

EXHIBIT C TO THE ORDINANCE

Amended and Restated Program Rules

CITY OF CHICAGO DEPARTMENT OF PLANNING AND DEVELOPMENT SMALL BUSINESS IMPROVEMENT FUND (SBIF) PROGRAM RULES

The City of Chicago's Small Business Improvement Fund is a TIF program which will reimburse building owners or tenants, as applicable, for eligible investments which preserve building stock, improve neighborhood appearance or economic value, and enable businesses to stay in the neighborhood, remain competitive, or even expand within the TIF District.

Funding.

- Grants only, in the form of reimbursement, to the person or legal entity who incurred the costs of the eligible improvements.
- Each Property shall be eligible to receive the Maximum Program Assistance no more than every three years. "Property" shall mean: (1) a building regardless of whether it has multiple addresses or permanent index numbers ("PINS"); and/or (2) contiguous parcels under Common Ownership, regardless of whether they have multiple addresses or PINS. A building or multiple parcels under Common Ownership shall mean having an ownership interest by the same person or legal entity of 7.5% or more.
- Applicants whose eligibility is established by being Industrial businesses currently employing a maximum of two hundred (200) full-time equivalent employees under the Eligible Applicant requirements are entitled to funding up to 50% of eligible costs.

Applicants whose eligibility is established by the Net Worth Requirements under the Eligible Applicant requirements are entitled to funding in the following manner:

- a. up to ninety percent (90%) of eligible costs if the Applicant demonstrates a net worth less than \$3,000,000.
 - b. up to sixty percent (60%) of eligible costs if the Applicant demonstrates a net worth equal to or greater than \$3,000,000, but less than \$6,000,000.
 - c. up to thirty percent (30%) of eligible costs if the Applicant demonstrates a net worth equal to or greater than \$6,000,000, but less than \$9,000,000.
- Applicants whose eligibility is established by the Annual Sales Requirement under the Eligible Applicant requirements are entitled to funding in the following manner:
 - a. up to ninety percent (90%) of eligible costs if the Applicant demonstrates annual sales totaling less than \$3,000,000.
 - b. up to sixty percent (60%) of eligible costs if the Applicant demonstrates annual sales totaling equal to or greater than \$3,000,000, but less than \$6,000,000.
 - c. up to thirty (30%) of eligible costs if the Applicant demonstrates annual sales totaling equal to or greater than \$6,000,000, but less than \$9,000,000.

- The Maximum Program Assistance shall be (i) less than Two Hundred and Fifty Thousand Dollars (\$250,000) maximum assistance per industrial Property; (ii) less than Two Hundred and Fifty Thousand Dollars (\$250,000) maximum assistance per industrial Property occupied by multiple owners or tenants, provided that no individual Applicant shall receive assistance greater than One Hundred Thousand Dollars (\$100,000); (iii) less than One Hundred Fifty Thousand Dollars (\$150,000) maximum assistance per commercial Property occupied by a single owner or tenant; or (iv) less than Two Hundred and Fifty Thousand Dollars (\$250,000) maximum assistance per commercial Property occupied by multiple owners or tenants, provided that no individual Applicant shall receive assistance greater than Seventy-Five Thousand Dollars (\$75,000). Applicants may receive one or more grants up to the Maximum Program Assistance. Once an Applicant has received the Maximum Program Assistance, the Applicant shall not be eligible to reapply for another Program grant for the same Property until three years from the date on which it receives final payment for the preceding Program grant(s), provided it has met DPD's guidelines and procedures regarding re-application. Applicants who have received a Program grant for one Property shall not be excluded from applying for Program grants for another Property.
- Applicants selected by lottery; a waiting list will be created, if needed. Any waiting list created shall expire two (2) years after the date of its creation. Any applicant placed on the waiting list shall remain on the list until the waiting list expires or the applicant receives a grant, withdraws from the waiting list or is otherwise determined to no longer be eligible under the Program to receive a grant
- The maximum grant any Property would be eligible to receive under the Program shall be reduced dollar for dollar by (i) any Direct City Financial Assistance from any other program for the Property within (3) years before the date of the application, (ii) any Direct City Financial Assistance currently being received for such Property, or (iii) any Direct City Financial Assistance that the City has agreed to provide to such Property at any time in the future pursuant to a written contract (except for "gap" financing for the Project that is disclosed at the time the Application is first filed). "Direct City Financial Assistance" shall mean financial assistance directly provided by the City but shall not include any funds received pursuant to a contract for goods and services, a Delegate Agency Grant Agreement, or the "TIF Works" or "Workforce Solutions" Programs.
- All applicants for commercial properties who are approved for a grant of \$25,000 or greater shall be required to make at least one exterior improvement using at least ten percent (10%) of the maximum amount of their approved grant, including but not limited to, façade repair, windows and doors, and other exterior improvements eligible under the Program subject to DPD approval. All such exterior improvements shall be consistent with the Chicago Ground Floor Commercial Design Guidelines, when applicable. At DPD's sole discretion, such requirement may be waived if the applicant can demonstrate to DPD's satisfaction that no exterior improvements are needed because improvements have been recently completed or the exterior features of the building have been well-maintained and are consistent with the Ground Floor Commercial Design Guidelines.

