

**City of Chicago
Department of Community Development**

**STAFF REPORT
TO THE
COMMUNITY DEVELOPMENT COMMISSION
REGARDING
A PROPOSED NEGOTIATED SALE OF CITY-OWNED PROPERTY
AND DESIGNATION OF DEVELOPER
September 8, 2009**

I. PROJECT IDENTIFICATION AND OVERVIEW

Project Name:	1136 S. Wabash
Applicant Name:	South Loop Student Housing, LLC (“Developer”)
Project Address:	1136-40 South Wabash Avenue
Ward and Alderman:	Second Ward, Alderman Robert Fioretti
Community Area:	Near South - 33
Redevelopment Project Area:	Near South TIF District
Requested Action:	Negotiated sale of vacant City land.
Proposed Project:	Student housing, retail
Appraised Market Value:	\$3,400,000 (\$173.75 per square foot)
Sale Price:	\$8,000,000
Acquisition Assistance:	None
TIF Assistance:	None

II. PROPERTY DESCRIPTION

Address:	1136-40 South Wabash Avenue
Location:	Mid-block on west side of Wabash, north of Roosevelt Road.
Tax Parcel Numbers:	17-15-308-021 and 17-15-308-022
Land Area:	19,568 square feet
Current Use:	Vacant asphalt paved parking lot formerly used for Police Station parking.
Current Zoning:	DX-12 Downtown Mixed-Use
Proposed Zoning:	DX-12 Downtown Mixed-Use
Environmental Condition:	<p>A Phase I Environmental Site Assessment (ESA) identified two recognized environmental conditions associated with the site: impacted fill material that may be present at the site due to its urban setting, and past uses of adjacent properties to the north, south and east that have been used for various manufacturing and automotive purposes. The Phase I report recommends that a Phase II ESA investigation be conducted.</p> <p>The applicant will obtain a Phase II environmental analysis prior to closing. The land will be sold "as-is" with no warranties or representations as to its environmental condition, and it will be the responsibility of the selected respondent to complete any remediation that may be required by the City or the Illinois EPA. The redevelopment agreement with the applicant will include release and indemnification language protecting the City from liability.</p>
Inventory Profile:	The City acquired the property in the 1990s for use as a parking lot for the former Police Department Headquarters building which had been located adjacent to the site at the northeast corner of State and Roosevelt. This use ceased in

2002 when the Headquarters building was demolished. It has been vacant since that time.

III. BACKGROUND

The property is located in the Near South Community Area which has experienced substantial redevelopment in recent years. Many older commercial loft buildings have been renovated and converted to residential use while several new mixed-use residential/retail buildings have been constructed, leading to an expanding residential population and more vibrant neighborhood. The property is located within the South Loop educational corridor which is centered primarily on Michigan/Wabash/State between Jackson and Roosevelt. The area contains a large number of higher educational institutions, many of which have been expanding in recent years.

The City acquired the property during the 1990s and developed it as off-street parking for vehicles for the Police Headquarters located directly west of the site. This use ended in 2002 when the 35th and Michigan Police Station was constructed and the headquarters west of the site was subsequently demolished.

The City hired Jones Lang LaSalle (JLL) as broker to market the property for sale in 2006. JLL prepared an offering memorandum outlining the City's goals and requirements for the sale, and solicited bids for the property. Two proposals were received, one proposing mixed-use residential condominiums/retail and the other student housing/retail. The City selected the residential condominium proposal despite a lower offering price because it promised more off-street parking and also incorporated an adjacent privately-owned parcel at 1152 S. Wabash containing a vacant severely dilapidated building. Following the selection the developer was unable to reach an agreement with the owner to purchase the adjacent property. The Department determined that the inclusion of the adjacent property in the development was one of the primary advantages of the proposal and one of the main reasons for its selection. Therefore the Department concluded that the selected developer could not resubmit another proposal that excluded the adjacent property unless the other applicant was also permitted to submit a new proposal.

The two developers submitted new proposals, which were both for student housing. After reviewing the proposals, the Department decided to recommend the proposal of the applicant who was originally not chosen, because it offers a higher price, superior amenities and includes the redevelopment of another adjacent vacant parcel (not the previously mentioned 1152 S. Wabash parcel) fronting Roosevelt Road that is owned by the applicant.

IV. PROPOSED DEVELOPMENT TEAM

Development Entity:

South Loop Student Housing, LLC

South Loop Student Housing, LLC is comprised of Kargil Development, a development team with extensive experience in mixed-use housing and retail development in the Near South community area. This includes the adaptive reuse of the landmark building at 888 S. Michigan, the loft conversions of Dearborn Tower at 1530 S. State and Filmworks Lofts at 1320 S. Wabash and the restoration and conversion of the Roosevelt Hotel at Roosevelt and Wabash. Keith Giles and Jerry Karlik are the principals of Kargil and each will maintain 50% ownership of the project. When the proposal was first submitted, the development team also included Cullen Davis of Urban Property Advisors. Mr. Davis has since withdrawn from the development team.

Consultants:

Architect: Harley Ellis Devereaux

Environmental Design: Greenworks Studio

Contractor: McHugh Construction

Attorney: Rolando Acosta, Acosta, Kruse & Zemenides, LLC

Retail planning and leasing: Baum Realty

V. PROPOSED PROJECT

Project Overview:

The project is a 26-story, 287-foot mixed-use development including retail and student housing. It will have the following features:

- 21-story tower with 420 two-bedroom suites and 20 single resident assistant rooms. The total occupancy will be 860 students.
- 5-story base including enclosed parking garage with spaces for 80 cars including 30 spaces to be considered non-accessory parking for the nearby Roosevelt Hotel Apartments.
- Residential lobby, bike station and 9,300 square feet of retail space including 2,827 square feet for a proposed coffee shop (including rooftop outdoor seating) on the ground level, along with the driveway ramps from Wabash Avenue up to the parking levels.
- 8,000 square feet of retail space and nine parking spaces on the second floor.
- 71 motor vehicle parking spaces along with bicycle parking on the third and fourth floors.
- Student dining area and kitchen as well as meeting and student activities rooms on the fifth floor.
- Motor vehicle access to the garage from Wabash Avenue and one loading door from the public alley.
- Sidewalk providing pedestrian access to Roosevelt Road on the adjacent private parcel.
- Direct connection between the retail space and the CTA station (recommended by CTA staff) located immediately west of the site through the east wall of the station.

A site plan, floor plans and elevation are provided as exhibits to this report.

The project will be a mixed-use Planned Development that will be reviewed by the Plan

Commission and City Council.

