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Legislation Details (With Text)

File #: O2022-3801

Type: Ordinance **Status:** Passed

File created: 11/16/2022 **In control:** City Council

Final action: 12/14/2022

Title: Intergovernmental agreement with Chicago Board of Education to provide Tax Increment Financing (TIF) funds for land acquisition from Chicago Housing Authority and construction of new Near South High School at 2450 S State St

Sponsors: Lightfoot, Lori E.

Indexes: Intergovernmental

Attachments: 1. O2022-3801.pdf

Date	Ver.	Action By	Action	Result
12/14/2022	1	City Council	Passed	Pass
12/12/2022	1	Committee on Finance	Recommended to Pass	
11/16/2022	1	City Council	Referred	

OFFICE OF THE MAYOR

CITY OF CHICAGO

LORI E. LIGHTFOOT

MAYOR

November 16, 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 an ordinance

authorizing the execution of an intergovernmental agreement with the Chicago Board of Education to provide TIF funds for improvements at Near South High School.

Your favorable consideration of this ordinance will be appreciated.

ORDINANCE

WHEREAS, the City of Chicago (the "City") is a municipal corporation and home rule unit of government under Article VII, Section 6(a) of the 1970 Constitution of the State of Illinois, and as such, may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, the Board of Education of the City of Chicago (the "Board") is a body politic and corporate, organized under and existing pursuant to Article 34 of the School Code of the State of Illinois, 105 ILCS 5/1-1 et seq.; and

WHEREAS, pursuant to the provisions of an act to authorize the creation of public building commissions and to define their rights, powers and duties under the Public Building Commission Act (50 ILCS 20/1 et seq.), the City Council of the City (the "City Council") created the Public Building Commission of Chicago to facilitate the acquisition and construction of public buildings and facilities; and

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 blight conditions through the use of tax increment allocation financing for redevelopment projects; and

WHEREAS, under 65 ILCS 5/11-74.4-3(q)(7), such ad valorem taxes which pursuant to the Act have been collected and are allocated to pay redevelopment project costs and obligations incurred in the payment thereof ("Increment") may be used to pay all or a portion of a taxing district's capital costs resulting from a redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the extent the municipality by written agreement accepts and approves such costs; and

WHEREAS, the Board is a taxing district under the Act; and

WHEREAS, the Board operates a school identified in Exhibit A (the "School") located at the Property identified in Exhibit A (the "Property"); and

WHEREAS, the Board desires to undertake certain improvements at the School as described in Exhibit A (the "Project"); and

WHEREAS, in accordance with the provisions of 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"; and (iii) adopted tax increment allocation financing for the Redevelopment Area, pursuant to ordinances (collectively, the "TIF Ordinances") adopted on the date (or dates, if subsequently amended) and published in the Journal for such date(s), identified on Exhibit A; and

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

WHEREAS, Increment collected from the Redevelopment Area shall be known as the "Redevelopment Area Increment"; and

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WHEREAS, the Department of Planning and Development of the City desires to use a portion of the Redevelopment Area Increment in an amount not to exceed the amount identified in Exhibit A for the purpose of wholly or partially funding certain costs of the Project (the "TIF-Funded Improvements") to the extent and in the manner provided in this ordinance and the Agreement (as hereinafter defined); and

WHEREAS, a detailed budget for the Project (the "Project Budget") and an itemized list of the TIF-Funded Improvements are each incorporated into Exhibit A; and

WHEREAS, the Plan contemplates that tax increment financing assistance would be provided for public improvements, such as the Project, within the boundaries of the Redevelopment Area; and

WHEREAS, in accordance with the Act, the TIF-Funded Improvements are and shall be such of the Board's capital costs necessarily incurred or to be incurred in furtherance of the objectives of the Plan, and the City hereby finds that the TIF-Funded Improvements consist of the cost of the Board's capital improvements for the Project that are necessary and directly result from the redevelopment project constituting the Project and, therefore, constitute "taxing districts' capital costs" as defined in Section 5/11-74.4-03(u) of the Act; and

WHEREAS, pursuant to an ordinance adopted by the City Council on April 21, 2021, and published in the Journal of Proceedings for the City Council for such date at pages 29530 through 29549, the City Council approved a form of an intergovernmental agreement attached thereto for a project at Jacob Beidler Elementary School (the "Form Agreement"); and

WHEREAS, the City and the Board wish to enter into an intergovernmental agreement in substantially similar form to the Form Agreement, substituting the Project-specific terms with the information contained in Exhibit A, whereby the City shall pay for or reimburse the Board for the TIF-Funded Improvements related to the Project (the "Agreement"); now, therefore,

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

SECTION 1. The above recitals, and the statements of fact and findings made therein, are incorporated herein and made a material part of this ordinance.

SECTION 2. The City hereby finds that the TIF-Funded Improvements, among other eligible redevelopment project costs under the Act approved by the City, consist of the cost of the Board's capital improvements for the Project that are necessary and directly result from the redevelopment project constituting the Project and, therefore, constitute "taxing districts' capital costs" as defined in Section 5/11-74.4-03(u) of the Act.

SECTION 3. The Commissioner of Planning and Development and a designee are each hereby

authorized, subject to approval by the City's Corporation Counsel, to negotiate, execute and deliver the Agreement and such other documents as may be necessary to carry out and comply with the provisions of the Agreement, with such changes, deletions and insertions as shall be approved by the persons executing the Agreement on behalf of the City.

