



City of Chicago



O2018-8427

Office of the City Clerk

Document Tracking Sheet

Meeting Date: 10/31/2018

Sponsor(s): Emanuel (Mayor)

Type: Ordinance

Title: Fifty-sixth amending agreement with SomerCor 504, Inc. for administrative services and Small Business Improvement Fund program increases with Tax Increment Funding for 47th/King, Addison South, Archer/Central, Avondale, Fullerton/Milwaukee, Lawrence/Kedzie, Portage Park, South Chicago and Western/Ogden areas

Committee(s) Assignment: Committee on Finance

ORDINANCE

WHEREAS, the City of Chicago ("City"), a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois, is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended from time to time (the "Act"), to finance projects that eradicate blighted conditions and conservation area factors through the use of tax increment allocation financing for redevelopment projects; and

WHEREAS, by an ordinance adopted by the City Council of the City ("City Council") on July 21, 1999, and published in the Journal of Proceedings of the City Council ("Journal") for said date at pages 8307 to 8344, inclusive (the "Program Ordinance"), the City implemented a redevelopment program known as the Small Business Improvement Fund program (the "Program") to provide financing assistance pursuant to the Act for the improvement of commercial and industrial facilities of small businesses in certain redevelopment project areas of the City; and

WHEREAS, by ordinances adopted by the City Council, the first on November 8, 2000, and published in the Journal for said date at pages 43877 to 43930, inclusive (the "First Amending Ordinance") and the most recent fifty-fifth amending ordinance adopted by the City Council on September 20, 2018 (the "Fifty-Fifth Amending Ordinance," collectively with the Program Ordinance, the First Amending Ordinance and the other amending ordinances, the "SBIF Ordinance"), the City has restated and refined the Program and extended its reach to additional redevelopment project areas of the City; and

WHEREAS, the SBIF Ordinance authorized DPD to fund the Program in the 47th/King Drive Redevelopment Project Area ("47th/King Area") in an amount not to exceed \$2,000,000; and

WHEREAS, as part of the Program, the \$2,000,000 funding previously authorized for the 47th/King Area was substantially expended for the improvement of commercial and industrial facilities of small businesses in the 47th/King Area; and

WHEREAS, DPD desires to increase the amount of grant funds available in the 47th/King Area by an additional \$500,000 to a total, collective amount of \$2,500,000; and

WHEREAS, the SBIF Ordinance authorized DPD to fund the Program in the Addison South Redevelopment Project Area ("Addison South Area") in an amount not to exceed \$1,500,000; and

WHEREAS, as part of the Program, the \$1,500,000 funding previously authorized for the Addison South Area was substantially expended for the improvement of commercial and industrial facilities of small businesses in the Addison South Area; and

WHEREAS, DPD desires to increase the amount of grant funds available in the Addison South Area by an additional \$500,000 to a total, collective amount of \$2,000,000; and

WHEREAS, the SBIF Ordinance authorized DPD to fund the Program in the Archer/Central Redevelopment Project Area ("Archer/Central Area") in an amount not to exceed \$800,000; and

WHEREAS, as part of the Program, the \$800,000 funding previously authorized for the Archer/Central Area was substantially expended for the improvement of commercial and industrial facilities of small businesses in the Archer/Central Area; and

WHEREAS, DPD desires to increase the amount of grant funds available in the Archer/Central Area by an additional \$500,000 to a total, collective amount of \$1,300,000; and

WHEREAS, the SBIF Ordinance authorized DPD to fund the Program in the Avondale Redevelopment Project Area ("Avondale Area") in an amount not to exceed \$1,000,000; and

WHEREAS, as part of the Program, the \$1,000,000 funding previously authorized for the Avondale Area was substantially expended for the improvement of commercial and industrial facilities of small businesses in the Avondale Area; and

WHEREAS, DPD desires to increase the amount of grant funds available in the Avondale Area by an additional \$500,000 to a total, collective amount of \$1,500,000; and

WHEREAS, the SBIF Ordinance authorized DPD to fund the Program in the Fullerton/Milwaukee Redevelopment Project Area ("Fullerton/Milwaukee Area") in an amount not to exceed \$5,700,000; and