Environmental Features:

The project will meet the Silver LEED certification. It will be an energy efficient building with a green roof in excess of 50% of the net roof area and will include bicycle storage.

VI. FINANCIAL STRUCTURE

Kargil is pursuing a master lease with a downtown college or university and has received letters of interest from Columbia College and from Flashpoint Academy, which are included as attachments. Kargil intends to finance the property acquisition and construction with tax-exempt 501c(3) bonds.

The following table identifies the sources and uses of funds.

Sources and Uses of Funds

<u>Sources</u>	<u>Amount</u>	<u>% of total</u>
Equity	\$9,500,000	9.4%
Debt (RBC Capital Markets)	<u>\$91,400,000</u>	<u>90.6%</u>
Total Sources	\$100,900,000	100%

<u>Uses</u>	<u>Amount</u>	<u>\$/sf of Building*</u>
Land Acquisition (\$409 per sf of land)	\$8,000,000	\$23.72 psf
Site Clearance and Preparation	\$2,000,000	\$5.93 psf
Hard Costs	\$59,500,000	\$176.44 psf
Soft Costs		
Architect's Fee (2.4% of hard costs)	\$1,400,000	
Loan Origination Fee (1.7% of loan)	\$1,000,000	
Legal Fees (2.5% of total costs)	\$1,500,000	
Marketing	N/A	
Loan Interest (14.3% of total costs)	\$8,500,000	
Bond Reserves (15.1% of total costs)	\$9,000,000	
Other soft costs (16.8% of total costs)	<u>\$10,000,000</u>	
Total Soft Costs (31.1% of total costs)	<u>\$31,400,000</u>	<u>\$93.11 psf</u>
Total Uses	\$100,900,000	\$299.20 psf

*Gross building area is 337,234 square feet

VII. PUBLIC BENEFITS

The proposed project will provide the following public benefits.

Property Taxes: The project will expand the tax base by returning a tax exempt property to the

tax rolls.

Environmental Features: The project will achieve a Silver LEED rating.

Permanent Jobs: The project is estimated to generate 54 permanent jobs including 39 jobs related to the student housing and 15 jobs from the retail space. DCD's Business Development Services Division has been informed of the project and will work with the developer on job training and placement.

Construction Jobs: The project will produce 360-400 temporary construction jobs.

Affirmative Action: The Developer will comply with the requirements of Chicago's affirmative action ordinance, which requires contract participation of 24% by minority-owned business enterprises (MBEs) and 4% by woman-owned business enterprises (WBEs). The Developer has provided notification of the proposed project, by certified mail, to several associations of minority and women contractors. A sample version of the letter and copies of the post office receipts for the certified letters are presented as exhibits to this report.

City Residency: The Developer will comply with the requirements of Chicago's city residency ordinance, which requires that at least half of all construction-worker hours be filled by Chicago residents.

VIII. COMMUNITY SUPPORT

Alderman Fioretti indicated that he does not support the project at this time. The Alderman has not disclosed the reasons for his opposition.

IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN

The proposed project is located in the Near South Redevelopment Project Area. The proposed project will satisfy the following goals of the area's redevelopment plan:

- Revitalize the Redevelopment Project Area to establish it as an important activity center contributing to the regional and national focus of the central business district.
- Create an environment within the Redevelopment Project Area which will contribute to the health, safety, and general welfare of the city and preserve or enhance the value of properties adjacent to the Redevelopment Project Area.
- Provide an increased sales tax basis for the City of Chicago, the State of Illinois and other taxing districts extending into the Redevelopment Project Area.

The implementation strategy for achieving the plan's goals envisions the sale of City land for private development. The proposed project also conforms to the plan's land use map, which calls for retail, particularly convenience business development at the subject site.

X. CONDITIONS OF SALE

If the proposed resolution is approved by the CDC, DCD will release a public notice announcing the proposed sale and seeking alternative development proposals. The public notice will be published in one of Chicago's metropolitan newspapers at least once for each of three consecutive weeks. If no responsive alternative proposals are received within 30 days of the publishing of the first notice, the department will accept a good faith deposit from the proposed developer, and a redevelopment agreement will be negotiated. The redevelopment agreement will incorporate the parameters of the proposed project as described in this staff report.

It is DCD policy that no business will be conducted with a development entity whose any principal has outstanding municipal debts (such as unpaid parking tickets, unpaid water bills, unpaid business licenses, and others), is in arrears of child support payments, or who is a debtor in bankruptcy, a defendant in a legal action for deficient performance, a respondent in an administrative action for deficient performance, or a defendant in any criminal action. Before today's action is presented to the city council for approval, the department will conduct a thorough background check of all principals having an ownership interest of 7.5 percent or greater, and of the boards of directors and trustees of non-profit organizations. Similar background checks will be conducted on the development entity itself.

Closing of the sale of the property will not occur before the City Council has approved the redevelopment agreement, the Developer has obtained all necessary City approvals including zoning and building permits, and the developer has presented proof of financing. The redevelopment agreement will include a development timetable.

XI. RECOMMENDATION

The Department of Community Development has thoroughly reviewed the proposed project, the qualifications of the development team, the financial structure of the project, its public benefits, and the project's conformance with the redevelopment area plan, and DCD recommends that the CDC approve the sale of 1136-40 South Wabash Avenue to South Loop Student Housing, LLC for development of mixed use student housing with retail.

