



CITY MANAGER'S OFFICE

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MEMORANDUM

Date: April 23, 2026

To: Mayor Goczkowski and Aldermen of the City Council

From: Dorothy Wisniewski, City Manager *DW*
Jeff Rogers, AICP, Director of Community and Economic Development *JR*
Tim Watkins, Director of Public Works and Engineering

Cc: Peter Friedman, Elrod Friedman, City Attorney for City of Des Plaines

Subject: Consideration of a Resolution approving a Term Sheet for an Economic Incentive and Development Agreement for the former Lattof YMCA building at 300 E. Northwest Highway

Issue: For the City Council to consider the Resolution approving a term sheet for the economic incentive and development agreement between the City of Des Plaines and SG Des Plaines, LLC and Spectate Group LLC (the "Developer") for the redevelopment of the property located at 300 E. Northwest Highway, also known as the Lattof YMCA.

Analysis: The Northwest Suburban YMCA opened in January 1961 at 300 E. Northwest Highway in Des Plaines as a regional recreation center for the rapidly growing northwest suburbs of Chicago. Designed as a shared community facility, it quickly became a hub for youth and adult programs and indoor sports.

Renamed the Lattof YMCA in 1980 to honor local philanthropist Nicholas M. Lattof, the facility grew into one of the area's largest YMCAs. At its peak, it had the largest membership of any non-residential YMCA in the Chicago region and was reportedly the largest in the world. After decades as a gathering place for suburban families, financial pressures tied to aging infrastructure and the COVID-19 pandemic led to its permanent closure in June 2020.

This parcel is a key lot along Northwest Highway at the west end of the commercial district surrounding the Cumberland Metra train station. The current zoning for this property is C-3 (General Commercial District). The property is improved with a series of interconnected buildings together comprising 98,470 square feet of floor area and is situated on 4.27 acres of land. The property has been and continues to be exempt from all property taxes.

Since the site has been vacant for the last six years, the City has not received any development proposals. During this time, the property has become an attractive nuisance and experienced a decline in property maintenance.

In late December 2025, the City received a proposal from the Nicholas Family of Companies, outlining a

public/private partnership with the City to improve and reactivate the Lattof YMCA with a revitalized concept that would reactivate the property as a tax-paying commercial use. The proposal and preliminary project scope include renovation of approximately 90,000 square feet of the original YMCA facility to support a modern sports complex facility for community recreational uses, along with a bar/restaurant/market.

In light of this reinvestment opportunity and the high-profile nature of the ongoing vacancy, the City Council directed the City Manager to negotiate with the YMCA to purchase the property. Based upon a third-party appraisal shared with the City, conducted by Marous & Company, the appraised value of the properties is \$2.2M. With City Council authority, the City Manager negotiated a purchase price of \$1,850,000.

Concurrently, staff has negotiated parameters of a proposed term sheet with the Developer. The proposed terms are summarized in the following table:

| Section | Deal Point Components | Summary |
|---------|------------------------|--|
| 1 | Non-Binding Term Sheet | Final terms will be finalized in a development agreement to be considered separately at a later date. |
| 2 | Acquisition | City of Des Plaines would acquire the property and hold it during construction prior to transferring the property to the developer prior to occupancy. |
| 3 | Ownership | SG Des Plaines, LLC and Spectate Group, LLC would own the building |
| 4 | Financing | <p>City of Des Plaines (City) provides 90% LTC financing (20-Year Term) to SG (at an interest rate of 2.5%) to acquire and renovate the facility estimated at \$19.8M</p> <p>Papanicholas Family provides 10% LTC equity investment to acquire & renovate the facility, estimated at \$2.2M</p> <p>SG pays monthly loan repayment to the City (20-Year Amortization), with the City paid in full at the end of the 20-year term.</p> <p>Estimated interest earnings at the end of 20 years are \$5.3M.</p> |
| 5 | Taxes | The operator is responsible for all taxes; however, the City will pursue approval of a Cook County Class 7b property tax incentive intended for properties in need of commercial development with development costs in excess of \$2 million. |
| 6 | Uses Restricted | After conveyance of the Property to Owner and until the later of the Loan being repaid and the Class 7b not being in effect, the Property may only be used for the Development. |
| 7 | Insurance | The Operator will be required to furnish proof of insurance at amounts commensurate with the value of risk associated with the business as outlined in the term sheet. |
| 8 | Additional Information | The restaurant concept will generate sales tax and food and beverage tax. |

Recommendation: Based on the consensus reached by the Members of the City Council and previous discussions regarding reactivating key properties within the community to generate revenue, replacing a recreational center will serve as a catalyst project that will further drive economic development and new investment in the vicinity, staff recommends approval of Resolution R-116-26, which approves the terms in the attached term sheet for an economic incentive and development agreement.

