

March 25, 2023

Tim Gleason
City Manager
115 E. Washington Street
Bloomington IL 61701

Re: Redevelopment and Restoration Proposal Submittal

Dear Mr. Gleason,

The Franklin Park Foundation is pleased to submit the attached Proposal for the Commercial Redevelopment of the Mennonite/Electrolux site and the Certified Restoration of the Franklin Square National Register Historic District. We refer to these two development components collectively in our proposal as 'The Franklin Square Neighborhood Project'.

The Foundation has reached out to the City of Bloomington and Illinois Wesleyan University on the topic of the Redevelopment and Restoration projects on multiple occasions over the years. In March of this year at a meeting with City Administration Executives and city staff, the Foundation offered to take the lead in funding the Restoration of Franklin Square on the condition that the Bloomington City Council formally adopt by resolution the restoration study prepared for the City of Bloomington in 1978 by General Design, Inc., and entitled 'Franklin Square Neighborhood Project'.

The attached Proposal envisions the Redevelopment and Restoration projects as a single integrated effort with two components: the Mennonite/Electrolux Commercial Redevelopment and the Franklin Square National Register Historic District Restoration. The comprehensive revitalization of this important neighborhood will also close an existing gap in the commercial and cultural and community synergy linking Downtown Bloomington to the Bloomington Center for the Performing Arts to IWU to Carle Regional Medical Center to Uptown Normal and ISU.

As the Master Developer, the Franklin Park Foundation has dual capacities as a tax-exempt organization to 1) hold property title and collect rent income to benefit the For-Profit Redevelopment component; and 2) receive tax-deductible contributions and make grants to benefit the Not-For-Profit Certified Historic Restoration component.

The Project's preliminary budget and schedule are included in our Proposal, as well as plans and renderings, land uses and breakdowns, and lists of intended end users and potential development team members. The Project financial analysis and proposed funding sources are outlined and will reflect the Foundation's concurrence with the March 14, 2016, City Council Resolution approving the acquisition of the former Mennonite Hospital / Electrolux property which concluded that a redevelopment plan shall only be feasible by utilizing the Tax Increment Allocation Redevelopment Act. The Council further resolved that without the benefits of the Act

the Council would not have otherwise approved the purchase of the property. Our Proposal expands the TIF Redevelopment Project Area described in the City's 2016 PGAV TIF Eligibility Study to include the extended Franklin Square Historic District in addition to the Mennonite/Electrolux Site, as shown in Section 3 of our Proposal.

Tim, the success of The Franklin Square Neighborhood Project will require close collaboration between the City of Bloomington, IWU, and the Master Developer to determine the final selection of mixed-use commercial development best suited for this site. Final financial feasibility of each type of development will be critical and we believe the Franklin Park Foundation and our experienced development team members are uniquely suited to that task.

The Foundation looks forward to the opportunity of working with the City of Bloomington and Illinois Wesleyan University to realize this vital project. Therefore, we respectfully request that the City of Bloomington and Illinois Wesleyan University agree to negotiate a Memorandum of Understanding with the Foundation for City Council approval to allow us to move forward with full pre-development activities and final feasibility analysis.

Sincerely,

Tim Maurer

Franklin Park Foundation

The Franklin Square Neighborhood Project

Commercial Redevelopment & Historic Restoration



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Section 1 - Narrative:

The Franklin Square Neighborhood Project

The Project will be a functionally and financially integrated undertaking consisting of a phased, high-density, multi-use real estate redevelopment on the former site of the Mennonite Hospital / Electrolux North America headquarters facility; and a Certified Historic Restoration of the adjacent Franklin Square National Register Historic District, inclusive of the district's public park, surrounding private residences, and associated public infrastructure.

The Redevelopment and Restoration are both necessary to achieve the City's Project Goal of enhancing the overall appeal of the area through desired and complimentary uses, strong design elements and best-practice historic restoration techniques, a transit / pedestrian and leisure / exercise friendly environment, and appropriate transition into the adjacent Historic District's public park and surrounding residential neighborhood.

The Proposal's provisional Redevelopment product mix is as follows: a) multi-family residential, b) hospitality, c) retail/restaurant, and d) office/flex. The final product mix will be determined in consultation with the City and IWU at the completion of the Master Developer's final Redevelopment feasibility review. A prime consideration during the review process will be to avoid the 'density deserts' of similar mixed-use developments found further north on Main St.