EXHIBITS

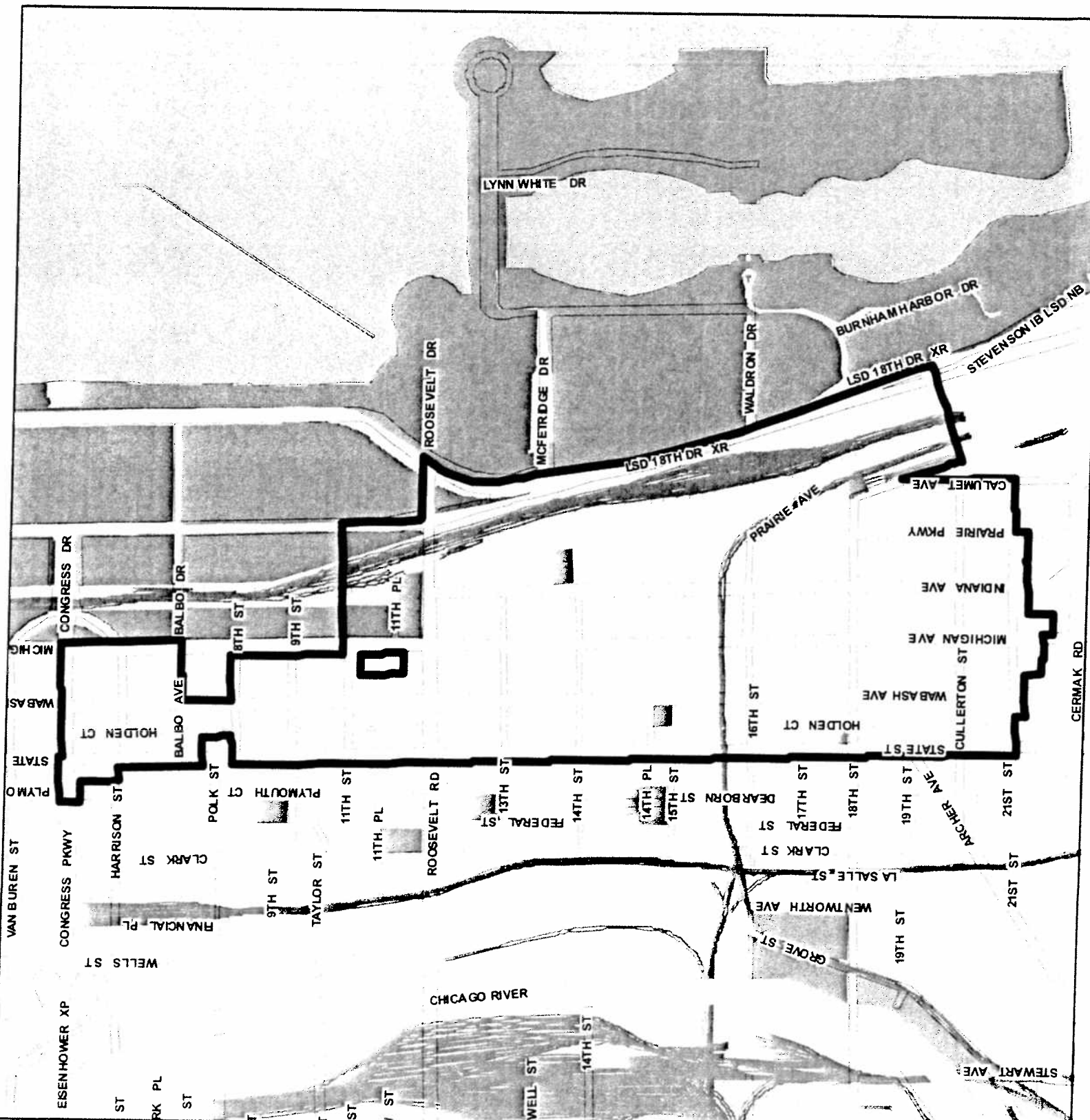
Redevelopment Area Map
Neighborhood Aerial
Plat of Survey
Site Plan
Typical Floor Plan
Front Elevation or Rendering
Sample M/WBE Letter
Copies of M/WBE Certified Letter Receipts
Lenders' Letters of Interest (3)
Colleges' Letters of Interest (2)

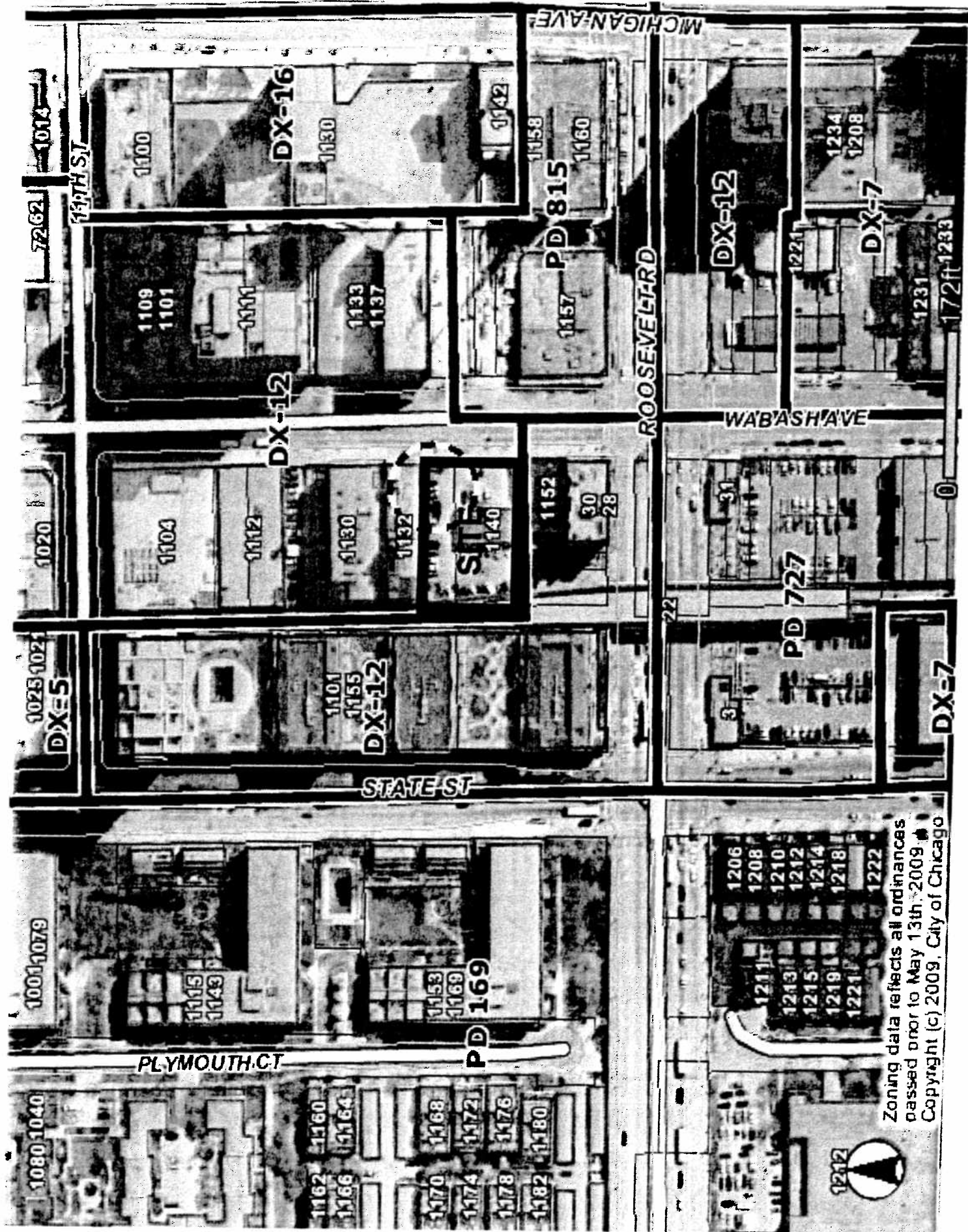
Existing Tax Increment Financing Districts