- SBIF applications and SBIF grants are non-transferrable between Applicants and/or Properties. Potential Applicants who wish to apply for SBIF funds for more than one Property must submit separate applications for each Property. DPD may waive these requirements in its sole discretion.

Eligible Applicants.

- Property owners that have an ownership interest in a commercial business, located on the property to be improved, with a maximum average annual sales of Nine Million Dollars (\$9,000,000) for the past three (3) years, or a business plan for a new business showing the same level of projected maximum average annual sales for three (3) years (the "Annual Sales Requirement"). Property owners that would otherwise be evaluated for eligibility under the Annual Sales Requirement but lease any part of the property to one or more entities in which they do not have an ownership interest are to be evaluated for eligibility under the Net Worth Requirement (defined herein).
- Industrial businesses currently employing a maximum of two hundred (200) full-time equivalent employees. Property owners of industrial businesses currently employing a maximum of two hundred (200) full-time employees. Property owners that would otherwise be evaluated for eligibility under this paragraph, but lease more than 50% of the property to one or more entities in which they do not have an ownership interest are to be evaluated for eligibility under the Net Worth Requirement (defined herein).
- Property owners who conform to maximum net worth and liquidity requirements (total net worth no more than Nine Million Dollars (\$9,000,000), and total liquidity of no more than Five Hundred Thousand Dollars (\$500,000) per individual owner or entity, and who lease space to eligible commercial or industrial tenants.
- Tenants that meet the Annual Sales Requirement have a leasehold interest in the property they would like to improve pursuant to a lease agreement with the property owner and have express prior property owner approval to make specific improvements. The property owner's eligibility will not be a requirement for the Tenant's eligibility.
- Qualified building owners who seek to attract eligible new commercial or industrial tenants to vacant space.
- Businesses which are Not eligible include, but may not be limited to: national chain businesses and franchise businesses (as defined by DPD); branch banks; day labor employment agencies; currency exchanges; pay day or title secured loan stores; pawn shops; fortune telling services; liquor stores, taverns, bars, (except pursuant to the rules stated below); hotels or motels; adult uses; private clubs; not-for-profit social clubs; not-for-profit organizations that have a national affiliation; start-up banquet halls (i.e., been in business for less than one calendar year); track wagering facilities; K-12 schools; gas stations; firearms dealers; firearms ranges; places of worship; smoke shops/cigar lounges; tobacco dealers, including sales of tobacco, nicotine, or similar products and accessories; residential storage warehouses; trailer-storage yards; and junk yards, or any uses similar to those listed.