Attachments:

Resolution R-116-26

Exhibit A – Term Sheet for Economic Incentive and Development Agreement

Exhibit B – Preliminary Project Renderings

Exhibit C – Project Budget

CITY OF DES PLAINES

RESOLUTION R - 116 - 26

A RESOLUTION APPROVING A TERM SHEET FOR AN ECONOMIC INCENTIVE AND DEVELOPMENT AGREEMENT REGARDING THE PROPERTY AT 300 EAST NORTHWEST HIGHWAY.

WHEREAS, Article VII, Section 10 of the 1970 Illinois Constitution authorizes the City to contract with individuals, associations, and corporations in any manner not prohibited by law or ordinance; and

WHEREAS, the City is pursuing acquisition of the property commonly known as 300 East Northwest Highway ("**Property**"); and

WHEREAS, the City desires to acquire the Property, have it developed with recreation-related uses, and then convey the Property so that an operator may offer recreation-related uses; and

WHEREAS, should the City acquire the Property, in order to facilitate its development, the City has developed a non-binding term sheet setting forth the terms and conditions upon which the City is willing to allow the development of the Property and convey it ("**Term Sheet**"); and

WHEREAS, the Term Sheet will be the basis for an economic incentive and development agreement, which agreement, if acceptable to the City Council, will be considered at an open meeting of the City Council for approval; and

WHEREAS, the City Council has determined that it is in the best interest of the City to approve the Term Sheet;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Plaines, Cook County, Illinois, in the exercise of its home rule powers, as follows:

SECTION 1: RECITALS. The foregoing recitals are incorporated into, and made a part of, this Resolution as findings of the City Council.

SECTION 2: APPROVAL OF TERM SHEET. The City Council hereby approves the Term Sheet, in substantially the form attached to this Resolution as **Exhibit A**, and in a final form to be approved by the General Counsel.

SECTION 3: AUTHORIZATION TO EXECUTE TERM SHEET. The City Council hereby authorizes and directs the City Manager and the City Clerk to execute and seal, on behalf of the City, the final Term Sheet.

SECTION 4: EFFECTIVE DATE. This Resolution shall be in full force and effect from and after its passage and approval according to law.

PASSED this ____ day of _____, 2026.

APPROVED this ____ day of _____, 2026.

VOTE: AYES ____ NAYS ____ ABSENT ____

MAYOR

ATTEST:

Approved as to form:

CITY CLERK

Peter M. Friedman, General Counsel

TERM SHEET FOR ECONOMIC INCENTIVE AND DEVELOPMENT AGREEMENT

by and between

THE CITY OF DES PLAINES, SG DES PLAINES, LLC, AND SPECTATE GROUP, LLC

The **CITY OF DES PLAINES** (“**City**”) intends to negotiate for and enter into an Economic Incentive and Development Agreement (“**Agreement**”) with **SG DES PLAINES, LLC** (“**Owner**”) and **SPECTATE GROUP, LLC** (“**Operator**,” which along with the Owner are collectively the “**Developer**”) for the property located at 300 East Northwest Highway, Des Plaines, Illinois, P.I.N.s. 09-07-310-005-0000, 09-07-310-020-0000, and 09-07-311-001-0000 (“**Property**”).

1. **Non-Binding Term Sheet.** The City and Developer intend to negotiate the Agreement in good faith and substantially incorporate the terms, obligations, and conditions of this Term Sheet in the Agreement. This Term Sheet is non-binding and only reflects the proposed terms of the Agreement. If the terms are acceptable to the Mayor and City Council, they will be incorporated into the binding Agreement for formal approval at an open meeting of the City Council and executed by both the City and Developer. The Agreement will incorporate additional terms and conditions including, without limitation, guaranties, indemnification, and remedies.
2. **Agreement Overview.** The Agreement will provide that:
 - a. The City will endeavor to acquire the Property on terms acceptable to the City, with input from Owner on title-related matters;
 - b. If the City acquires the Property, Developer will be entitled to make improvements to the Property as approved by the City to renovate and modernize the existing facility to support the recreation-related uses in the attached **Exhibit A** as generally depicted in the preliminary concept plans in the attached **Exhibit B** (“**Development**”);
 - c. Upon completion of the Development in accordance with the Agreement, the City will convey the Property to Owner; and
 - d. Operator will operate the Development.