Near South



CITY OF CHICAGO
RICHARD M. DALEY
MAYOR
DEPARTMENT OF PLANNING
MICHAEL MENY





1080 1040

1001 1079

1023 1021

1020

72621

1014

15TH ST

PLYMOUTH CT

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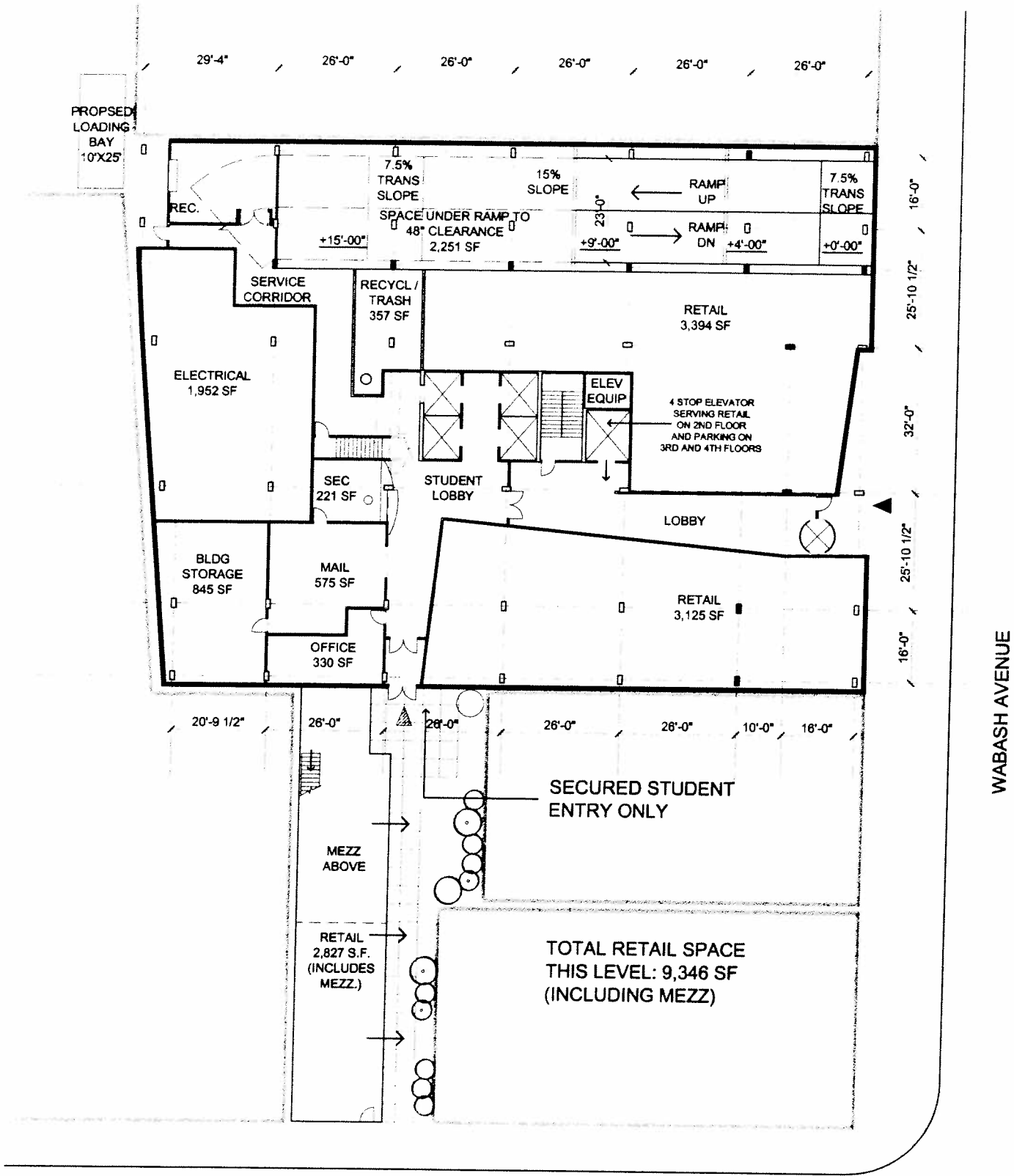
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Zoning data reflects all ordinances passed prior to May 13th, 2009. Copyright (c) 2009, City of Chicago

1212





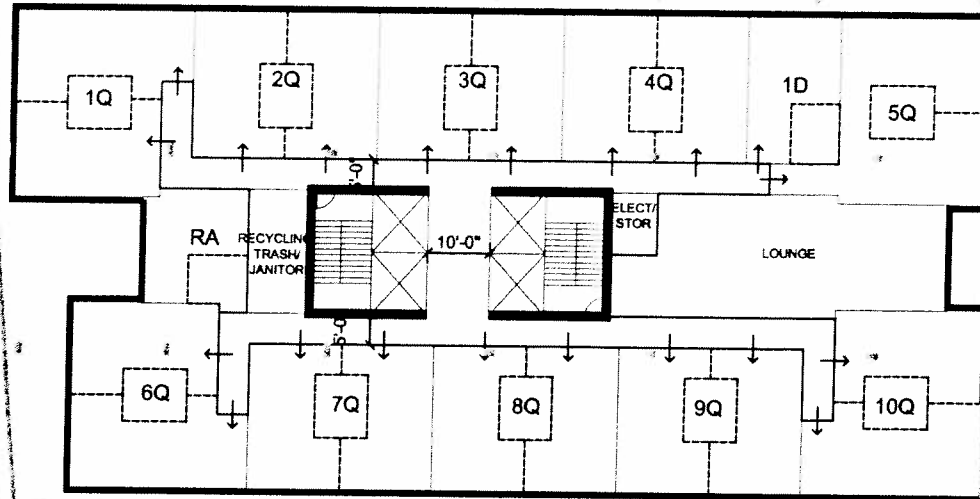
PRELIMINARY ESTIMATING PACKAGE

N
 SCALE: 1"=30'-0"
 FIRST FLOOR

GREENWORKS STUDIO
HARLEY ELLIS DEVEREAUX
 401 West Superior Chicago, Illinois 312.861.8883 (telephone) 312.861.1719 (facsimile)

Wind Tower 1136
 A Sustainable Student Residence

South Loop Student Housing, LLC.
 September 12, 2008



WABASH AVENUE

21-Story Tower
(20 resid + 1 fitness pent.)

