

JIM FEROLO

Protecting Government Interests and Revenues During Redevelopment

by Annemarie Mannion



Growing up the son of a police officer on the North Side of Chicago piqued James V. Ferolo's interest in the workings of the legal system.

Eventually, he decided to pursue a legal career but chose to focus on civil litigation, general corporate and real estate law in the context of his local government practice.

Today, Ferolo, a partner with the local government law firm of Klein, Thorpe & Jenkins Ltd. in Chicago, serves as counsel for the villages of Wheeling, Vernon Hills, Beach Park, Mettawa, Highwood and multiple other governmental entities. Real estate law and redevelopment work make up a large part of his practice.

As general counsel for municipalities, Ferolo provides services to his clients in a wide range of areas, including employment law, zoning, personal injury defense, land use and redevelopment work.

A significant portion of his time and interest goes into helping municipal clients turn blighted areas into thriving retail and town centers that bring in new residents, sales and property tax dollars.

"It's ultimately very gratifying to see something tangible evolve from all the documents that are pushed back and forth," he says, "and to see the landscape of a town change in a positive way."

On what attracted him to practice law, he says, "I always enjoyed advocating for a position, problem-solving and persuasive writing, and I was able to do those things effectively in school. Law seemed like a natural pursuit for me."

Ferolo attended Northwestern University where he graduated in 1989 with a double major in political science and economics. He earned his law degree at Loyola University School of Law in 1992.

Even before he pursued higher education, his parents instilled in him the basic values he needed to succeed in school and in his career.

"I learned my work ethic from them, how to treat people and to put full effort into everything I do," he says.

His decision to pursue a legal career was reinforced when he worked for two summers during college at the Chicago law firm of Sidley & Austin.

Ferolo worked in the law library and on special projects for senior partner Morris I. Liebman, who played a significant role in bringing the firm to national prominence.

"He'd look at my work and give me tips on how to improve," Ferolo says. "He was a prominent Chicago attorney and Washington insider. He was friends with Henry Kissinger and many major political players. And yet, he took the time to mentor a college kid. I always

thought that was amazing."

One thing he learned from Liebman was the importance of paying close attention to the details in legal documents.

FROM LOYOLA TO REAL ESTATE LAW

During law school, Ferolo focused on taking classes—including tax, property tax and contract law—that would prove beneficial to the real estate law portion of his career.

He also worked pro bono at a tax clinic where he gained experience, including meeting with clients, listening to their problems, developing a strategy to solve them, implementing that strategy, and negotiating with other parties such as the Internal Revenue Service.

That hands-on experience has held him in good stead.

"It was great at Loyola to learn from practicing attorneys as well as law professors on staff," he says. "You have to learn legal concepts and principles. But there's a pretty big bridge to be crossed from law school to practice. I found it very useful to also learn how to implement what we learned into practice."

Ferolo joined Klein, Thorpe & Jenkins Ltd. in 1992 where he has developed an expertise in real estate law, redevelopment and tax increment financing districts.

"I was mentored in the area of economic development and TIF work by senior attorneys

at Klein, Thorpe & Jenkins who are experts in the field,” he says.

To this day, he enjoys being part of the 32-attorney firm where he is encouraged to hone his expertise. The firm employs attorneys who have experience in all areas of need for its local governmental and school law practice.

He started working as general counsel to the village of Wheeling in 2002.

One of the recent projects Ferolo was involved in was the development of Wheeling Town Center, a \$100 million transit-oriented mixed-use development featuring 100,000 square feet of retail space and 300 residential apartment units. The retail, restaurant and entertainment venues include a movie theater with 40,000 square feet of space and 10 screens.

Wheeling created a Tax Increment Financing district for the town center project and has four others throughout the village that are intended to spur redevelopment. Tax Increment Financing is a public financing method that diverts future property tax revenue increases from a defined area or district toward an economic development project or public improvement project.

Ferolo drafted TIF documents, including redevelopment agreements, and has taken a role in the acquisition of multiple parcels of land in Wheeling in order to assemble larger parcels for redevelopment purposes.

Attracting the interest of developers in investing in the redevelopment projects while also protecting the interests of taxpayers is one of the more difficult, but important, parts of Ferolo’s job.

“The challenge comes in the form of determining the right amount of TIF dollars to put into a project,” Ferolo says. “We negotiate in order to determine the developer’s true financial need for the development. You don’t want to over incentivize and, on the other hand, you don’t want to let a good development get away. You have to find the sweet spot that meets the intent of the TIF laws.”

Naturally, the village’s efforts are scrutinized by the public.

