

		<b>AGENDA ITEM EXECUTIVE SUMMARY</b>					
		Title:		Consideration of an extension request from SMN Development regarding First Street Building 9 (One West Main building)			
		Presenter(s):		SMN Development			
<i>Please check appropriate box:</i>							
	Government Operations				Government Services		
X	Planning & Development (3/10/14)				City Council		
Estimated Cost:		N/A		Budgeted:	YES		NO
If NO, please explain how item will be funded:							
<b>Executive Summary:</b>							
<p>Phase 3 of the First Street Redevelopment PUD includes the riverfront property east of First Street, south of Main St. and north of Illinois St. Phase 3 includes Building 1 (River Terrace), Buildings 2 and 3 and the second parking deck (River Loft), the east plaza and river walk, and Building 9 (One West Main St./former Manor site).</p> <p>SMN Development owns the former Manor Restaurant building site, which is now Lot #1 of First Street Phase 3.</p> <p>Additionally, SMN Development has a purchase agreement to acquire from the City Lot #2, an additional 52 ft. wide parcel immediately to the south of Lot 1. The purchase agreement was first entered into in 2008 and has been subsequently extended by the City Council. The purchase agreement is set to expire on April 8, 2014, unless SMN Development secures both a building permit and financial commitment to construct the building, and opens a constructed escrow at the time of closing of the sale.</p> <p>The PUD Preliminary Plans approved in 2008 for the proposed “One West Main” building show a 4 story structure, with a restaurant use on the first floor and office spaces on the upper floors, located on Lots #1 and #2.</p> <p>SMN has requested an extension of the date to begin construction of the building and an extension of the expiration date of the purchase agreement.</p>							
<b>Attachments:</b> <i>(please list)</i>							
Aerial Photo of Phase 3 site, Letter from SMN Development, Response letter from the City							
<b>Recommendation / Suggested Action</b> <i>(briefly explain):</i>							
Consideration of an extension request from SMN Development regarding First Street Building 9 (One West Main building)							
<i>For office use only:</i>		<i>Agenda Item Number: 3e</i>					



Building 4/Parking Deck

West Plaza

First Street

Main Street

Lot 2-SMN to purchase From City

East Plaza

**First Street LLC Development Site**

SMN Development / One West Main Site

Bi-Level Riverwalk

Riverwalk

Illinois Street

**First Street  
Redevelopment  
PUD Phase 3**

**Planned Building  
Locations**

# KLEIN, DADAY, ARETOS & O'DONOGHUE, LLC

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February 11, 2014

**Via Facsimile, U. S. Mail and  
Certified Mail, Return Receipt Requested**

City Of St. Charles  
Mayor Raymond Rogina  
2 E. Main Street  
St. Charles, IL 60174

City of St. Charles  
Mark Koenen  
2 E. Main Street  
St. Charles, IL 60174

City of St. Charles  
Russell Colby  
2 E. Main Street  
St. Charles, IL 60174

Re: PUD Construction Extension for First Street Phase III

Dear Mayor and City Council:

Per Section 17.04.420 of the St. Charles Zoning Ordinance, I hereby request an extension of the construction period for Building 9 (1 W. Main St/former Manor site) in Phase III of the First Street Redevelopment PUD, to extend the deadline for beginning construction. Phase III includes all of the property on the riverfront and includes Building I (River Terrace), Buildings 2 and 3 and the second parking deck (River Loft), the east plaza and river walk, and Building 9 (1 W. Main St/former Manor site). Without any further extension approval of the PUD Preliminary Plans for the buildings and site improvements in this phase will lapse on April 8, 2014.

The Final Plat of Subdivision for Phase III was recorded on December 12, 2008, and per Section 17.04.420 of the St. Charles Zoning Ordinance, construction on a specific phase of a PUD as authorized by the issuance of a building permit, must begin within two years from date of Final Plat recording for that specific phase. To date, no building permits have been issued for construction on any portion of the site.

We previously marketed the property with Kevin O'Donnell, a Commercial Real Estate Broker, but were unable to secure lease commitments for Building 9. Recently, after several

meetings with City officials and aldermen, we engaged the services of Mark Wilson from Stahelin Properties to again market the Property. We met with Mark Wilson several times to discuss the Property and to discuss the current office and retail demand for space in St. Charles. Based on our discussions with Mark, we determined that we needed to reassess our building, design and construction. We engaged the services of Brice Soltys of Soltys Design/Build LLC to review our construction plans and engineering. Brice will be making recommendations to us to reduce our cost of construction which, in turn, will reduce the rent required from prospective tenants to ensure a successful project at 1 W. Main Street. We coordinated a meeting with City officials, aldermen, ourselves, Mark Wilson and Brice Soltys to discuss their investigation and recommendations. The current economic environment is still uncertain. Retail and office expansion is very limited in the Fox Valley area. At this time, we do not have adequate pre-leasing activity to secure financing to begin construction on Building 9. However, as we represented to City staff, City officials, and the City Council, we remain committed to moving forward with the construction of Building 9. We remain convinced that the location of our site, the success of existing First Street businesses and the continued support of the St. Charles City Council will allow us to succeed in our efforts to lease the Building and begin construction. We will continue to work with City staff and City officials to promote First Street development and communicate both successes and setbacks as we move forward.

We are available at any time to meet with you to answer any questions that you might have with regard to building 9 in Phase III. Thank you for your consideration of this request.

Very truly yours,

*Joseph J. Klein*

Joseph J. Klein

JJK/cp

Our File No. 2007-0226



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February 19, 2014

Joseph Klein  
Klein, Daday, Aretos & O'Donoghue, LLC  
2550 W. Golf Rd., Suite 250  
Rolling Meadows, IL 60008

Re: SMN Development – Feedback to PUD extension request dated February 11, 2014

Mr. Klein:

The City of St. Charles is in receipt of your February 11, 2014 letter requesting an extension of the date to begin construction of Building 9 of the First Street project, also known as 1 W. Main St. Specifically you have requested an extension of the date referenced in the Purchase Agreement dated September 2, 2008 (as subsequently modified). Of particular interest is the timeline you are asking the Council to consider for this extension. Your clarification of this timeline would be helpful to the Council to better understand your intention and milestones along the way to represent progress as we head towards the proposed extension date.

The February 11 letter you provided will be included in the Planning and Development Committee of the City Council packet for their consideration at the meeting on March 10, 2014. I anticipate you will be present at this meeting to represent your request.

Further, I recommend you continue to explore other options to move the project forward, as has been previously requested by the City Council. City staff is available to meet at your request. Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Mark Koenen".

Mark Koenen  
City Administrator

cc: Raymond Rogina, Mayor  
Chris Minick, Director of Finance  
John McGuirk, City Attorney  
Rita Tungare, Director of Community & Economic Development

RAYMOND P. ROGINA *Mayor*

MARK KOENEN, P.E. *City Administrator*