OVERALL

TOTAL AREA: 338,318 GSF
 - BASE: 97,945 GSF
 - TOWER: 230,660 GSF
 - ROOF: 7280 GSF

TOTAL STORIES: 26
 - BASE: 5
 - TOWER: 21

TOTAL BEDS: 860
 - QUADS: 200
 - TRIPLES: 0
 - DOUBLES: 20
 - RA ROOMS: 20

AVE SQFT/BED: 293
 TOTAL PARKING: 77

TYPICAL FLOOR

TOTAL AREA: 11,533 GSF
 EFFICIENCY: 79.1%
 TOTAL BEDS: 43
 - QUAD ROOMS: 10
 - TRIPLES: 0
 - DOUBLES: 1
 - RA ROOMS: 1
 LOUNGE AREA: 971 GSF = 32 ppl

ROOSEVELT ROAD



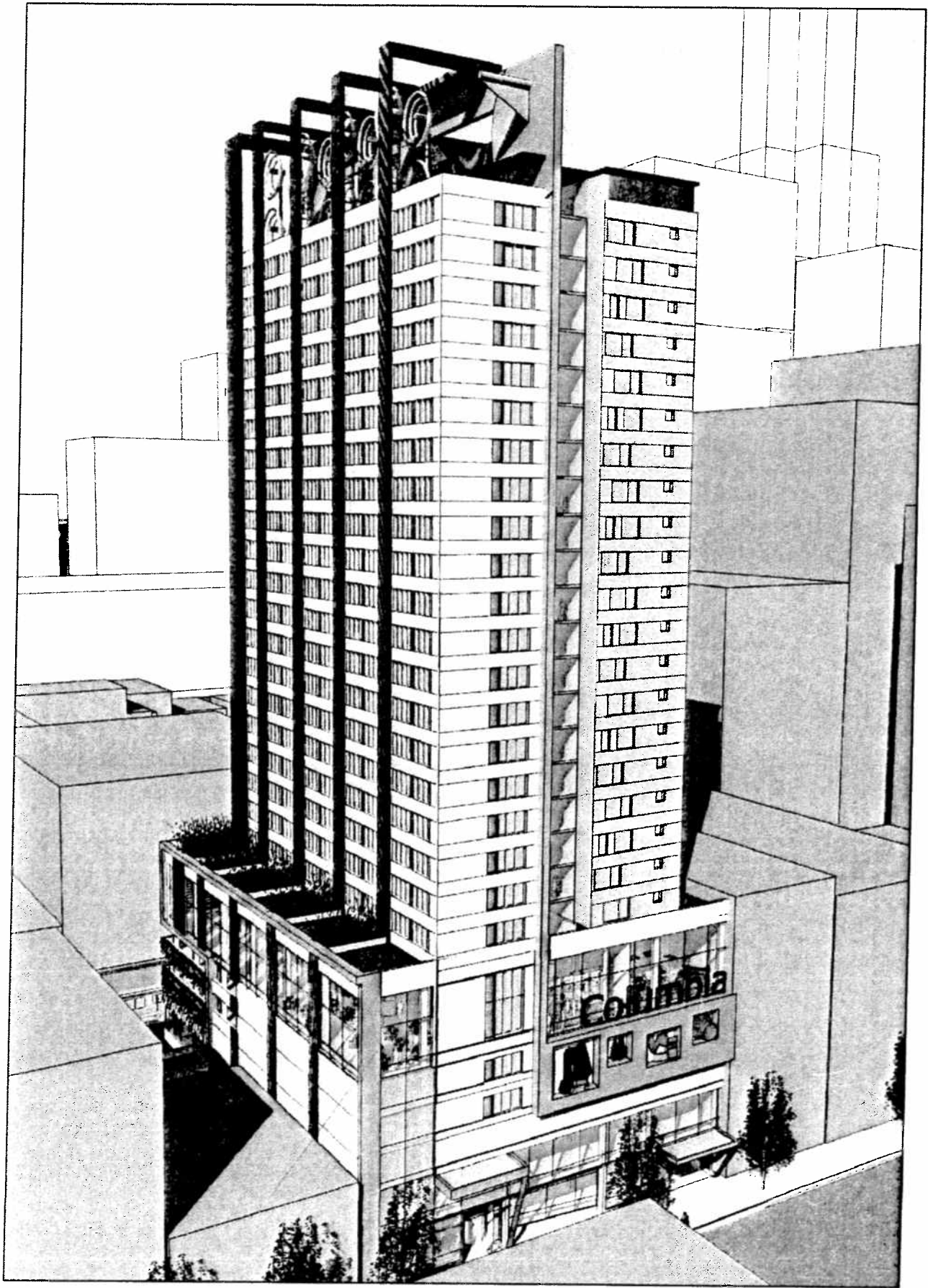
SCALE: 1"=30'-0"
 TOWER PLAN

PRELIMINARY ESTIMATING PACKAGE

GREENWORKS STUDIO
HARLEY ELLIS DEVEREAUX
 401 West Superior Chicago, Illinois 312.951.8883 (day/evr) 312.951.1719 (evening)

Wind Tower 1136
A Sustainable Student Residence

South Loop Student Housing, LLC.
 September 12, 2008



OPTION 1: SOUTHEAST VIEW

South Loop Student Housing, LLC
1530 South State Street, Chicago, IL 60605 t. 312.949.1500 f. 312.949.1680

July 2, 2009

Paul Cerpa
Hispanic American Construction Industry Association
901 West Jackson Boulevard, Suite 205
Chicago, IL 60607

BY CERTIFIED MAIL

Re: 1136-40 South Wabash Avenue

Dear Paul,

South Loop Student Housing, LLC is please to announce the redevelopment of the property located at 1136-40 South Wabash Avenue. The property consists of a 19,500 square foot vacant lot where a 860 student housing facility will be built along with retail and parking.

South Loop Student Housing, LLC has chosen James McHugh Construction to be the general contractor for the project. The project will require participation of trades carpentry, electrical, mechanical, plumbing, paving, roofing, and others.

At your request, the general contractor will meet with a representative from your organization to present the project budget and schedule once it is available. At your request, the general contractor will also provide your organization with one copy of the project bid documents (including plans and specifications) when they are available as well.

South Loop Student Housing, LLC is requesting that you make your member companie aware of this exciting project so that they may submit bids for appropriate subcontractir opportunities. Should you have any questions, please do not hesitate to call.

