

City of Chicago  
Department of Community Development

STAFF REPORT  
TO THE  
COMMUNITY DEVELOPMENT COMMISSION  
REQUESTING DEVELOPER DESIGNATION  
OCTOBER 13, 2009

**I. PROJECT IDENTIFICATION AND OVERVIEW**

Project Name: CME Corporate Headquarters

Applicant Name: Chicago Mercantile Exchange, Inc. ("CME")

Project Addresses: 141 W. Jackson Boulevard, 10, 20, 30 S. Wacker Drive,  
550 W. Washington Street

Ward and Alderman: Robert Fioretti, 2<sup>nd</sup> Ward

Community Area: Central Loop

Redevelopment Project Area: LaSalle Central TIF District

Requested Action: TIF Developer Designation

Proposed Project: Corporate Headquarters

TIF Assistance: \$15,000,000

**II. PROPERTY DESCRIPTION**

Address: 141 W. Jackson Boulevard, 20 S. Wacker Drive, 550 W.  
Washington Street

Tax Parcel Numbers: **141 W. Jackson:**  
17-16-230-003-0000  
17-16-230-004-0000  
17-16-231-011-0000

**10, 20, 30 S. Wacker:**  
17-16-200-023-0000  
17-16-200-022-0000  
17-16-200-024-0000

**550 West Washington:**  
17-09-332-016-0000  
17-09-332-017-0000

17-09-332-018-0000  
17-09-332-019-0000  
17-09-332-020-0000

Land Area: N/A

Current Use: Commercial Office Buildings

Current Zoning: DC-16

Proposed Zoning: N/A

Environmental Condition: The property does not require any remediation.

### **III. BACKGROUND**

Chicago Mercantile Exchange, Inc. (CME) started operations in 1898 as the Butter and Egg Board, located in Chicago. The Chicago Mercantile Exchange previously offered futures and options on futures in the following product areas: interest rates, stock indexes, foreign exchange, agricultural commodities, energy, and alternative investment products such as weather, real estate and economic derivatives. The exchange demutualized in November 2000 and went public in December 2002.

In July of 2007, CME merged with the Chicago Board of Trade (CBOT). The Chicago Board of Trade, founded in April 1848, was a leading futures and futures-options exchange. While originally the CBOT traded only agricultural commodities such as corn, wheat, oats and soybeans, it expanded over the years to include non-storable agricultural commodities and non-agricultural products. In August 2006, the CBOT made its historic launch of electronic agricultural futures trading side-by-side with the open auction market. In January 2007, the CBOT announced that it set a new record for annual trading volume with nearly 806 million contracts.

In August of 2008, CME acquired NYMEX Holdings, Inc. The New York Mercantile Exchange ("NYMEX") is the world's largest physical commodity futures exchange, located in New York City. NYMEX handles billions of dollars worth of energy products, metals, and other commodities being bought and sold on the trading floor and the overnight electronic trading computer systems. The prices quoted for transactions on the exchange are the basis for prices that people pay for various commodities throughout the world.

CME is now the largest and most diverse financial futures and options exchange in the world, and also operates the largest Clearing House in the world. CME currently has 1,750 full-time equivalent (FTE) employees in Chicago.

CME currently leases office space at 10, 20, 30 S. Wacker Drive and 550 W. Washington Street. With the merger of CME and the Chicago Board of Trade, CME now also owns the Chicago Board of Trade building located at 141 West Jackson Boulevard, a City of Chicago landmark. The Chicago Board of Trade building was built in 1929 through 1920 and was Chicago's tallest building at the time. In 1982, CBOT completed an annex to this building that housed a new 32,000 square foot agricultural trading floor, then the world's largest trading floor.

In 2004, the City Council of the City of Chicago approved a Class L real estate property tax incentive for the landmarked Chicago Board of Trade Building. The CBOT completed the scope of work required for Class L certification of the project in 2007. The work included exterior renovation, but also extensive interior restoration, most notably, of the main lobby. Upper floor corridor renovation, tenant improvements, and upgrading of elevator mechanicals were also included in this interior work. The minimum investment to qualify for the Class L incentive was \$15.9 million; the total project costs, however, were approximately \$31.4 million. The incentive lasts for twelve years, starting from the date of certification. The estimated (in 2004) net present value of the incentive over the twelve-year period was \$9.8 million.

During the final stages of negotiations of the CME/CBOT merger (mid-2007), the InterContinental Exchange (ICE) emerged as a competing bidder for the CBOT. In order to complete the transaction, CME wanted to raise its proposed price and requested the City's assistance in helping to cover redevelopment costs for the consolidation. ICE is headquartered in Atlanta and if ICE were the successful bidder, it is likely they would have moved the headquarters and many CBOT jobs to Atlanta. The City's offer of assistance helped to incent CME to raise its price by an amount that allowed them to outbid ICE.

Also, given the extremely weak real estate in lower Manhattan due to the economic crisis, NYMEX had excess space in an approximately 500,000 square foot building that they own, and that CME staff could occupy at virtually no opportunity cost. The TIF incentive that the City is offering will require that CME jobs will be retained in Chicago.

#### **IV. PROPOSED DEVELOPMENT TEAM**

**Development Entity:** Chicago Mercantile Exchange, Inc. (CME)

CME trades several types of financial instruments: interest rates, equities, currencies, and commodities. It also offers trading in alternative investments such as weather and real estate derivatives. CME has the largest options and futures contracts open interest (number of contracts outstanding) of any futures exchange in the world.

With the completion of the acquisition of NYMEX, CME has a 2008 pro forma revenue of \$3.1 billion and average trading volume of approximately 10.4 million contracts per day in the first two quarters of 2009. Customers from more than 85 countries trade CME products, primarily electronically. Corporate headquarters of the combined company remains in Chicago.