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. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall

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not affect any of the other provisions of this ordinance.

SECTION 5. This ordinance takes effect upon passage and approval.

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EXHIBIT A

1. 2. 3.

School: Near South High School (to be officially named in accordance with customary Board procedure)

Property: 2450 South State Street, Chicago, Illinois 60616 (West 24th Street and South State Street)

Project: Construction of the School on the Property and related costs, including the acquisition of the following parcels ("CHA Replacement Site") to be exchanged in a land swap with the Chicago Housing Authority ("CHA") for the Property, which is currently owned by the CHA:

1. Common Addresses: All in Chicago, IL 60616

2240 S. Wabash Avenue 2302 S. Wabash Avenue 2306 S. Wabash Avenue 2308 S. Wabash Avenue 2310 S. Wabash Avenue

2. Permanent Index Numbers ("PINS"):

17-27-100-012-0000 17-27-108-006-0000 17-27-108-007-0000 17-27-108-008-0000 17-27-108-009-0000

2312 S. Wabash Avenue 2314 S. Wabash Avenue 2316 S. Wabash Avenue 2320 S. Wabash Avenue 2332 S. Wabash Avenue

17-27-108-010-0000 17-27-108-011-0000 17-27-108-012-0000 17-27-108-016-0000 17-27-108-017-0000

4.

5.

The CHA will lease the Property ("Lease") to the Board in exchange for a deed to the CHA Replacement Site as consideration for that Lease ("Land Exchange"). The "Land Exchange" is subject to the approval of the Department of Housing and Urban Development ("HUD"). This portion of the Project is entered into pursuant to CPS Board Report Nos. 22-0928-OP7 and 22-0928-OP8, each dated September 28, 2022 (collectively the "Board Reports") and is subject to the contingencies stated therein or contemplated thereby.

Amount of Redevelopment Area Increment: Not to exceed \$8,000,000 Project Budget:

Scope	Project Budget	TIF Request
Acquisition of the CHA Replacement Site to deed to the CHA in exchange for the Lease to the Property for construction of the School	\$10,318,800	\$8,000,000
Construction and related expenses for the School (estimated)	\$139,681,200	
Total (estimated)	\$150,000,000	\$8,000,000

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Sources	Amount
Chicago Public Schools or Other Sources	\$142,000,000
24 th /Michigan TIF	\$8,000,000
Total (estimated)	\$150,000,000

6. TIF-Funded improvements: Acquisition of the CHA Replacement Site for purposes of the Land Exchange.

7. Redevelopment Area. 24th/Michigan Redevelopment Project Area

8. TIF Ordinances (including any amendments): Under ordinances adopted on July 21, 1999, the City Council: (i) approved a redevelopment plan and project (the "Plan") for the Redevelopment Area; (ii) designated the Redevelopment Area as a "redevelopment project area" within the requirements of the Act; and (iii) adopted tax increment financing for the Redevelopment Area. The Plan was subsequently amended on February 16, 2000 and June 12, 2019.

9. Modifications to Form Agreement for this Project:

1. Add to the end of Subsection 2 of Article Three, the following language: "Notwithstanding anything to the contrary in this Article Three, Subsection 2 or elsewhere in this Agreement, the Board's funding obligations under this Agreement are contingent on the securing of available funding either through Board-approved capital plan(s) or third-party sources and shall not exceed \$142,000,000 without written agreement of the parties. The Board shall have no obligation to utilize Board funds to fund any obligations hereunder other than as set forth in the preceding sentence. Moreover, the Board's obligations hereunder are subject to the contingencies set forth in or contemplated by the Board Reports, being (without limitation) approval of HUD of the Land Exchange, unforeseen circumstances in which CPS is unable to begin construction of the School by the date required by the Lease, the closing of the acquisition of the CHA Replacement Property, entry into the Lease and related

Intergovernmental Agreement between the Board and the CHA, and other unforeseen circumstances (including without limitation impossibility, impracticality, funding issues, construction issues, Acts of God, and any other circumstances) pursuant to which CPS is unable to complete construction of the School prior to the date set forth in the Lease (collectively the "Operational Contingencies." All Operational Contingencies are subject to any extensions that may be granted by the parties to this Agreement; provided, however, if the construction of the School is not commenced and completed by the dates required by the Lease, as said dates may have been extended by the parties, the Board upon the request of the City, pursuant to the Act and this Agreement, shall reimburse the City in the amount of the TIF Funds provided by the City pursuant to this Agreement." Add to the end of the "TIF-Funded improvements" section of Exhibit A, the following language: "The Board's Project funding and other obligations hereunder shall not exceed the limits of and are subject to the contingencies set forth in Article Three, Subsection 2 of the Agreement."

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2. The Commissioner is authorized to modify the Form Agreement to allow for the payment or reimbursement of the TIF Funds to the Board in a maximum amount of \$8,000,000 simultaneously with or shortly after the closing of the Land Exchange.
3. The Commissioner is authorized to modify the Form Agreement to require that a deed restriction be included in the deed(s) conveying the CHA Replacement Site to the CHA that requires the CHA Replacement Site to be used for mixed-income mixed-use, including affordable housing, as a condition for payment of the TIF Funds to the Board.