Sincerely,

Jordan Karlik
Project Manager

7007 1490 0002 7224 3601

U.S. Postal Service
CERTIFIED MAIL - RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com
OFFICIAL USE

Postage	\$.44
Certified Fee	2.80
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.24

Postmark Here

Sent To Omar Sharceeb
Street, Apt. No. or PO Box No. 8901 S. State St. Suite 103
City, State, ZIP+4 Chicago IL 60609

PS Form 3800, August 2006 See Reverse for Instructions
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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.24

Postmark Here

Sent To Juan Ochoa
Street, Apt. No. or PO Box No. 111 W. Washington St.
City, State, ZIP+4 Chicago IL 60602

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Certified Fee	2.80
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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.24

Postmark Here

Sent To Eduardo T. McKinnie
Street, Apt. No. or PO Box No. 400 W. 76th St.
City, State, ZIP+4 Chicago IL 60620

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(Domestic Mail Only; No Insurance Coverage Provided)

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Certified Fee	2.80
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.24

Postmark Here

Sent To Paul Cerpa
Street, Apt. No. or PO Box No. 901 West Jackson Blvd Suite 202
City, State, ZIP+4 Chicago, IL 60607

7007 1490 0002 7224 720

7007 1490 0002 7229 3257

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Certified Fee	2.80
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.24

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Sent To Hoody Reiner
Street, Apt. No. or PO Box No. 6 S. Michigan Ave Suite 400
City, State, ZIP+4 Chicago IL 60605

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Certified Fee	2.80
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.24

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Sent To Beth Dorcia
Street, Apt. No. or PO Box No. 5650 South Archer Ave
City, State, ZIP+4 Chicago IL 60638

PS Form 3800, August 2006 See Reverse for Instructions
(Domestic Mail Only; No Insurance Coverage Provided)

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Certified Fee	2.80
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.24

Postmark Here

Sent To Perry Mackachi
Street, Apt. No. or PO Box No. 333 N. Cadaver Ave.
City, State, ZIP+4 Chicago IL 60607

PS Form 3800, August 2006 See Reverse for Instructions
(Domestic Mail Only; No Insurance Coverage Provided)

7007 1490 0002 7229 3771

Total = 22.68
Jordan's letter for
South Loop Student Housing, LLC
7-2-09



RBC Capital Markets®

RBC Capital Markets Corporation
Inner Harbor Center
400 East Pratt Street, Suite 720
Baltimore, MD 21202-3125
(410) 625-6103 / 6119
(866) 898-3791 Fax

June 1, 2009

Mr. Jordan B. Karlick
Kargil Development Partners
1530 South State Street, Suite 200
Chicago, Illinois 60605

Dear Jordan:

On behalf of RBC Capital Markets, I would like to express our interest in working with Kargil Development Partners to finance the development of student housing near the campus of Columbia College in Chicago's South Loop.

We have reviewed the preliminary project information that you provided and believe that, given certain assumptions including a relationship with Columbia College, a cost effective financing can be achieved. As such, RBC Capital Markets is committed to working with you to structure and implement the most appropriate financing for the project.

RBC Capital Markets is a full service investment banking firm with offices throughout the country, including the mid-west. We specialize in providing investment banking and financial advisory services for tax-exempt and taxable financings across many sectors, including higher education and student housing. In fact, we are one of few firms in the country with a commitment to the student housing sector. During the past five years, we have provided financing for more than \$2 billion in student housing projects nationwide, including a recent project at Northern Illinois University. As such, we believe that our experience will enhance the expertise and commitment of your finance team, resulting in a successful project. A summary of our qualifications and experience in higher education and student housing is included herewith.

Thank you for this opportunity. If you have any questions, please do not hesitate to call Michael Baird at (410) 625-6103 or me at (410) 625-6119.

Sincerely,

Sara G. Russell
Vice President

Enclosure

MEMBER NYSE/SIPC.



GATES
CAPITAL
CORPORATION
*Government
& Tax Exempt
Securities*

May 15, 2009

Mr. Jordan Karlik
South Loop Student Housing, LLC
1530 S. State Street, Suite 200
Chicago, IL 60605

Re:
South Loop Dormitory: 1136-40 S Wabash Avenue, Chicago, IL

Dear Jordan,

In regards to the South Loop Student Housing Project that we have been talking about for the last year, we believe that your Project could be financed with tax-exempt Bonds. In the bond markets today, we see similar projects getting financed due to increased investor demand, stimulus money and new bond policies taking hold, and credit enhancers like letter of credit banks beginning to regain their confidence. By taking advantage of some of these market developments, we believe a bond financing could be completed to finance your proposed project. As you know, we have extensive experience in tax-exempt financing and have completed projects of this size and caliber in the past.

We look forward to working with you and please contact us if you need any additional information.

Sincerely,

J. Douglas Casey
Managing Director

JDC/fp

100 Park Avenue
New York, NY 10017
Tel: 212-682-7075
Fax: 212-370-0153

MELVIN & COMPANY

May 26, 2009

111 WEST JACKSON BOULEVARD
SUITE 2110
CHICAGO, ILLINOIS 60604
312.341.0080 - FAX 312.341.5168

Keith M. Giles
Principal
Frankel & Giles
1530 South State Street
2nd Floor
Chicago, Illinois 60605

Re: Proposed \$100 million Educational Residential Development

Dear Keith:

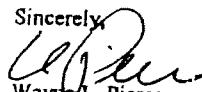
Melvin & Company is please to respond to your request for a letter outlining our confidence in completing the financing for your proposed development to provide housing for higher education institutions south of the Loop in downtown Chicago. We have reviewed your plans, spoken to consultants in higher education residential developments and made our own independent analysis of the market and demand in the near and long term. We are highly confident we can structure a transaction and underwrite as a public offering or place as a private placement the above mentioned development with interest exempt from federal income taxes and State of Illinois income taxes.

We will work with you and your staff to structure the most effective transaction that will result in your lowest cost of financing on a long term basis. We may choose a floating rate or long term fixed rate deal using a nationally recognized conduit issuer to obtain the necessary tax exempt qualification. We may also recommend a synthetic interest rate swap of a variable demand rate bond into a fixed rate.

We will also recommend a team for the financing to include nationally recognized bond counsel, underwriter's counsel and where appropriate other third party consultants to assist in the preparation and analysis of forecast and pro forma information to be included in our offering materials.

We are very excited about your project and look forward to starting on the financing immediately. If this letter is acceptable to you we will provide for your review a formal engagement letter. We are compensated on a success basis and we do not ask for a retainer or any up front fees.