The Agreement will obligate Developer to obtain all permits and approvals necessary to improve the Property and operate the Development including, without limitation, zoning approvals (if applicable), building permits, a business registration, and a liquor license. The Agreement will include deadlines for Developer to apply for and obtain the permits and approvals.

3. **Property Acquisition and Conveyance.** As of the date of this Term Sheet, the Property is owned by a third-party. The City will endeavor to acquire the Property on terms acceptable to the City, with input from Owner on title-related matters. If the City is unable to acquire the Property on terms acceptable to it, the Agreement will terminate and no party to the Agreement will be liable to the other. If the City acquires the Property, upon completion of the Development in accordance with the Agreement, the City will convey the Property to Owner. Simultaneous with the conveyance, Owner will grant the City a right of reverter allowing the City to reenter and retake the Property if the Loan (defined below) is not repaid when due and a right of first offer allowing the City to acquire the

Property if the Development is completed and Owner desires to sell the Property prior to repayment of the Loan.

4. **Construction of the Development.**

- a. **Permit Fees:** Developer will pay City-imposed permit fees for the Development.
- b. **Prevailing Wage:** Developer must comply, and will cause all contractors constructing the Development to comply, with the Illinois Prevailing Wage Act and ensure that all laborers, workers, and mechanics working on the Development are paid no less than the prevailing wage required by the Act.
- c. **Indemnity and Insurance:** During construction, Developer must indemnify, defend, and hold harmless the City and its elected officials, employees, agents, and attorneys from all claims, costs, and expenses related to the Development. Developer must provide insurance in the types and amounts set forth in the Agreement naming the City and its elected officials, employees, agents, and attorneys as additional insureds on a primary and noncontributory basis with a waiver of subrogation of any insurance held by the additional insureds.

5. **Development Timeline.** If the City acquires the Property on or before July 1, 2026, Developer will diligently construct the Development in accordance with the following schedule, subject to changes approved by the City and Developer:

- a. **Permits:** All permits for the Development must be obtained on or before October 2, 2026.
- b. **Construction:** Construction of the Development must commence on or before October 5, 2026.
- c. **Completion and Operating:** A final certificate of occupancy for the Development from the City must be obtained, and the Development must be open to the public and operating, on or before September 6, 2027.

6. **Financing.** If the City acquires the Property, the City will finance a portion of the costs of the Development by providing Developer with a loan on the following terms ("**Loan**"):

- a. **Conditions Precedent:** In order to have a right to draw on the Loan initially and on an ongoing basis, Developer must (i) provide the City with adequate written proof that Developer obtained all financing necessary to construct the Development, other than the Loan ("**Other Funding**"); and (ii) be in compliance with its obligations in the Agreement.
- b. **Principal Amount:** Lesser of 90% of costs of constructing the Development in the attached **Exhibit C** and \$19,800,000.
- c. **Interest:** Begins to accrue upon the final draw at an annual simple interest rate of 2.5% of the principal amount disbursed.

- d. **Term and Repayment:** 20-year term for repayment of principal and interest commences 30 days after a Certificate of Occupancy for the Development is issued by the City, with no prepayment penalty.
- e. **Disbursements:** From a construction escrow administered by an escrow agent acceptable to the City and Developer upon presentment of documents and information set forth in the Agreement including, without limitation, lien waivers, invoices, and proof of payment.
- f. **Security:** At the time of the first draw and until the Loan is repaid, a personal guaranty from Nicholas Papanicholas, Jr. will secure repayment of the Loan, with reasonable financial and income statements to be provided related to the personal guaranty. Upon conveyance of the Property to Owner and until the Loan is repaid, a mortgage on the Property with a first priority lien will secure repayment of the Loan in addition to the personal guaranty.
- g. **Loan Eligible Costs:** The Loan will be used to pay for those development costs identified in the budget and noted herein on Exhibit C.

Developer is responsible for obtaining the Other Funding. The Other Funding must be subordinate to the Loan, and cannot be attached to the Property, until the Loan is repaid.