- Not-for-profit organizations that are not of the types listed above as not being eligible for SBIF funding may apply for grants. Eligibility criteria and rules are the same for not-for-profit organizations and for-profit organizations, except for the documents required to determine eligibility. For not-for-profit organizations, revenues will be reviewed using tax returns and income statements. Net worth and liquidity will be reviewed using the organization's balance and bank statements. Restricted grants and income unrelated to the Property will be considered to determine the organization's net worth and liquidity including, but not limited to, residential rents, memberships, donations, grants, and ticket sales. In place of business or Property owners, checks will be performed on the members of the board of directors of not-for-profit applicants to ensure that they are not indebted to the City and that they are in compliance with child support laws. DPD reserves the right, in its discretion, to ask for additional or different documentation than listed above to determine the eligibility of a not-for-profit organization.
- Religious organizations that operate an industrial or commercial business may be eligible for a Program grant provided that an authorized officer signs an affidavit stating that (a) the room or space that the SBIF funds will be used to acquire, improve or rehabilitate is not its primary place of worship; (b) SBIF funds will be used only for those portions of the acquisition, improvement or rehabilitation of the premises that are attributable to business activities described in its application; and (c) If in the future it uses the premise for inherently religious activities it will reimburse the City for the present value of the improvements, in an amount not to exceed the grant of SBIF funds.
- DPD, in its sole discretion, may deny new applications on the basis of past experience with the Applicant or Property involving misrepresentation, non-compliance with the requirements of the Program, or similar issues. Additionally, in the event of a major change to a project, such as a change in construction plans, unforeseen damage to the building, or, for start-up businesses, a change in the business plan, DPD may remove the project from the Program in its sole discretion.
- Rules for Taverns and Bars: Taverns and bars shall be defined as those businesses holding a "Tavern License" as defined by Chapter 4-60 of the Municipal Code of Chicago. An Applicant that is a bar or tavern at the time its Application is submitted and has held a valid license as such and been in business under said license for a minimum of two calendar years, may be approved by DPD to receive a grant under the Program. An Applicant, at the time its Application is submitted, that has not held a tavern license and been in business as a tavern/bar for at least two calendar years shall not be eligible for funding under the Program, including any Applicant that has purchased a Tavern License. As part of its application, each Applicant shall list its full and complete legal business name and any "DBA" names, its operating address, and beginning date of business or tavern license ownership. DPD will provide each Application to the City's Department of Business Affairs and Consumer Protection ("BACP") to vet each Applicant in regard to pending license discipline cases and community meetings for public nuisance issues. After such vetting, DPD, in consultation with BACP, will determine whether each Applicant is designated as eligible for funding under the Program. DPD's determination shall be made in its sole discretion and shall be final.
- Property owned or leased by any local, state or federal government entity including, but not limited to, the City of Chicago, the Chicago Housing Authority, the Chicago Public

Schools, the Chicago Park District, etc., and any tenants of such property, is not eligible to receive SBIF funding.

- City of Chicago employees and elected officials, if otherwise eligible to receive SBIF funding under the SBIF Ordinance, may not receive more than \$1,000 per calendar year from the SBIF Program unless either the Commissioner of Planning & Development or Commissioner of Housing designate such employees or officials as "eligible," or the City Council adopts an ordinance exempting City employees and officials from this restriction.
- No owner or tenant of a Property shall be eligible to apply to the SBIF Program or receive a Program grant if there are Lis Pendens, pending litigation, or a code enforcement action affecting the title to the Property or the viability of the proposed project, or if there are current injunctions, foreclosure actions, or liens, including but not limited to mechanic's liens, tax liens or judgment liens, recorded against the Property. For any application received on or after October 16, 2022, DPD may determine such Property eligible in its sole discretion for any foreclosures or delinquent payments. DPD's determination shall be final.

Special LaSalle Central Rules.

Notwithstanding anything to the contrary in the Program Rules, the following rules shall apply to the implementation of the Program in the LaSalle Central Area.

