



Office of the City Clerk

City Hall
121 N. LaSalle St.
Room 107
Chicago, IL 60602
www.chicityclerk.com

Legislation Text

File #: F2011-50, Version: 1

**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_
of members of the committee with_dissenting vote"**

(• viva voce vote
Respectfully submitted
(signed);

Chairman

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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 fourth quarter of 2010, Chicago Development Fund's Board of Directors approved and closed the allocation of \$18.3 million in NMTCs for two industrial development projects, Testa Produce and Radio Flyer, Inc. In November, CDF closed financing on \$7.1 million in NMTC financing for the construction of a new warehouse and distribution facility for Testa Produce in the Stockyards Industrial Park. CDF closed on \$11.2 million in NMTC financing for a major renovation and a "playlab" construction at Radio Flyer, Inc.'s headquarters in December. Together, these projects will create or retain 275 jobs. In addition, CDF closed \$20 million in NMTC financing on the previously approved Salvation Army Kroc Center project in November. The Kroc Center will create 65 new jobs and serve approximately 6,000 people per year in West Pullman and surrounding communities.

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 securing additional allocation from the CDFI Fund in the 2010 application round.

Andrew J. Mooney / President, Board of Directors Chicago Development Fund

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DEVELOPMENT

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4th Quarter 2010 Program Summary

In the 4th Quarter of 2010:

- Financing for two projects approved by the Governing Board- Testa Produce, Radio Flyer
- Financing for three projects closed - Salvation Army, Testa Produce, Radio Flyer

Of the 14 approved projects:

- Financing for ten projects has closed:
 - o Six community facilities o Four industrial projects
- Six projects have opened:
 - o Homan Powerhouse High School
 - o Greater West Town Community Development Project
 - o Imperial Zinc
 - o Christ the King College Prep
 - o Gary Comer College Prep High School
 - o PCC Community Wellness Center
- Total of \$118.5 million of NMTCs allocated
 - o Total of \$ \$31,410,970 of subsidy provided
- Approximately 17,960 students and clients served annually
- Approximately 736 permanent jobs created or retained

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

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Radio Flyer

In December 2010, CDF provided \$11.2 million in New Markets Tax Credits to Radio Flyer, Inc, a manufacturer of children's toys and the world's largest manufacturer of wagons. Radio Flyer is renovating a 68,000 square foot portion of its more than 100 year old headquarters building on W. Grand Ave.

The project will include the interior renovation of former production space into R&D/Model Shop space. In addition, Radio Flyer will construct a one acre outdoor "Playlab" for product testing. The entire project is designed to achieve LEED Silver certification. The project will retain 58 jobs and create 30 new full-time R&D jobs.

Construction began in November of 2010 and is expected to finish in August of 2011. NMTC equity for this project was provided by the Northern Trust Company.

Testa Produce

In November 2010, CDF provided \$7.1 million in New Markets Tax Credits to Testa Produce, a family-owned wholesale distributor of fresh produce as well as frozen, canned, and specialty items. CDF provided subordinate financing for the construction of a 91,300 square foot distribution center in the Stockyards Industrial Corridor.

The facility is designed to achieve LEED-platinum certification, and will include a large wind turbine to generate electricity, a grey water system to reuse wastewater on-site, hot water solar panels, PV solar panels, an extensive green roof, rainwater harvesting and daylight harvesting. Construction is anticipated to be completed in April, 2011.

NMTC equity for Testa Produce was provided by JPMorgan Chase. MB Financial provided \$15 million in senior debt through a Recovery Zone Facility Revenue Bonds in partnership with the City of Chicago. The City also provided a land write-down for property acquisition.

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Salvation Army Kroc Community Center

In November 2010, CDF provided \$20 million in New Markets Tax Credits to the Salvation Army for the construction of the Ray and Joan Kroc Corps Community Center, a 160,000 square foot facility on W. 119th Street in the West Pullman community area. The Chicago Kroc Center is one of 29 Kroc Centers being built in the United States, and is the flagship Kroc Center for the Midwest.

The Kroc Center will include space devoted to child care, music and arts education, classrooms, counseling, community meeting space, computer rooms, an art and media center, and senior and teen centers. The facility will also include a theater seating 600 people, a community art gallery and cafe, and recreational facilities such as a fitness center, gymnasium, upper-level running track, leisure pool and competition pool, a regulation football/soccer field, running track, practice field, basketball courts, baseball field, softball field, and tennis courts.

The Kroc Center is expected to serve at 2,500 people per day, and to have 6,000 members. Construction on the Kroc Center began with a groundbreaking ceremony in October, 2010 and is expected to be completed by March, 2012. NMTC Equity for the Chicago Kroc Center was provided by JPMorgan Chase. In additional \$43.5 million in NMTCs was provided through Consortium America, Great Lakes Capital, and Park National Bank Initiatives.

PCC Community Wellness Center

In August 2010, CDF provided \$6.5 million in New Markets Tax Credits (NMTC) 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 square foot health clinic in the Austin Community Area, which replaced an outdated facility. CDF was able to provide permanent financing that allowed PCC to take out its existing construction loan.

PCC's client base consists of many uninsured individuals, or those who receive care through Medicare and Medicaid. This payer mix limits PCC's ability to service the large amount of debt that is required to construct a new facility and provide a full cadre of services. In addition to already constrained income, PCC incurred approximately \$530,000 in unanticipated construction costs associated with environmental remediation of the site.

The new LEED Silver certified Austin Family Health Center is anticipated to serve as many as 10,000 patients per year, which is 2.5 times as many patients as the previous facility accommodated. The facility

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is able to provide 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. 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

The Charter Steel transaction was made possible through a partnership with JPMorgan Chase, which provided approximately \$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 nonprofit 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 2021W Fulton in Chicago, IL.

purchase and install equipment.

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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 provide services to approximately 430 people annually. Construction on the facility began in September 2009. 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 CDF. In December 2009, CDF provided approximately \$8 million in additional NMTCs to finance the project. This allocation was used to finance the construction of a new school facility, with a total enrollment of approximately 530 students. The high school consists of approximately 45,000 square feet, with 25 classrooms, four science laboratories and a computer laboratory.

The project is adjacent to the existing Gary Comer Youth Center, which is owned and operated by the Comer Science and Education Foundation. Students of GCCPHS have access to the Youth Center's gymnasium, theater, computer labs, cafeteria and locker rooms. The school opened in September 2010 for the 2010-2011 academic year.

Christ the King Jesuit College Preparatory High School

In June 2009, CDF provided \$17 million in New Markets Tax Credits 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

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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 is 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 freestanding kilns and built-in furnaces for production. With the assistance of NMTCs, Imperial Zinc was 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 retained 40 jobs, and expects to create an additional 45 to 55 positions. The facility was completed in May 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-Gold 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.

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