Equally important, the Proposal seeks to conform to the Project Goals and desired outcomes described in the document entitled "Request for Proposals 800 North Main Block Bloomington Illinois", found in the Economic Development section of the City of Bloomington website, and to the March 14, 2016, Bloomington City Council Resolution No. 2016-08.

The Certified Historic Restoration components of this Proposal will be in accordance with the elements described in the 'Conclusions and Recommendations' section of the 'Franklin Square Neighborhood Project', prepared by General Design, Inc. for the City of Bloomington, Illinois in 1978. The Certified Restoration and Preservation Target Period will be 1885-1905.

The attached concept plans reflect the land use and breakdown of each component in the Redevelopment and Restoration. The preliminary budgets and financial analysis for the project are found in Section 7 of this Submittal.

Respectfully Submitted by,

Franklin Park Foundation

Section 2: Business Case

The Franklin Square Neighborhood Project - Business Case

The business case will explain the problems and propose solutions that support the best course of action.

Redevelopment Problem: The Bloomington City Council's 2016 decision to purchase the former Mennonite Hospital / Electrolux site and redevelop it utilizing the Tax Increment Allocation Redevelopment Act; and the city's subsequent 2018 decision with Illinois Wesleyan University to jointly market their adjacent sites and solicit development proposals has not been successful.

Background: The City and IWU have invested significant effort and funds toward securing a redevelopment firm to undertake the project. For example, from due diligence information obtained from the Economic Development Department, of the 157 inquiries from developers between September 2019 and July 2021, none resulted in a development agreement with the City and IWU. And recently, from an analysis prepared for the Township Assessor of the prospective value of a proposed multi-family development based on the developer's financial pro-forma, the analyst concluded that the estimated value range amount for tax assessment purposes was well below that of the developer's submitted amount.

Taken together these examples suggest that applying the conventional development finance approach to these properties is either unattractive to developers, financially infeasible, or non-responsive to the City and IWU's project goals and desired outcome. Regardless of the reason, to date the City Council mandate to redevelop their acquisition of the Mennonite/Electrolux site utilizing the Tax Increment Act has not been effectuated.

Restoration Problem: The City of Bloomington has not fulfilled its 1979 commitment to its citizens and the residents of the Franklin Square National Register Historic District to undertake the restoration of Franklin Square in accordance with the 'Franklin Square Neighborhood Project' study, as prepared by General Design, Inc., for the City of Bloomington.

Background: Franklin Square was nominated by the Franklin Square Association and admitted to the National Historic Register in 1974. In the summer of 1978, the City of Bloomington received a grant from the State of Illinois Department of Conservation to fund a study of the method of the restoration of Franklin Square. The city named General Design, Inc. to conduct the study, the 'Franklin Square Project', which was completed and presented to the Bloomington City Council in late 1978. In 1979 the city again retained General Design, Inc. to prepare the bid documents for the historic restoration of Franklin Square and applied to the Illinois Department of Conservation Grant-in-Aid Program to fund the initial phase of the Historic Restoration. In 1983 the Bloomington City Council re-zoned the Franklin Square Historic District as S4/R2 Historic and Cultural District & Mixed Residence. The owners of the residences in the Historic and Cultural District were encouraged by the city to support the proscriptive historic rezoning on the condition that the city would fulfill its commitment to complete the

restoration of Franklin Square in accordance with the Franklin Square Project study's Recommendations and Conclusions.

Redevelopment Solution:

Means: Tax Increment Act, Foundation tax-exempt status, Historic Rehabilitation Investment Tax Credits, Municipal Incentives, and Development Phase Gap Financing.

Solution: The business case solution to the commercial redevelopment problem is to achieve financial feasibility for the commercial redevelopment project by financing the project with a combination of 1) Tax Increment Funds for the eligible redevelopment expenses, 2) TIF gap debt-financing, 3) tax-exempt net income from the development, 4) city infrastructure and economic development incentives, and 5) Certified Historic Rehabilitation Investment Tax Credit syndication.

Restoration Solution:

Means: Tax Increment Act, Restoration Phase Gap Financing, Foundation Redevelopment tax-exempt income, Certified Historic Rehabilitation Investment Tax Credit sales, tax-deductible donations, and grants.