- (a) The Maximum Program Assistance shall be no greater than \$250,000 per Project and no greater than \$1,000,000 per Property.
- (b) The Maximum Program Assistance may be increased by \$50,000 for an Applicant from a "Qualifying Low- or Moderate-Income Neighborhood" identified in Exhibit 9 of this Agreement that is opening an additional location in the LaSalle Central TIF.
- (c) An Applicant is eligible for reimbursement of up to 90% of Eligible Costs incurred for the Project, in an amount not to exceed the Maximum Program Assistance.
- (d) There shall be no limits on the Net Worth, Liquidity or Annual Sales for Applicants.
- (e) Only improvements (interior or exterior) on the ground floor of a building will be eligible for reimbursement.
- (f) Projects that expand above or below from the ground floor may be considered for funding in DPD's sole discretion.
- (g) For an Applicant that is the Property owner to be eligible for reimbursement, 100% of the building square footage subject to the SBIF grant must be leased and occupied.
- (h) No Property is eligible to receive Grant Funds under the Program if the Property has received (i) any Direct City Financial Assistance (as defined in the Program Rules) from the City for the Property within (3) years before the date of an application, (ii) any Direct City Financial Assistance currently being provided to such Property, or (iii) any Direct City Financial Assistance that the City has agreed to provide to such Property at any time in the future pursuant to a written contract.

All other rules and requirements of the Program not in conflict with these Special LaSalle Central Rules shall apply to all applications received for Grant Funds in the LaSalle Central Area.

Vacant Property.

Reimbursement for vacant properties will require one hundred percent (100%) lease-up of the portion of the property subject to the SBIF grant with a qualified tenant.

Eligible Costs.

Any TIF-eligible improvement which permits a building owner to attract new commercial or industrial tenants, allows an eligible business owner to maintain or expand operations, or contributes to the improved appearance and viability of a property may be funded by the Program. This includes, at DPD's discretion, funding for the rehabilitation, remodeling or renovation of improvements including, but not limited to, the following:

- roof and facade;
- components of signs or awnings which are permanently affixed to the building;
- alterations or structures needed for ADA compliance (e.g., railings or ramps);
- HVAC and other mechanical systems;
- plumbing and electrical work;
- certain project-related architectural and construction management fees related to the project;
- the purchase of adjacent land parcels for purposes of expansion or parking;
- solar panels
- the cost of an energy audit that recommends measures to improve the energy efficiency of a building may be included as a rehabilitation cost to the extent that:
 - (a) the building renovations undertaken pursuant to such recommendation promote energy efficiency and resource conservation (e.g., the installation of low-flow plumbing fixtures or energy-efficient HVAC systems, the use of building materials made with a high degree of recycled content or renewable or non-toxic substances, installation of energy efficient lighting systems); and
 - (b) the cost of the energy audit does not exceed 10% of the project budget;
- permanent interior renovations, including fixtures; and
- environmental remediation inside, under, or directly adjacent to a building undergoing a SBIF-funded renovation project if the remediation is directly related to the renovation

project.

The following items are not eligible for reimbursement, and therefore will not be counted toward total project cost (this is not an exhaustive list):

- new construction;
- minor repairs or improvements such as painting or cleaning;
- equipment-related expenses;
- planters surrounding or affixed to buildings;
- outdoor dining or drinking areas including roof decks, beer gardens, outdoor patios, balconies, awnings, porches, and decks;
- fencing including pergolas, trellises, arbors, privacy screens, and similar structures;
- parking lot construction or repair;
- landscaping;
- work on the interior of residential units; and
- work, in DPD's sole determination, that is not consistent with the goals of this Program or the redevelopment priorities of the relevant TIF area, including, projects that do not conform with the uses and goals defined in the governing Redevelopment Plan for the relevant TIF area.

Energy Efficiency Requirement.

All industrial applicants shall be required to purchase products that earn the ENERGY STAR and meet the ENERGY STAR specifications for energy efficiency. The applicant is encouraged to visit energystar.gov for complete product specifications and updated lists of qualifying products.

Design Requirements

In order to receive funding, projects must conform to design requirements including meeting DPD's Ground Floor Commercial Design Guidelines, when applicable. Projects shall also comply with any applicable design guidelines and additional neighborhood requirements as described in guidelines, style guides, community plans and other planning documents associated with the TIF area and neighborhood in which the Property is located. Applicants are strongly advised to consult with SomerCor and design professionals on design requirements and guidelines before drawing up plans for work. Work which is potentially damaging to the building, such as use of incorrect tuckpointing materials, will not be reimbursed. Plans must be submitted to SomerCor for design approval prior to beginning construction, or the project will be automatically disqualified. DPD will work with applicants on mutually agreeable design changes and/or enhancements to their projects.