WHEREAS, as part of the Program, the \$5,700,000 funding previously authorized for the Fullerton/Milwaukee Area was substantially expended for the improvement of commercial and industrial facilities of small businesses in the Fullerton/Milwaukee Area; and

WHEREAS, DPD desires to increase the amount of grant funds available in the Fullerton/Milwaukee Area by an additional \$1,000,000 to a total, collective amount of \$6,700,000; and

WHEREAS, the SBIF Ordinance authorized DPD to fund the Program in the Lawrence/Kedzie Redevelopment Project Area ("Lawrence/Kedzie Area") in an amount not to exceed \$2,250,000; and

WHEREAS, as part of the Program, the \$2,250,000 funding previously authorized for the Lawrence/Kedzie Area was substantially expended for the improvement of commercial and industrial facilities of small businesses in the Lawrence/Kedzie Area; and

WHEREAS, DPD desires to increase the amount of grant funds available in the Lawrence/Kedzie Area by an additional \$750,000 to a total, collective amount of \$3,000,000; and

WHEREAS, the SBIF Ordinance authorized DPD to fund the Program in the Portage Park Redevelopment Project Area ("Portage Park Area") in an amount not to exceed \$3,660,000; and

WHEREAS, as part of the Program, the \$3,660,000 funding previously authorized for the Portage Park Area was substantially expended for the improvement of commercial and industrial facilities of small businesses in the Portage Park Area; and

WHEREAS, DPD desires to increase the amount of grant funds available in the Portage Park Area by an additional \$500,000 to a total, collective amount of \$4,160,000; and

WHEREAS, the SBIF Ordinance authorized DPD to fund the Program in the South Chicago Redevelopment Project Area ("South Chicago Area") in an amount not to exceed \$500,000; and

WHEREAS, as part of the Program, the \$500,000 funding previously authorized for the South Chicago Area was substantially expended for the improvement of commercial and industrial facilities of small businesses in the South Chicago Area; and

WHEREAS, DPD desires to increase the amount of grant funds available in the South Chicago Area by an additional \$500,000 to a total, collective amount of \$1,000,000; and

WHEREAS, the SBIF Ordinance authorized DPD to fund the Program in the Western/Ogden Redevelopment Project Area ("Western/Ogden Area") in an amount not to exceed \$2,000,000; and

WHEREAS, as part of the Program, the \$2,000,000 funding previously authorized for the Western/Ogden Area was substantially expended for the improvement of commercial and industrial facilities of small businesses in the Western/Ogden Area; and

WHEREAS, DPD desires to increase the amount of grant funds available in the Western/Ogden Area by an additional \$500,000 to a total, collective amount of \$2,500,000; and

WHEREAS, the City Council, under the SBIF Ordinance, authorized DPD to enter into an agreement with SomerCor 504, Inc., an Illinois not-for-profit corporation ("SomerCor"), and DPD entered into such agreement on March 12, 2001, which agreement continues in full force and effect, as amended from time to time, pursuant to which SomerCor performs certain administrative services for the Program, and DPD now desires to further amend that agreement by entering into a Fifty-Sixth Amending Agreement (the "Fifty-Sixth Amending Agreement") with SomerCor to (a) increase the amount of grant funds available in the 47th/King, Addison South, Archer/Central, Avondale, Fullerton/Milwaukee, Lawrence/Kedzie, Portage Park, South Chicago, and Western/Ogden Areas, as provided by this ordinance; and (b) authorize SomerCor to continue providing the same administrative services for the Program, which Fifty-Sixth Amending Agreement is set forth in more detail on Exhibit A, attached hereto and incorporated herein; and

WHEREAS, the City's obligation to provide funds under the Fifty-Sixth Amending Agreement may be met through (i) incremental taxes from the 47th/King, Addison South, Archer/Central, Avondale, Fullerton/Milwaukee, Lawrence/Kedzie, Portage Park, South Chicago, and Western/Ogden Areas, as applicable; or (ii) any other funds legally available to the City for this purpose; 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. SomerCor is hereby authorized to continue to administer the Program,

subject to the supervision of DPD.