Solution: The business case solution to the historic restoration problem is to finance the Historic Restoration Project with a combination of 1) Tax Increment Financing to fund eligible historic restoration expenses, 2) use of the tax-exempt net income from the commercial redevelopment, 3) Certified Historic Rehabilitation Investment Tax Credit syndication, and 4) tax-deductible donations and grants from the Foundation.

Business Case Best Course of Action:

Actions:

- Negotiate a Memorandum of Understanding with the Foundation as Master Developer
- Establish a Foundation/City Staff redevelopment and restoration working group
- Propose a Redevelopment & Restoration Plan to the Bloomington City Council and IWU
- Negotiate a Redevelopment Agreement with the Foundation as Master Developer
- Create an expanded North Main St. / Chestnut St. TIF District

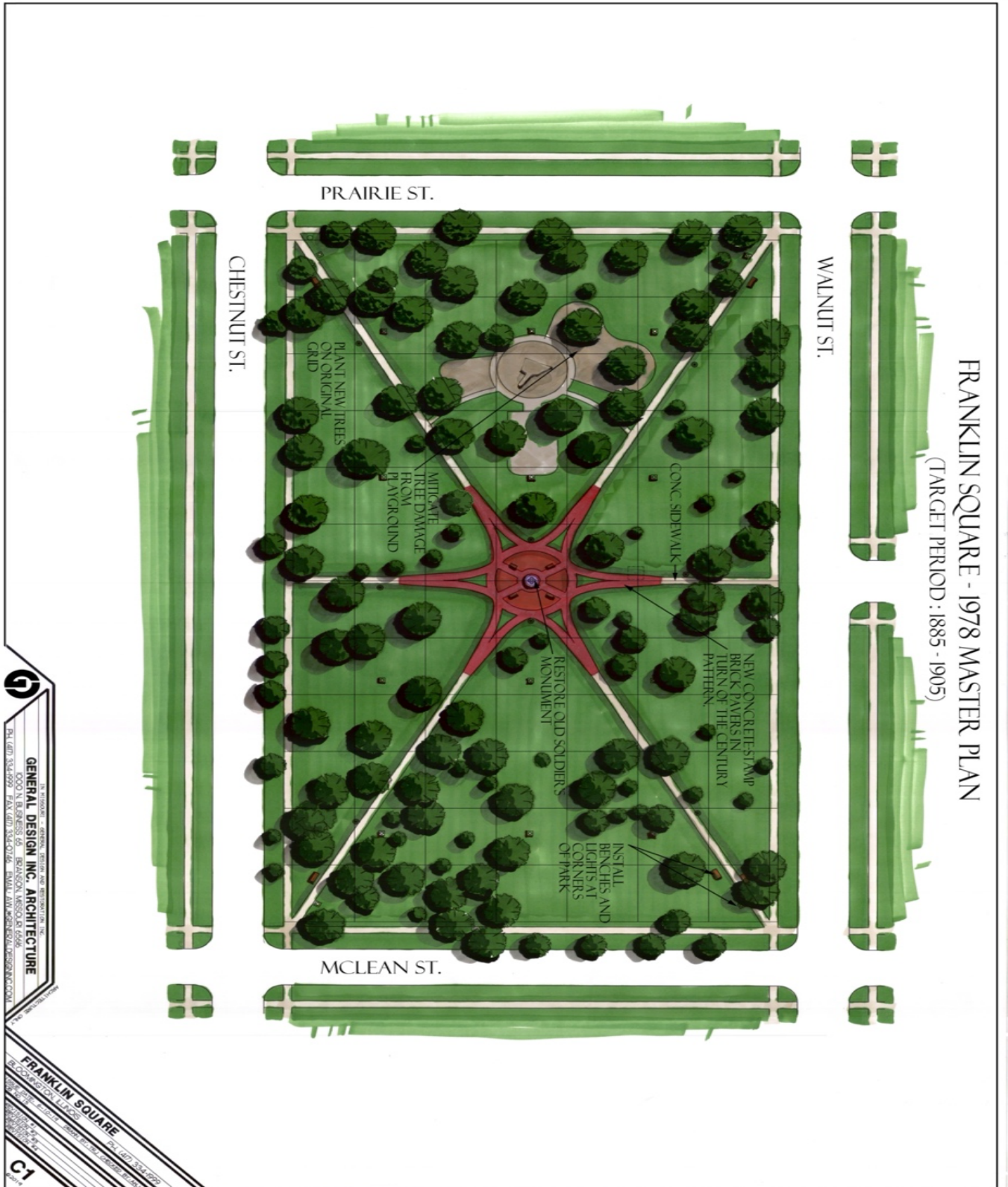
Best Course: The best course of action in this instance will require vision and commitment from the City of Bloomington and Illinois Wesleyan University, and an experienced team of development professionals working alongside the Master Developer.