Sincerely,


Wayne L. Pierce
Managing Director

COLUMBIA COLLEGE CHICAGO

400 SOUTH MICHIGAN AVENUE
CHICAGO, IL 60605 1042
312.683.1000

www.colum.edu

June 25, 2009

Mr. Keith Giles
South Loop Student Housing, LLC
1530 S. State St., Suite 200
Chicago, Illinois 60605

Re: Student Housing Development at 1136 S. Wabash Avenue

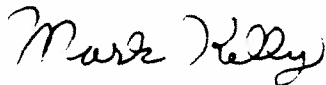
Dear Mr. Giles:

Thank you for informing us that the Department of Community Development is preparing to recommend to the Community Development Commission that you be the developer of the 1136 S. Wabash site. Columbia College Chicago is interested in discussing with you the possible master lease or ownership arrangement of your proposed student housing development there. The sustainable freshman-style dormitory with food service that you propose is in line with our needs, and a residence hall could help to support our enrollment growth.

However, as you are aware, Columbia's Board of Trustees has not yet approved going forward with any new student housing commitments or yet selected any specific project or location for consideration. Any formal commitment will be subject to further review of several proposals and then approval by our Board of Trustees.

Should you be awarded the site, we look forward to working with you to determine if your proposed development can meet Columbia's student housing needs in a cost effective manner.

Sincerely,



Mark Kelly
Vice President of Student Affairs

cc: Acting Commissioner Christine Raguso
Alderman Robert W. Fioretti
Jim Cox, DCD

Columbia 

C O L L E G E C H I C A G O



FLASHPOINT
THE ACADEMY OF MEDIA, ARTS AND SCIENCES

June 10, 2009

Keith Giles
South Loop Student Housing, LLC
1530 S State St, Suite 200
Chicago, IL 60605

Re: Student Housing Project located at 1136-40 S. Wabash Avenue

Dear Mr. Giles,

Please let this letter serve as confirmation of Flashpoint Academy's preliminary interest in your proposed student housing development located at 1136-40 South Wabash Avenue. While we are not currently positioned to commit to a master lease arrangement at this time, your sustainable freshman-style dormitory, with food service, is consistent with the needs of Flashpoint and its students.

As you may know, Flashpoint has been growing rapidly since opening its doors in 2007 as we recently graduated our first class this year. We are also in the process of becoming an accredited institution and believe that once complete, we will be in a better position to make a final determination of a lease arrangement.

Flashpoint believes that your proposed residence hall would help support our continued enrollment growth and provide us with a sleek, modern residence hall for our students in the heart of the vibrant South Loop.

We look forward to working with you.

Very truly yours,



Mario A. Christopher

**COMMUNITY DEVELOPMENT COMMISSION
OF THE CITY OF CHICAGO**

**RESOLUTION
NO. ____ -CDC- ____**

**AUTHORIZATION TO ENTER INTO A NEGOTIATED SALE WITH SOUTH LOOP
STUDENT HOUSING, LLC FOR DISPOSITION OF THE PROPERTY LOCATED AT
1136-40 SOUTH WABASH AVENUE WITHIN THE NEAR SOUTH
REDEVELOPMENT PROJECT AREA**

WHEREAS, Chapter 2-124 of the Municipal Code of the City of Chicago (the "City") established the Community Development Commission (the "Commission"); and

WHEREAS, the Near South Tax Increment Financing Redevelopment Project Area (the "Redevelopment Area") was approved by the City Council on November 28, 1990; and

WHEREAS, the City owns the property located at 1136-40 South Wabash Avenue having the Property Identification Number(s) (PINs) 17-15-308-021 and 17-15-308-022 (the "Property") and desires that it be redeveloped for mixed-use; and

WHEREAS, staff of the Department of Community Development of the City of Chicago (the "Department") have entered into discussions with South Loop Student Housing, LLC (the "Developer") concerning the sale of the Property for the development of a mixed-use student housing and retail development; and

WHEREAS, the Developer has submitted a project budget and evidence of having the financial capacity to complete the project, and the staff of the Department have reviewed these and found them to be satisfactory; and

WHEREAS, the Developer has proposed to pay \$8,000,000 as consideration for the purchase of the Property, \$4,600,000 more than the appraised fair market value of \$3,400,000; and

WHEREAS, staff of the Department have determined that the Developer's proposal conforms to the Plan; and

WHEREAS, the Department intends that a public notice inviting alternative development proposals be published at least once for three consecutive weeks in at least one Chicago metropolitan newspaper; and

WHEREAS, it is required that such alternative proposals describe the general plan for redevelopment of the Property, the names of the party or parties making the proposal, the price

offered, evidence of financial qualifications and capacity to complete the redevelopment, the timetable for implementation, and that alternative proposals be received in writing within 30 days of the date of first publication of the public notice by the Department; and

WHEREAS, the sale of the Property will be subject to City Council approval; now, therefore,

IT IS HEREBY RESOLVED BY THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF CHICAGO:

Section 1. The Department of Community Development is hereby authorized to advertise its intent to negotiate a sale with the Developer for disposition of the Property pursuant to the terms described herein and to request alternative proposals for redevelopment.

Section 2. Alternative proposals must be submitted in writing to Christine Raguso, Acting Commissioner, Department of Community Development, ATTN: James Cox, City Hall-Room 1003, 121 N. LaSalle Street, Chicago, Illinois 60602, within 30 days of the date of the first publication of the public notice and shall contain the names of the parties, price offered for the Property, evidence of financial capacity, and a timetable for redevelopment before said proposal will be considered.

Section 3. In the event that no responsive alternative proposals are received at the conclusion of the advertising period, or if alternative proposals are received and the Department of Community Development in its sole discretion determines that it is in the best interest of the City to proceed with the pending proposal, then the sale of the land described herein to the Developer shall be recommended to the City Council without further Commission action subject to the following terms:

<u>Address</u>	<u>P.I.N</u>	<u>Size-sf</u>	<u>Price</u>
1136 S. Wabash	17-15-308-021	6,649	—
1140 S. Wabash	17-15-308-022	12,919	—
Total		19,568	\$8,000,000

Section 4. The Chairman of the Commission is authorized to transmit a certified copy of this resolution to the City Council of the City of Chicago.