Compliance.

- Checks will be performed on all applicants prior to project approval to ensure that they are not indebted to the City and that they are in compliance with child support laws. Any Applicant who enters into a payment plan with the City for its debts shall be in compliance with its plan in order to receive any reimbursements, including when the Project is completed.
- Applicants must obtain all permits required for project completion prior to commencing construction and must provide proof of permits or permit applications to SomerCor within 120 days of being approved for a SBIF grant.
- In cases where no person or legal entity has ownership of 7.5% or more of the business or property, all owners/entities must provide personal financial information to SomerCor to ensure that they are not indebted to the City and that they are in compliance with child support laws.
- Any grantee that is a commercial landlord must provide evidence that it has leased 100% of the building square footage that is subject to the SBIF grant before reimbursement may be made.
- Each applicant will complete and sign an Economic Disclosure Affidavit.
- Grantees will be required to sign an affidavit certifying that they will maintain an active licensed business within the Property and will not relocate, sell the Property or sell the business or Property ownership entity (as applicable) for not less than three (3) years following disbursement of funds under the Program. In the event of vacancy, relocation, or sale of the property or business during the three (3) year compliance period, the Grantee shall reimburse the City of Chicago for the full amount of the SBIF grant. Requirement may be waived at DPD's sole discretion.
- In cases of SBIF reimbursement for land purchase, proof of land ownership will be required before reimbursement may be made.

Time Limits.

Each stage of the program has a time limit by which Applicants must complete the requirements. Each stage must be completed before the application may move to the next stage. Unless SomerCor or DPD has granted an extension of time, Applicants who do not complete each stage by the stated deadline will be disqualified.

DPD may shorten stage timelines and deny extensions due to impending TIF expirations. In all cases, projects must be completed and paid for, and documentation accepted and approved by SomerCor, prior to the TIF expiration date.

- Stage 1 – Applicant Eligibility Review - Applicant responds to request to determine eligibility and supplies any missing information to complete their application: twenty (20) days. Applicants must provide proof of site control for the project property, including a deed or executed lease agreement, by the deadline to complete Stage 1 of the application,

subject to DPD's discretion.

- Stage 2 – Project Eligibility Review - Plans, bids, and specs, are obtained, debts are cured: one hundred twenty (120) days.
- Stage 3 – Project Approval and Construction - Construction is completed or land is purchased: ten (10) months.
- Stage 4– Proof of Financing and proof of permit or permit application (concurrent with 10-month construction phase). Applicant shall provide evidence to the satisfaction of DPD within one hundred and twenty (120) days following the date of the commitment letter that it has sufficient funds and a permit or permit application to complete the approved project. Evidence of financing may include, but is not limited to, proof of commitment from a financial institution for a loan or line of credit or financial statements that demonstrate that the applicant currently has sufficient equity to complete the project, at least 50% of the funds needed to cover total project costs. Evidence of permits includes proof of permits or permit applications.

A maximum of two (2) extensions may be granted with DPD approval in the case of unavoidable delay due to extraordinary circumstances. DPD (not SomerCor) also may on a case-by-case basis grant a Grant-Eligible Application an additional amount of time to complete any Program requirement. In such case, DPD shall have discretion to determine the appropriate length of the extension.

Technical Assistance.

- Grantees will have access to technical assistance to aid them in selecting contractors, obtaining bids, and drawing up proper work contracts.
- Grantees are not permitted to act as their own General Contractor.

Minority/Women-Owned Businesses (M/WBE).

A directory of City of Chicago certified M/WBE contractors will be provided to all eligible applicants to encourage the hiring of such contractors under the program.

Effective Date of Program Rules.

These Program Rules shall be applicable to all projects that apply for funding on or after _____, 2025 [Date of adoption of 65th Amending Ordinance]. Applications received prior to this date shall be governed by the version of the Program Rules applicable on the date the application was submitted for such project.