SECTION 3. The Commissioner of DPD or a designee of the Commissioner are each hereby authorized, with the approval of the City's Corporation Counsel as to legal form, to negotiate, execute and deliver the Fifty-Sixth Amending Agreement between SomerCor and the City substantially in the form attached hereto as Exhibit A and made a part hereof, and such other supporting documents as may be necessary to carry out and comply with the provisions of the Fifty-Sixth Amending Agreement, with such changes, deletions and insertions as shall be approved by the persons executing the Fifty-Sixth Amending Agreement.

SECTION 4. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code of Chicago, or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall control. All sections of the SBIF Ordinance in conflict with this ordinance are hereby repealed to the extent of such conflict. 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 of the other provisions of this ordinance.

SECTION 5. This ordinance shall be effective as of the date of its passage and approval.

EXHIBIT A TO THE ORDINANCE

Form of Fifty-Sixth Amending Agreement

to

ADMINISTRATIVE SERVICES AGREEMENT

This Fifty-Sixth Amending Agreement to Administrative Services Agreement (the "Agreement") is made this ____ day of _____, 201_, by and between the City of Chicago, a municipal corporation and home rule unit of local government existing under the 1970 Constitution of the State of Illinois (the "City"), acting through its Department of Planning and Development ("DPD"), and SomerCor 504, Inc., an Illinois not-for-profit corporation ("SomerCor") whose office address is 601 South LaSalle Street Street, Suite 510, Chicago, Illinois 60605.

WHEREAS, the City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended from time to time (the "Act"), to finance projects that eradicate blighted conditions and conservation area factors through the use of tax increment allocation financing for redevelopment projects; and

WHEREAS, by ordinances adopted by the City Council of the City on July 21, 1999 and on November 8, 2000, and published in the Journal of Proceedings of the City Council for said dates at pages 8307 to 8344, inclusive, and pages 43877-43930, inclusive, respectively (the "SBIF Ordinances"), the City implemented and amended a redevelopment program known as the Small Business Improvement Fund program (the "SBIF Program") to provide financing assistance pursuant to the Act for the improvement of commercial and industrial facilities of small businesses in certain redevelopment project areas ("TIF Areas") in the City; and

WHEREAS, the City Council, under the SBIF Ordinances, authorized DPD to enter into agreements with SomerCor, and DPD and SomerCor entered into one agreement on September 22, 1999 ("First SomerCor Agreement") and another agreement on March 12, 2001 ("Second SomerCor Agreement"), to administer the SBIF Programs on behalf of the City; and

WHEREAS, in multiple ordinances adopted by the City Council, the most recent of which was adopted on _____, 2018 and published in the Journal of Proceedings of the City Council for said date at pages ____ through _____, inclusive (the "Fifty-Sixth Amending Ordinance"), the City Council authorized DPD to enter into agreements amending the First SomerCor Agreement and the Second SomerCor Agreement with SomerCor to make various changes to the administration of the SBIF Program; and

WHEREAS, the Fifty-Sixth Amending Ordinance authorized DPD to enter into an agreement with SomerCor to increase the amount of grant funds available in existing programs in the 47th/King, Addison South, Archer/Central, Avondale, Fullerton/Milwaukee, Lawrence/Kedzie, Portage Park, South Chicago, and Western/Ogden redevelopment project areas and to continue to provide SBIF Program administrative services, and DPD and SomerCor now desire to enter into such an agreement, which will amend the Second SomerCor Agreement (the "Fifty-Sixth Amending Agreement");

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth

below, the parties hereto agree as follows:

ARTICLE I

INCORPORATION AND RECITALS

The recitals set forth above are incorporated by reference as if fully set forth herein.

ARTICLE II

REAFFIRMATION OF REPRESENTATIONS, WARRANTIES AND COVENANTS

SomerCor reaffirms each and every representation, warranty and covenant made in Article III of the Second SomerCor Agreement. SomerCor reaffirms that it has insurance in force that conforms to the requirements of Section 4.8 of the Second SomerCor Agreement.