ADOPTED: _____

Public Notice

Public notice is hereby given that the City of Chicago, through its agents the Community Development Commission and the Department of Community Development, intends to enter into a negotiated sale with South Loop Student Housing, LLC (the "Developer") for disposition of the property located at 1136-40 South Wabash Avenue having the Property Identification Number(s) (PINs) 17-15-308-021 and 17-15-308-022 (the "Property"). The Developer proposes to purchase the Property, which has an appraised value of \$3,400,000, for \$8,000,000 in order to develop a mixed-use student housing and retail building. The Department of Community Development invites alternative proposals for consideration by the Community Development Commission.

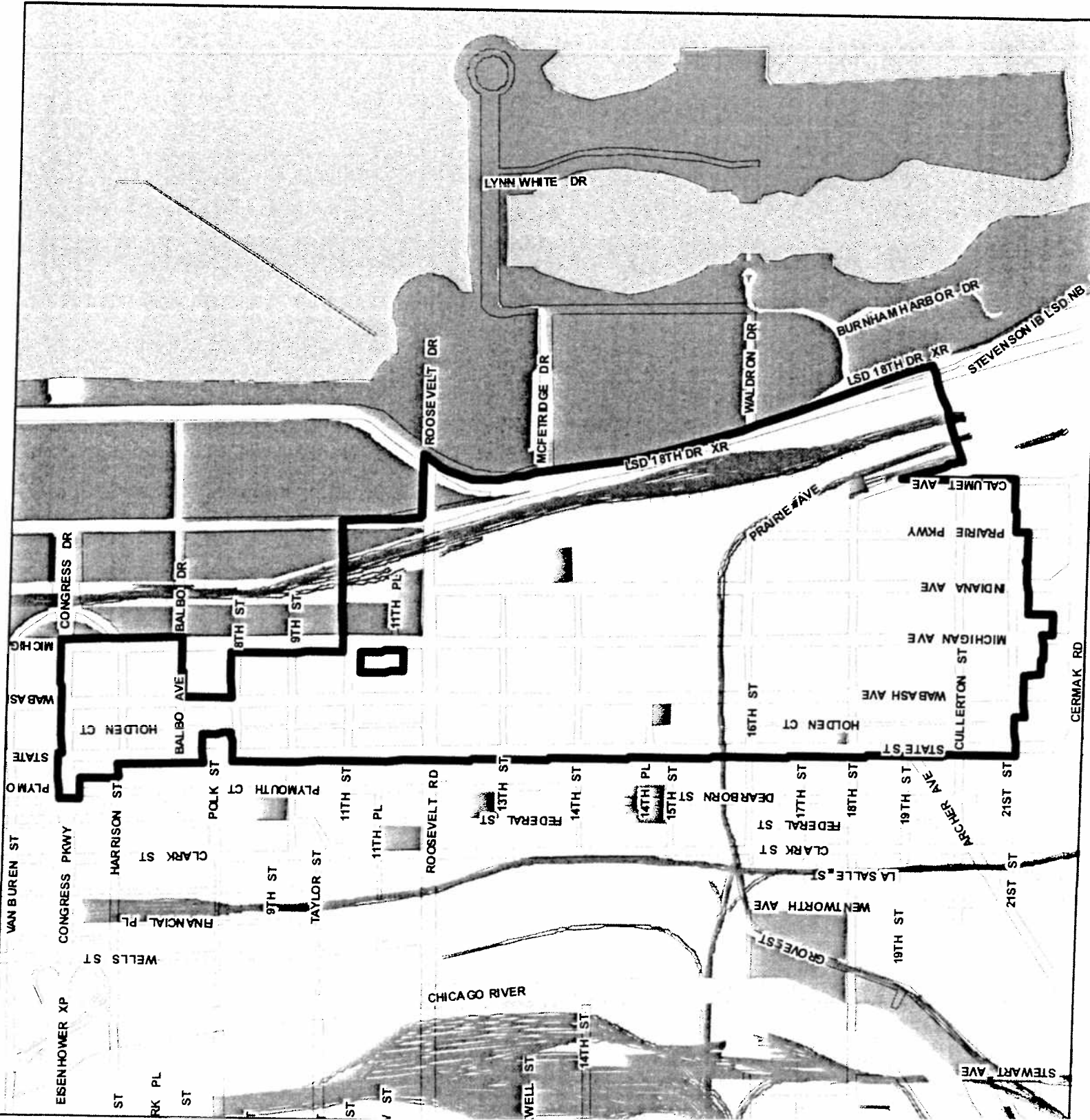
The document entitled "Near South Tax Increment and Financing Redevelopment Project and Plan" constitutes the redevelopment plan for the subject area and is available for review at the Department of Community Development, City Hall, Room 1003, 121 North LaSalle Street, Chicago, Illinois 60602, on business days between the hours of 9:00 a.m. and 4:00 p.m. Please contact James Cox at (312) 744-0097 to arrange an appointment to review the redevelopment plan.

The City of Chicago reserves the right to reject all proposals and to waive any informalities in the submission. All proposals must be submitted in the form approved by the City of Chicago and must be complete with respect to the information contained herein. Proposals shall include the general plan for the redevelopment of the Property, the names of the party or parties making the proposal, the price offered, evidence of financial qualifications and capacity to complete the redevelopment, and the timetable for implementation. Proposals in writing will be accepted until October 18th, 2009 at 2:00 p.m. local time by the Department of Community Development, ATTN: Michael Jasso, Managing Deputy Commissioner, 121 N. LaSalle Street, City Hall-Room 1000, Chicago, Illinois 60602. It is the responsibility of the offeror to insure that his or her proposal is received by the Department of Community Development on or before the designated time.

Mary Richardson-Lowry, Chairman
Community Development Commission

Existing Tax Increment Financing Districts

Near South



LEGAL DESCRIPTION

SUB LOT 2 OF LOT 9 IN BLOCK 22 OF CANAL TRUSTEES' SUBDIVISION OF LOTS IN FRACTIONAL SECTION 15, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS. P.I.N. 17-15-308-021-0000

SUB LOTS 1 AND 2 IN LOT 12 IN BLOCK 22 IN FRACTIONAL SECTION 15 ADDITION TO CHICAGO IN TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN (EXCEPTING THAT PART OF SUB LOTS 1 AND 2 MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH WEST CORNER OF SUB LOT 1 IN LOT 12 IN BLOCK 22 OF FRACTIONAL SECTION 15 ADDITION TO CHICAGO; THENCE SOUTH PARALLEL WITH THE EAST LINE OF VICTORIA ALLEY TO SOUTH WEST CORNER OF SUB LOT 2, 9 FEET; THENCE IN NORTHWESTERLY DIRECTION TO PLACE OF BEGINNING IN COOK COUNTY, ILLINOIS. P.I.N. 17-15-308-022-0000