See Section 7 - Experience: The Proposal's list of potential development team members.

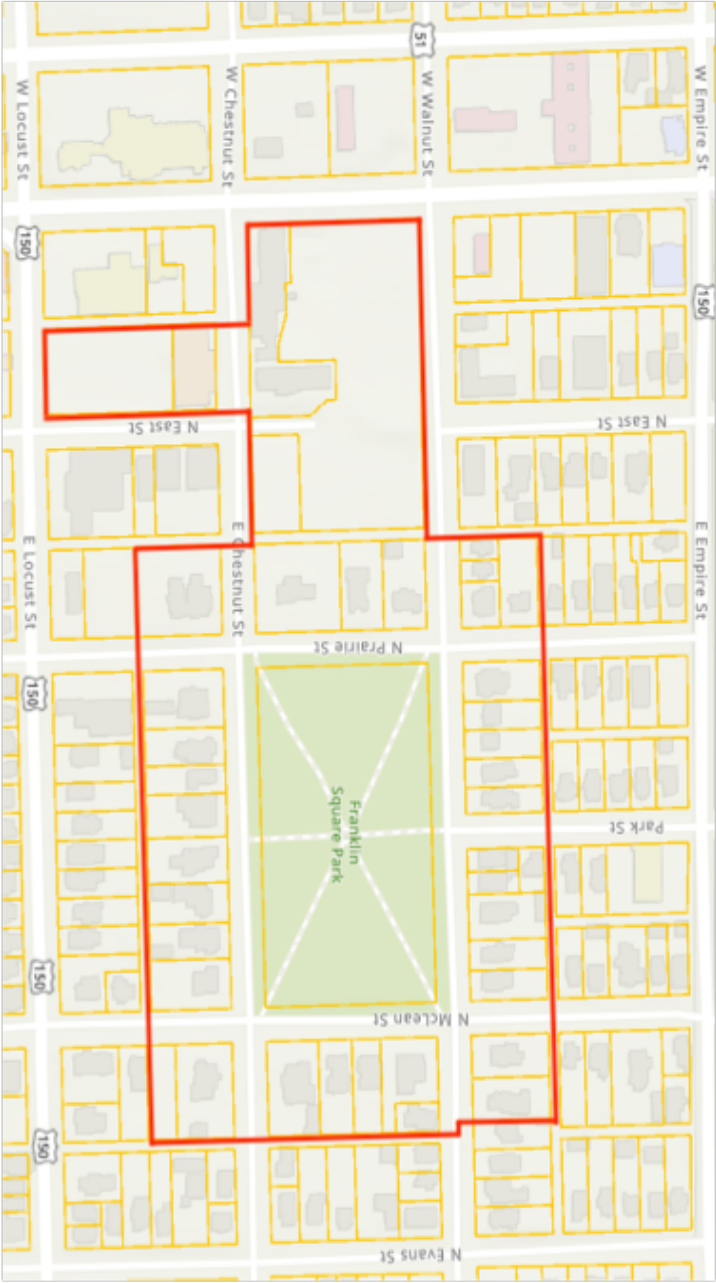
Section 3 – Plans:
Redevelopment Master Plan



Restoration Master Plan



Proposed Franklin Square Neighborhood Project TIF District:



Section 4 – Land Use Breakdown:

Redevelopment Master Plan:

Multi-Family:	32,000 Sq. Ft.
Land Area:	51,336 Sq. Ft. (0.85 ac.)
Hospitality	75,000 Sq. Ft.
Land Area	91,467 Sq. Ft. (2.1 ac.)
Retail/Restaurant	24,000 Sq. Ft.
Land Area	26,572 Sq. Ft. (0.61 ac.)
Office/Flex	24,000 Sq. Ft.
Land Area	8,785 Sq. Ft. (0.20 ac.)
Onsite Parking	38 Spaces (0.33 ac.)
Total Uses:	155,000 Sq. Ft.
Total Land/Parking	178,160 Sq. Ft. (4.09 ac.)