“We’re dealing with the taxpayers’ money,” he says. “We have to be careful about how it is spent.”

PROTECTING VILLAGE INTERESTS

John C. Melaniphy, economic development director in Wheeling, says Ferolo’s experience in real estate redevelopment and TIF districts has helped the village turn a vacant furniture store into a bustling town center that contributes to the village’s financial bottom line, beautifies the community, and makes it a better place to live.

Throughout the town center project, Ferolo helped Wheeling negotiate some thorny issues

with a variety of parties, including other local governmental entities and the developer.

“It was very complex, legally,” Melaniphy says. “It included the preparation of a redevelopment agreement with the developer that has numerous benchmarks for the developer to meet before the village would convey any of the properties.”

Those benchmarks included such items as requiring the developer to have the retail component be 60% leased and for a certain portion of the apartments to be built before TIF money was released.

“It’s a posture that Jim advised the village to take,” Melaniphy says. “We don’t provide TIF money unless we get what we want.”

It also protects the village and taxpayers from an economic downfall if a developer goes belly up—which, as anyone who remembers 2008 knows, is not without precedent.

“It is particularly important when you think back to the recession of 2008 and how a lot of other cities got burned,” says Melaniphy, pointing to the Chicago Spire skyscraper as an example of a project that went belly up.

Like Melaniphy, Ferolo recalls the Great Recession as a difficult time.

“It changed things for several years,” Ferolo says. “We had developments in the pipeline, and the developers pulled out because the financing had dried up.”

The effects of the recession are still being felt to some extent.

“Lenders aren’t really financing condo buildings in the suburbs because the market for them really isn’t there,” he says.

Even though real estate development slowed for a few years after 2008, the firm’s general governmental and school practices continued to grow.

With memories of the recession still so vivid, Melaniphy says Ferolo also helps the village protect its interests by including clawback provisions in redevelopment agreements with developers to get back any TIF money when a developer doesn’t hold up its side of any bargain.

“Jim brings considerable experience to the table in drafting redevelopment agreements that protect the village particularly in the case of a developer going bankrupt,” says Melaniphy. “Jim is very articulate and creative.”

MAKING THE DEAL HAPPEN

Dan Shapiro, founder of Shapiro & Associates Law, represents developers and has frequently been on the other side of the table from Ferolo.

He has known Ferolo for about 20 years and cites another project in Wheeling as an example of Ferolo’s legal skills. Ferolo was involved in bringing to fruition the development of a Westin Hotel on land that had previously

been occupied by a riding stable and several blighted buildings.

“On the Wheeling Westin Hotel Project, Jim and attorneys from his office were successful in assembling over 25 acres of land through various real estate transactions and the exercise of eminent domain,” Shapiro says. “That allowed an important development to happen. The negotiations and acquisitions were difficult and had to occur in a reasonably short period of time. Jim helped make that happen.”

The project has been a boon for the village.

“It went from being a property that had very little assessed value to one that has a \$125 million hotel and shopping center on it,” says Melaniphy.

One of the reasons Ferolo focuses on real estate law is to see plans such as the Westin Hotel and the Wheeling Town Center become reality. He enjoys negotiating and working with a group that includes village staff, elected officials and developers trying to come to agreements to achieve a project that will benefit the community.

“We’re all pulling in the same direction to make a deal happen,” Ferolo says. “I like that. Real estate development, unlike litigation, should be a win-win scenario rather than a win-lose scenario.”

He frequently works with mayors, staff and developers to come to terms that are then presented to the village board.

Ferolo also finds that each deal comes with its own set of problems. “Each transaction brings with it a different wrinkle, and you have to problem-solve to get your way through it,” he says.

Shapiro says Ferolo is not only skilled legally but also has a stellar reputation.

“He is fair, honest and straightforward,” Shapiro says. “He’s also personable and a pleasure to deal with. He is a great lawyer and a good friend.”

For young attorneys or anyone interested in pursuing a legal career, Ferolo recommends considering the types of clients—individuals or corporations—that the professional would like to represent and then learning about the areas of the law that will impact those clients.

“I think it’s good to learn about as many areas of law as you can in terms of representing a particular type of client,” he says. “It’s also important to specialize in a few of them.”

Ferolo enjoys seeing his clients’ big plans become reality. “I like being that go-to person clients look to for solving an issue,” he says. “Having their trust and confidence is very meaningful to me.”

The village of Wheeling, for one, is glad Ferolo has made real estate and development his area of expertise.

“We’re fortunate to have Jim on our side of the table,” Melaniphy says. ■