ARTICLE III

AMENDMENTS TO SECOND SOMERCOR AGREEMENT

1. The Second SomerCor Agreement, as amended, is further amended, as follows:

(a) amend the text in Exhibit 5 thereof increasing the maximum funds available for the following TIF Areas, which maximum includes previously-allocated funds and additional funding authorized by the Fifty-Sixth Amending Ordinance, as follows:

47 th /King	\$2,500,000
Addison South	\$2,000,000
Archer/Central	\$1,300,000
Avondale	\$1,500,000
Fullerton/Milwaukee	\$6,700,000
Lawrence/Kedzie	\$3,000,000
Portage Park	\$4,160,000
South Chicago	\$1,000,000
Western/Ogden	\$2,500,000

(b) substitute the following for each occurrence of "One Hundred Fifty-Eight Million Two Hundred and Ten Thousand Dollars (\$158,210,000)" in Section 4.2 thereof:

[One Hundred Sixty-Three Million Four Hundred and Sixty Thousand Dollars (\$163,460,000)]

Except as set forth herein, the Agreement is not amended.

ARTICLE IV

OBLIGATION TO PROVIDE DOCUMENTS

SomerCor shall execute and deliver to DPD such documents as may be required by the Corporation Counsel of the City to evidence SomerCor's participation in the Program, including,

but not limited to, an opinion of counsel in substantially the form of Exhibit 1 attached hereto and incorporated herein, and the City's current form of Economic Disclosure Statement.

IN WITNESS WHEREOF, the City and SomerCor have executed this Agreement as of the date first set forth above.

CITY OF CHICAGO

By: _____
Commissioner,
Department of Planning and Development

SOMERCOR 504, INC.

By: _____
Its: _____

EXHIBIT 1 to Fifty-Sixth Amending Agreement

Form of Counsel's Opinion

_____, 2018

City of Chicago
Department of Planning and Development
121 North LaSalle Street
Suite 1000
Chicago, Illinois 60602

RE: Amending Agreement to Administrative Services Agreement (the "Agreement")

Ladies and Gentlemen:

We have acted as counsel for SomerCor 504, Inc., an Illinois not-for-profit corporation ("SomerCor"), in connection with the execution and delivery of the Agreement by and between SomerCor and the City of Chicago, acting by and through its Department of Planning and Development (the "City"). SomerCor has requested that this opinion be furnished to the City.

In so acting as counsel for SomerCor we have examined:

- (i) an executed original of the Agreement;
- (ii) the Articles of Incorporation, including all amendments thereto, of SomerCor as furnished and certified by the Secretary of State of the State of Illinois (the "Articles");
- (iii) the By-Laws of SomerCor, as certified by the Secretary of SomerCor as of the date hereof (the "By-Laws"); and
- (iv) the Certificate of Good Standing dated _____, issued by the Office of the Secretary of State of the State of Illinois, as to the good standing of SomerCor (the "Certificate of Good Standing").

The Articles, By-Laws and Certificate of Good Standing are referred to collectively as the "Organization Documents".

In our capacity as counsel, we have also examined such other documents or instruments as we have deemed relevant for the purposes of rendering the opinions hereinafter set forth.

We have assumed, but have no reason to question, the legal capacity, authority and the genuineness of the signatures of and due and proper execution and delivery by the respective parties other than SomerCor which has made, executed or delivered or will make, execute and deliver the agreements and documents examined by us. We have also assumed that all documents submitted to us as originals are authentic and that all documents submitted to us as photostatic or certified copies conform to the original documents.

We have further assumed (i) that factual matters set forth in SomerCor's representations and warranties in the Agreement are true and accurate in all respects; (ii) that the conduct of the parties to the Agreement complies with any requirement of good faith, fair dealing and conscionability; and (iii) that there has not been any mutual mistake of fact, fraud, duress or undue influence.

We express no opinion as to (i) the laws of any state or jurisdiction other than the State of Illinois (and any political subdivisions thereof) and the United States of America; (ii) any matters pertaining or relating to the securities laws of the United States of America, the State of Illinois or any other state; (iii) any matters pertaining or related to the Employee Retirement Income Security Act of 1974 and any rules and regulations thereunder; (iv) any matters pertaining or relating to the taxation laws of the United States of America, the State of Illinois or any other state; and (v) any matters pertaining or relating to the criminal, quasi-criminal or civil forfeiture laws of the United States of America, the State of Illinois or any other state. Additionally, this opinion is limited to the matters set forth herein. No opinion may be inferred or implied beyond the matters expressly contained herein. We shall have no continuing obligations to inform you of changes in law or fact subsequent to the date hereof or of facts of which we become aware after the date hereof.