Redevelopment Master Plan Parking:

Parking Required	308 Spaces
Parking Structure	270 Spaces - 3 Levels w/ 90 spaces each
Total Structure Area	49,658 Sq. Ft. (1.14 ac.)

Franklin Square Restoration:

Park Area	181,500 Sq. Ft. (4.16 ac.)
Street Area	237,282 Sq. Ft. (4.45 ac.)
Residential Area	408,300 Sq. Ft. (9.37 ac.)
Total Area	827,082. Sq. Ft. (18.99 ac.)

Section 5 – Schedule:

Redevelopment Project Phases and Durations:

- 1) Final Feasibility Analysis & Redevelopment Agreement
 - a. 6-12 months
- 2) Phased Project Schedule - Critical Path Method (CPM)
 - a. 3 months
- 3) Schematic Design
 - a. 6 months
- 4) Design Development
 - a. 6 months
- 5) Contract Documents
 - a. 3 months
- 6) Bidding & Construction
 - a. 24 months
- 7) Final Completion & Commissioning
 - a. 4 months
- 8) Stabilization
 - a. 12-18 months

Total Redevelopment Project Duration: 64-76 months

Restoration Project Phases and Durations:

- 1) Due Diligence & Redevelopment Agreement
 - a. 6 months
- 2) Schematic Design
 - a. 3 months
- 3) Design Development
 - a. 3 months
- 4) Contract Documents
 - a. 3 months
- 5) Bidding & Construction
 - a. 12-18 months
- 6) Final Completion & Commissioning
 - a. 3 months
- 7) Grand Opening

Total Restoration Project Duration: 36 months

Section 6 – End User Interest:

- 1) Multi-Family Residential
 - a. Units not targeted for student or senior citizens.
 - b. Mix of 1-3 Bedroom Units
 - c. Turn-of-the-Century appearance to align with Franklin Square Restoration Target Period 1885-1905

- 2) Hospitality
 - a. EVEN Hotels or equivalent: targeted toward lifestyle and well-ness tourism emphasizing rest, nutrition, exercise, and productivity

- 3) Retail/Restaurant
 - a. Targeted towards complimentary retail and restaurant businesses
 - b. Contemporary casual, outdoor dining, cafes, pop-up, and seasonal food-carts

- 4) Office/Flex
 - a. Professional/Technical
 - b. Incubator

- 5) Franklin Square National Register Historic District
 - a. The citizens of Bloomington, Normal, and McLean County Illinois
 - b. Visitors & Guests
 - c. Tourism & Events

Section 7 – Analysis:

Franklin Square Restoration Preliminary Budget Estimate

Original Scope	Park Only	Streets Only
Sidewalks	\$712,062	749,200
Tree Planting	\$23,400	
Benches	\$26,844	
Lighting	\$141,200	
Monument	1,750,000	
Furnishings	25,830	
Drinking Fountain	0	
Limestone Curbing	77,261	209,776
Playground Equipment	0	
Corner Ramps		
Canine Use		
Street Paving		12,825,092
Street Lighting	145,500	527,000
Landscape Beds	5,000	
Architect/Engineer	174,426	858,664
Sub-Total	<u>\$3,081,523</u>	<u>15,169,732</u>

Total **\$3,081,523** **15,169,732**

Additional Scope

Cannon & Carriages	\$15,000	
Traffic Calming		
ADA Access		
Monument Lighting	\$23,300	
Sub-Total	<u>\$38,300</u>	<u>0</u>
Totals	3,119,823	15,169,732
Grand Total Park	3,119,823	
Grand Total Park & Streets		18,289,555

Mennonite/Electrolux Redevelopment Preliminary Budget Estimate

Hospitality	18,584,250	
Retail	7,409,000	
Multi-Family	6,400,000	
East Street Rebuild	396,000	
Office	2,500,000	
Parking Structure	3,757,847	
Total	<u>39,047,097</u>	<u>39,047,097</u>

Total - Redevelopment + Park **\$42,166,920**

Total - Redevelopment + Park + Street **\$57,336,652**

Funding Sources:

- 1) Tax Increment Allocation Redevelopment Act
 - a. TIF Increment Financing
 - i. Expanded 2016 TIF Redevelopment Project Area
 - ii. Tax Increment Revenue Notes
- 2) City of Bloomington Incentives
 - a. IWU Building Demolition
 - b. Environmental Cleanup
 - c. Utility Relocation
 - d. Infrastructure Improvements
 - e. Structured Parking - Shared by Franklin Square Neighborhood Project & BCPA
 - f. East Street Rededication and Improvements
 - g. Streetscape Improvements
 - h. Property Tax Abatements
 - i. Enterprise Zone
 - j. Sales Tax Rebates
 - k. Special Service Area
 - l. Business District
- 3) Development Phase Gap Financing
 - a. Non-TIF eligible Redevelopment Costs
 - b. Construction Loan
- 4) Historic Preservation Tax Incentives
 - a. 20% Investment Tax Credit for qualified Certified Historic Rehabilitation Costs
- 5) Long-Term Permanent Financing at Stabilization
 - a. Non-TIF eligible redevelopment expenses
- 6) 501(C)(3) Tax-deductible Contributions
 - a. Donations
 - b. Gifts
 - c. Bequests

Section 8 – Experience: Development Team

- 1) Master Developer - Franklin Park Foundation
 - a. Sub-developers
- 2) Project Architect - General Design, Inc.
 - a. Tait Johnson, Allen Johnson
- 3) Commercial Finance - Draper & Kramer
 - a. Bill Barry, SVP
- 4) Tax Counsel – Cox & Fulk, LLC
 - a. Clay Cox
- 5) TIF Counsel - Barnes & Thornburg LLP
 - a. Jeff Gray
- 6) TIF & Development Counsel - Livingston Law Firm
 - a. Elizabeth Megli
- 7) Public Finance Consultants - Stifel Financial Corp.
 - a. Jim Lahay
- 8) Historic Rehabilitation Investment Tax Credits - Novogradac
 - a. Tax Credit Syndication Consultant
- 9) Accounting & Audit – Striegel Knobloch & Co., LLC
 - a. Steve Arendt
- 10) Foundation Consultant – Moss Adams
 - a. Wendy Campos
- 11) Development Advisor – SB Friedman
 - a. Market Analysis
 - b. Development Services

ATTACHMENTS

Franklin Park Foundation - 501(c)(3) IRS Certification Letter



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities
P.O. Box 2508
Cincinnati, OH 45201

FRANKLIN PARK FOUNDATION
317 E CHESTNUT STREET
BLOOMINGTON, IL 61701

Date:
03/10/2022
Employer ID number:
88-0701718
Person to contact:
Name: Customer Service
ID number: 31954
Telephone: (877) 829-5500
Accounting period ending:
December 31
Form 990-PF required:
Yes
Effective date of exemption:
February 15, 2022
Addendum applies:
No
DLN:
26053448002732

Dear Applicant:

We're pleased to tell you we determined you're exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3). Donors can deduct contributions they make to you under IRC Section 170. You're also qualified to receive tax deductible bequests, devises, transfers or gifts under Section 2055, 2106, or 2522. This letter could help resolve questions on your exempt status. Please keep it for your records.

Organizations exempt under IRC Section 501(c)(3) are further classified as either public charities or private foundations. We determined you're a private foundation within the meaning of Section 509(a).

You're required to file Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation, annually, whether or not you have income or activity during the year. If you don't file a required return or notice for three consecutive years, your exempt status will be automatically revoked.

If we indicated at the top of this letter that an addendum applies, the enclosed addendum is an integral part of this letter.

For important information about your responsibilities as a tax-exempt organization, go to www.irs.gov/charities. Enter "4221-PF" in the search bar to view Publication 4221-PF, Compliance Guide for 501(c)(3) Private Foundations, which describes your recordkeeping, reporting, and disclosure requirements.

Sincerely,

A handwritten signature in cursive script that reads "Stephen A. Martin".

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

DESIRED OUTCOME

While all development mixes will be considered, the Sellers are most interested in a development project resulting in a multi-story, mixed-use development with ground floor commercial uses and upper-story residential. The City has a strong desire for more market-rate, multi-family residential uses in the Downtown. Units should not be targeted to college students or senior citizens. **Projects that enhance the overall appeal of the area, add a new desired use to the Downtown and IWU campus, have strong urban design elements, and appropriately transition into the adjacent historic residential Franklin Park neighborhood (listed on the National Register of Historic Places) are preferred.** Proposals should be transit-oriented and pedestrian friendly. **Proposals should ideally be submitted by a single, master developer, with a comprehensive plan for the entire site.** Statements may include the rededication of East Street, as public right of way between Walnut Street and Chestnut Street.



