creation of 30 jobs over time, including leveling line, fork lift and crane operators, shipping and receiving inspectors, and packagers.

Community Career Training & Economic Development Center



In September 2009, CDF provided \$9.3 million in New Markets Tax Credits to the Community Career Training & Economic Development Center (CCTEDC) project, a job training and placement center, which will target high-growth industry sectors of Manufacturing and Transportation, Distribution, and Logistics for disadvantaged, unemployed community residents.

The facility will be operated by The Greater West Town Community Development Project (GWT), a non-profit corporation which provides job training and vocational education to adults and drop-out youth and currently operates from two locations at 790 N Milwaukee and 2021 W Fulton in Chicago, IL.

The CCTEDC transaction is the result of extensive efforts by CDF and the City of Chicago. It is the first NMTC-funded project in the City to use TIF Funds as an NMTC leverage source, with the City of Chicago providing \$3.1 million in TIF financing. The transaction also utilized the Illinois New Markets Development Program to provide additional equity to the deal. This partnership between CDF, the City and the State substantially reduced the amount of debt necessary for the development of CCTEDC, making more funds available to GWT to spend on the training and educational services provided to community residents.

GWT is currently renovating a 60,000 square foot facility at 500 N Sacramento Boulevard in Chicago. In addition to job training and placement programs, the facility will include an incubator for woodworking businesses and space for GWT's high school completion and career development programs for drop-out youth. At full capacity, the CCTEDC will house provide services to approximately 430 people annually. Construction on the facility began in September 2009 and is projected to be completed by July 2010. On October 30, 2009 Treasury Secretary Timothy Geithner announced the recipients of the 2009 allocation of NMTCs at one of GWT's current facilities.

Gary Comer College Preparatory High School



Gary Comer College Preparatory High School is a public charter school located on the City's South Side, in the Greater Grand Crossing community area. In June 2009, the project received approximately \$13.5 million in NMTCs from GDF. In December 2009, GDF provided approximately \$8 million in additional NMTCs to finance the project. This allocation will be used to finance the construction of a new school facility, with a total enrollment of approximately 530 students. The high school will consist of approximately 45,000

square feet, with 25 classrooms, four science laboratories and a computer laboratory.

The project will be adjacent to the existing Gary Comer Youth Center, which is owned and operated by the Gomer Science and Education Foundation. Students of GCCPHS will have access to the Youth Center's gymnasium, theater, computer labs, cafeteria and locker rooms. The Comer Science and Education Foundation is managing the development of the future high school site and has led several initiatives to help stabilize the Greater Grand Crossing community. These initiatives include the Youth Center, rehabilitation of the Paul Revere elementary school, a new public library and affordable residential development. GCCPHS is one of nine campuses that make up the Noble Street Charter School.

Construction began in June 2009 and reached substantial completion in time for the 2010-2011 school year. The Mayor presided over a ribbon-cutting and dedication ceremony of the school in September 2010.

Christ the King Jesuit College Preparatory High School



In June 2009, GDF provided \$17 million in NMTCs to Christ the King College Preparatory School, a private, non-profit Catholic Jesuit secondary school that serves students from the Austin neighborhood and surrounding communities. The school is based on the "Cristo Rey" model where students are placed in an internship program and are able to earn up to 75 percent of their tuition while gaining valuable work experience to supplement their education.

Application for enrollment is open to students regardless of religious affiliation.

Construction on the facility began in June 2008 and was completed in January 2010. The 100,000 square foot high school facility will house approximately 500 students at full capacity. In addition to classroom space, the school includes a gymnasium, library and other ancillary space. The building's design and construction also incorporate a number of green features, such as a 25% green roof, a reflective "cool roof" for the balance of the building, substantial use of recycled construction materials, and energy and water-efficient building systems.

In addition to the NMTC allocation provided by CDF, the project secured a \$14 million allocation of NMTCs from an affiliate of the Local Initiatives Support Corporation (LISC).

Imperial Zinc

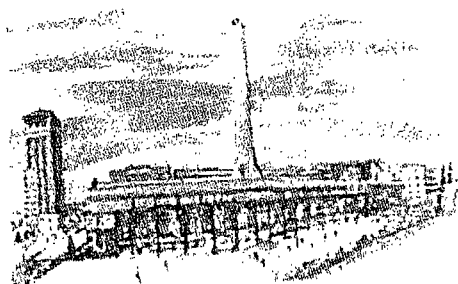


In May 2009, CDF provided \$6 million in New Markets Tax Credits to Imperial Zinc, a zinc processing company that has been a member of the Pullman Community for over 50 years. Imperial Zinc was the first borrower to participate in CDF's Industrial Expansion Loan (IEL) program, which aims to create and retain jobs in low-income communities by providing enhanced financing for industrial projects.

In March 2008, a fire destroyed Imperial Zinc's primary production facility, forcing it to reduce production and staff. The new 80,000 square foot production facility replaced the damaged structure and includes free-standing kilns and built-in furnaces for production. With the assistance of NMTCs, Imperial Zinc will be able to maintain its production in Chicago and increase its current employment to pre-fire levels. The new facility will also be utilized to add new product lines, which will further increase employment. Overall, Imperial Zinc expects to retain 40 jobs, as well as create an additional 45-55 positions.

NMTC equity for the transaction was provided by U.S. Bank in the approximate amount of \$1.76 million. Construction was substantially completed in May 2010 and the facility received its occupancy permit in September 2010.

Charles H. Shaw Technology & Learning Center



In July 2008, CDF closed its first transaction, providing \$15 million in New Markets Tax Credits to the Charles H. Shaw Technology & Learning Center, a public charter high school that will occupy the former Sears power plant in Chicago's Homan Square. U.S. Bank also provided \$7 million in NMTC financing for the project. Henry Ford Learning Institute, based in Dearborn, Michigan, will operate the school, its first in the State of Illinois.

Encompassing 95,000 square feet of classroom and office space, the school will enroll roughly 480 students and return an important historic structure to productive reuse. Space will also be allocated for local community groups and community organizations. The curriculum will focus on science and "green" technology, and the building itself is targeted for LEED-Cold certification. It will also utilize a geothermal field on the former CSX railroad right-of-way adjacent to the site for heating and cooling.

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In addition to NMTC financing, the project secured funding from private donors, as well as Historic Tax Credit equity from U.S. Bank Community Development Corporation.

The school opened in August 2009 with approximately 250 students. It is expected to have 500 students at full capacity. The project has won numerous awards, including the Richard H. Driehaus Foundation Award for Outstanding Non-Profit Neighborhood Real Estate Project, Preservation Project of the Year from Landmarks Illinois, Most Innovative Adaptive Reuse from the National Housing and Rehabilitation Association and Patron of the Year from the Chicago Architecture Foundation.