Based upon and subject to the assumptions and qualifications herein stated, it is our opinion that:

1. Based solely on our review of the Organization Documents, SomerCor is a not-for-profit corporation, duly organized and validly existing under the laws of the State of Illinois, SomerCor has made all filings required by the laws of the State of Illinois in respect of its formation and continuing existence, and has all requisite authority to carry on its business and to execute and deliver, and to consummate the transactions contemplated by, the Agreement.
2. Based solely on our review of the Organization Documents, the Agreement has been duly executed and delivered on behalf of SomerCor and constitutes a legal, valid and binding obligation of SomerCor, enforceable against SomerCor in accordance with its terms, except to the extent that enforcement of any such terms may be limited by: (a) applicable bankruptcy, reorganization, debt arrangement, insolvency or other similar laws generally affecting creditors' rights; or (b) judicial and public policy limitations upon the enforcement of certain remedies including those which a court of equity may in its discretion decline to enforce.
3. To our knowledge, there is no action, suit or proceeding at law or in equity pending, nor to our knowledge threatened, against or affecting SomerCor, before any court or before any governmental or administrative agency, which if adversely determined could materially and adversely affect the ability of SomerCor to perform under the Agreement or any of its business or properties or financial or other conditions.
4. The transactions contemplated by the Agreement are governed by the laws of the State of Illinois.

5. The execution and delivery of the Agreement and the consummation of the transactions contemplated thereby will not constitute:
 - A. a violation or breach of (i) the Articles of Incorporation of SomerCor, (ii) the By-Laws of SomerCor, (iii) to our knowledge, any provision of any contract or other instrument to which SomerCor is bound, or (iv) to our knowledge, any order, writ, injunction, decree, statute, rule or regulation binding on SomerCor, or
 - B. to our knowledge, a breach of any of the provisions of, or constitute a default under, or result in the creation or imposition of any lien or encumbrance upon any of the property of SomerCor pursuant to any agreement or other instrument to which SomerCor is a party or by which SomerCor is bound.
6. To our knowledge, no action of, or filing with, any governmental or public body is required to authorize, or is otherwise required for the validity of, the execution, delivery and performance of any of the Agreement.

In basing the opinions or other matters set forth in this letter, the words "our knowledge" signify that, in the course of representation of SomerCor, no facts have come to our attention that would give us actual (and not implied or constructive) knowledge or actual (and not implied or constructive) notice that any such opinions or other matters are not accurate. Except as otherwise expressly stated in this opinion, we have undertaken no investigation nor verification of such opinions and matters. Further, the words "our knowledge" and similar language used in this opinion are intended to be limited to only the actual knowledge of the attorneys within our firm who have been directly involved in representing SomerCor, namely _____.

The foregoing opinions are furnished exclusively for your benefit and may be relied upon by you in connection with the Agreement, but may not be delivered to or relied upon by any other person or entity without express written consent from the undersigned, which may be granted or denied in the undersigned's sole discretion.

Very truly yours,

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OFFICE OF THE MAYOR
CITY OF CHICAGO

RAHM EMANUEL
MAYOR

October 31, 2018

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 an ordinance authorizing an expenditure of TIF funds for Small Business Improvement Fund areas.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

Mayor

Amendment #1-56

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CHICAGO November 14, 2018

To the President and Members of the City Council:

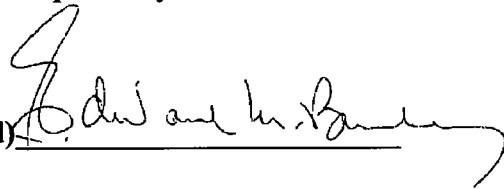
Your Committee on Finance having had under consideration a communication recommending a proposed ordinance concerning the authority to approve Amendment Number 56 to the Small Business Improvement Fund Program.

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

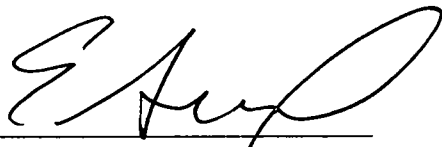
This recommendation was concurred in by _____ (a viva voce vote of members of the committee with _____ dissenting vote(s).

Respectfully submitted

(signed) 

Chairman

APPROVED



CORPORATION COUNSEL

DATED: 11/26/18

APPROVED



MAYOR

DATED: 11/26/18