The Sellers reserve the right to jointly consider and approve projects proposed which may not necessarily meet each of the aforesaid general guidelines. **Interested developers are encouraged to submit proposals which represent the development approach they believe would be most successful.**

David Hales, City Manager, introduced this item. He stated the City had a unique opportunity to make a strategic property purchase on the North end of the Main St. corridor. Several meetings had been held with 3 Kirk Holdings, LLC to consider sale of the property to the City. A Purchase Agreement had been drafted to allow the City to acquire this property.

Austin Grammer, Economic Development Coordinator, provided a brief overview. The former Mennonite Hospital building located at 807 N. Main St. was occupied by The Eureka Co. / Electrolux until 2011 when Electrolux relocated its offices to Charlotte, North Carolina. The owners of Kirk C & D Recycling purchased the subject property and three adjacent parcels from Electrolux in 2011 with the intent to demolish the building, subdivide the primary parcel at 807 N. Main St., and sell the properties to multiple developers. Recent developments on the adjacent former Electrolux parcels include the Rainstorm Car Wash at 814 N. Main St. and the "Flats on East" apartments at 902 N. East St. and 202 E. Walnut St.

Since 2011, the City had been approached by multiple developers who have expressed interest in acquiring the subject property and combining it with the adjacent parcels owned by Illinois Wesleyan University (IWU) with the intent to create a significant mixed-use development on the 4.093 acre block on the east side of Main St.

Due to a variety of factors, including the need for municipal assistance to help make the proposed projects feasible, no single private developer had taken the steps necessary to acquire the subject property and IWU parcels. With the demolition project ready to conclude later this spring, it is the owner's intention to proceed with subdividing the subject property and sell the resulting small lots to multiple developers.

Staff had concerns that the potential subdividing of the subject property would represent a huge missed opportunity to create a significant development in the northern portion of downtown in favor of an uncoordinated piecemeal development. Therefore, it is staff's recommendation that the City acquire the subject property after the demolition project is complete, partner with IWU, establish a Tax Increment Financing (TIF) District around these properties and market the site to potential developers. It would be the City's intent to attract and support a significant whole-block development at this site that would be supportive of the Council's and public's vision for the downtown, form a link between downtown and the IWU campus and respect the historic integrity of the nearby Franklin Park neighborhood.

Mr. Grammer stated the agreed upon purchase price was \$1.4 million. He believed an appraisal would support that price. The City would have the option to renegotiate or walk away if the appraisal does not support that price. The City would undertake an environmental assessment. The timeline and terms depended on the completion of the demolition project.

stating that there are no due and unpaid amounts for water or sewer service;

- (iv) such other documents, instruments, certifications and confirmations as may be reasonably required and designated by Purchaser and/or the title company insuring title to fully effect and consummate and insure title of the transactions contemplated hereby;
 - (v) a duly adopted resolution of the Seller authorizing this transaction.
- (c) **Purchaser's Deliveries at Closing.** On the Closing Date, Purchaser shall deliver the following to Seller:
- (i) the Purchase Price;
 - (ii) an ALTA Statement, if any, in form required by the Title Insurer;
 - (iii) such other documents, instruments, certifications and confirmations as may be reasonably required and designated by Seller to fully effect and consummate the transaction contemplated hereby.

11. TAX INCREMENT FINANCING. Purchaser intends that the Property shall be a cornerstone of a plan for redevelopment which shall utilize the benefits afforded by the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et. seq., and without the availability of the benefits of such act, the Purchaser would not proceed with the Closing.

12. BROKER'S COMMISSION.

The parties represent that no real estate brokers have been used and no commission is due in connection with this transaction.

12. ADVICE OF COUNSEL.

Each party has consulted an attorney to review this Agreement prior to its execution. Each party has had the opportunity to be represented by counsel of its choice in negotiating this Contract. This Contract shall therefore be deemed to have been negotiated and prepared at the mutual request, direction, and instruction of the parties, at arm's length, with the advice and participation of counsel, and will be interpreted in accordance with their respective terms without favor to any party.

13. DEFAULT.

- (a) If Seller shall default in the performance of Seller's obligations under this Contract, then Purchaser shall have the right to pursue all rights and remedies available against Seller at law or equity, including but not limited to specific