- 7. **Class 7b Incentive.** The City and Developer will pursue a Class 7b assessment incentive for the Property from Cook County.
- 8. **Uses Restricted.** After conveyance of the Property to Owner and until the later of the Loan being repaid and the Class 7b not being in effect, the Property may only be used for the Development.
- 9. **Term.** The Agreement will commence on the date it is executed by all parties. The Agreement will terminate upon the earlier of the City being unable to acquire the Property and full repayment of the Loan, except that certain terms including, without limitation, indemnification, insurance, and use restrictions will continue in effect for the duration set forth in the Agreement.

[SIGNATURE PAGE FOLLOWS]

OWNER: SG DES PLAINES, LLC

Signature

Title

Date

Attest:

Signature

Title

Date

OPERATOR: SPECTATE GROUP, LLC

Signature

Title

Date

Attest:

Signature

Title

Date

CITY OF DES PLAINES

City Manager

Date

Attest:

City Clerk

Date

EXHIBIT A DEVELOPMENT USES

- Pickleball Courts (South Gym)
- Padel Courts (Fieldhouse)
- Basketball Court (North Gym)
- Exterior Paddlecourts (Platform Tennis – Played in Winter)
- Walking Track around perimeter of field house
- Racquetball/Handball (Existing Courts)
- Mahjong Hall
- Golf Simulator Area
- Golf Putting Area
- Fitness/Weights/Cardio
- Pilates Studio
- Hatty's Club Bar/Restaurant plus Hatty's Market (Main Pool Area)
- Academic Area
- Physical Therapy (1,500 SF max)
- Co-Working Area
- Locker Room Facilities including great showers, cold/hot plunge, steam, sauna, relaxation/recovery lounge (TVs with soft seating, red light sauna room)
- Main Reception Area



NICHOLAS & ASSOCIATES, INC.

1001 Feehanville Drive, Mount Prospect, IL 60056 | Phone (847) 394.6200 | Fax (847) 394.6205



PROJECT: DATE:

**Lattof YMCA - Adaptive Re-Use, Renovation, Remediation, Façade Enhancements
Complete Renovation & Exterior Improvements of the existing Lattof YMCA Building & Site**

3/13/2026

| ITEM | Description | Type of Construction | SqFt | \$/SqFt | Budget | Comments/Overview |
|------------------------------------|--|----------------------|--------|----------|---------------------|-------------------|
| Des Plaines, IL | | | | | | |
| 1 | Interior Demolition | Renovation | 1 Lot | \$5.00 | \$300,000 | |
| 2 | Lower Level Renovations | Renovation | 25,258 | \$18.00 | \$454,644 | |
| 3 | Main Level Renovations | Renovation | 35,472 | \$125.00 | \$4,434,000 | |
| 4 | Main Level Restaurant Renovations | Renovation | 6,800 | \$300.00 | \$2,040,000 | |
| 5 | 2nd Floor Renovations | Renovation | 46,128 | \$125.00 | \$5,766,000 | |
| 6 | Exterior Façade/Window Replacements | Renovation | 1 Lot | 1 Lot | \$950,000 | |
| 7 | Roof Replacement | Renovation | 45,000 | \$15.00 | \$675,000 | |
| 8 | Sitework - Parking Lot Resurface + Paddle Courts | Sitework | 1 | Allow | \$1,250,000 | |
| Sub-Total Construction Cost | | | | | \$15,869,644 | |

| | |
|---|---------------------|
| Construction Contingency: | \$500,000 |
| Subtotal | \$16,369,644 |
| Builder's Risk Insurance: | \$25,000 |
| GL Insurance: | \$117,861 |
| CM Fee: | \$654,786 |
| Fixed General Conditions: | \$574,300 |
| A/E Professional Fees: | \$818,482 |
| Asbestos Abatement/Lead Remediation/Consulting: | \$425,000 |
| Permit Fees: | \$160,000 |
| Closing Costs/Legal/Title/Draws: | \$75,000 |
| Geotechnical testing & survey work: | \$30,000 |
| Fixed Furniture & Equipment (FFE) | \$600,000 |
| Technology: | \$300,000 |

Total Preliminary Budget Assessment **\$20,150,073**

Building & Property Purchase **\$1,850,000**

Total Project Costs w/Property **\$22,000,073**

| Project Funding Sources | 90/10 Structure | Amount |
|--|-----------------|--------------|
| City of Des Plaines Project Loan (2.5% Interest Rate) | 90% | \$19,800,066 |
| SG Des Plaines, LLC. (Nicholas Family of Companies Equity) | 10% | \$2,200,007 |