#### **V. PROPOSED PROJECT**

The project (the "Project") consists of the renovation of office and trading space in three buildings --- 1) 141 W. Jackson Boulevard, 2) 10, 20, 30 S. Wacker Drive, and 3) 550 W. Washington Street (the "CME Locations") --- in which CME's corporate headquarters and operational staff will be located.

##### 141 W. Jackson Boulevard

The Chicago Board of Trade building is a three building complex – North, South and East, and there are two trading floors – the CBOT Agricultural Trading Floor in the South Building and the East

Trading Floor. The bulk of the work at 141 W. Jackson is the renovation of the Trading Floor in the East Building. The East Trading Floor will be renovated to add trading pits and booths to consolidate all of the trading pits and booths from the CME Trading Floors formerly at 20 S. Wacker. The trading floor work includes work on pits, booths, cabling and additional infrastructure. The work also includes the addition of a trading floor studio for media shots used by the exchange leadership, various media outlets and CME clients.

Work also includes renovation of staff space on the 3<sup>rd</sup> floor of the South Building and miscellaneous corridor, restroom and infrastructure work. Also included is the renovation of the mechanical systems on the 24<sup>th</sup> floor of the North Building which will result in higher efficiency and reliability for the building HVAC system.

No work which constitutes the proposed project will duplicate any work completed as a result of the Class L designation.

Upon completion, CME will occupy approximately 230,000 gross square feet at this building, including space occupied by members, customers and vendors supporting the trading floor or electronic trading. The Chicago Board of Trade building is located within the LaSalle Central TIF Redevelopment Project Area and only costs related to the approximately \$18,126,052 budget for redeveloping this building will constitute TIF-eligible costs.

#### 550 W. Washington:

Office space will be renovated on floors 12 through 15 at 550 W. Washington to accommodate 450 technology staff. The improvements will include mechanical system and technology updates, as well as video conferencing facilities to facilitate communication between CME's various national and international offices. The 5<sup>th</sup> floor at 550 was constructed to accommodate large meeting rooms and a fitness center that are shared by all CME staff.

#### 10, 20, 30 South Wacker Drive:

20 South Wacker serves as the exclusive entrance for the CME's international headquarters and serves as the connection between two towers --- 10 South Wacker and 30 South Wacker. Renovations to the Lobby will include enhanced security measures and improved technology to welcome visitors and promote the organization and the industry. The Upper Lobby Level will be developed as a conference center with a central café to promote interaction and to enhance the innovative culture of the exchange. Renovation of this level will include new energy efficient, mechanical systems, state of the art video conferencing, and technology upgrades for training and collaboration.

The Upper Level Lobby serves as the entrance to the office space that will be occupied by CME in each of the two towers. The office floors 5, 6, 20 and 21 of 30 South Wacker and floor 5 of 10 South Wacker are being developed for the corporate departments in the same manner as the office floors at 550 W. Washington, and again include technology and energy upgrades.

Floors 3 and 4 of 20 South Wacker (often referred to as "The Box") connect to the respective floors of both 10 and 30 South Wacker and will house the 24/7 operations and technology staff that monitor and support CME's electronic trading system around the world. The conversion of this

space from open outcry trading to a state of the art Operations/Command Center is extensive and includes improved mechanical systems, raised floor, energy efficient and innovative lighting, and extensive technology systems.

CME will lease and occupy 262,000 square feet of space at 10, 20 and 30 S. Wacker, and 107,500 square feet of space at 550 W. Washington. Neither of these buildings are located within the LaSalle Central TIF Redevelopment Project Area.

The tenant build-out associated with the Project will be required to be LEED certified for Commercial Interiors (LEED-CI).

Job Retention and Creation

CME will retain 1,750 FTE positions at the CME locations and maintain no less than this number of jobs at the CME Locations throughout a ten-year monitoring period (the "Compliance Period") starting at the issuance of a certificate of completion. CME also commits to the creation of no less than 638 additional FTE positions during the Compliance Period, although they intend to create approximately 900 new FTE positions. See the required FTE numbers in Schedule A below:

SCHEDULE A.

Year	Job Retention/Creation Goal	Minimum # of of FTE Positions
Completion	1,750	1,750
Year 1	1,824	1,750
Year 2	1,902	1,750
Year 3	1,983	1,784
Year 4	2,067	1,860
Year 5	2,155	1,939
Year 6	2,246	2,022
Year 7	2,342	2,108
Year 8	2,441	2,197
Year 9	2,545	2,291
Year 10	2,653	2,388

### Occupancy and Operations

CME shall occupy and operate in the CME Locations for the ten-year term of the Compliance Period.

### Corporate Headquarters

CME will be required to keep its corporate headquarters, including its senior executive officers and officer-level employees, and perform their primary executive and financial functions for CME, at the CME Locations or, if so desired, another building within the area bounded by the Chicago River on the north, Congress Parkway, on the south, Wacker Drive on the west and Lake Michigan on the east (the "CME Expanded Area") for no less than the ten-year term of the Compliance Period.

## **VI. FINANCIAL STRUCTURE**

The City intends to negotiate a redevelopment agreement (the "RDA") with CME in connection with the Project. The City, through the Department of Community Development ("DCD"), intends to provide CME with TIF assistance in an amount not to exceed \$15,000,000, or approximately 24% of total project costs estimated to be \$61,864,645. TIF funds will only be used to reimburse CME for TIF-eligible costs, which are limited to only the renovation activity of the 141 W. Jackson building, as it is the only property located within the LaSalle Central TIF District.

TIF-eligible expenses will be reimbursed from existing increment, and/or bond funds, in the LaSalle Central Redevelopment Project Area Tax Increment Allocation Fund in the following manner:

- a) Initial Payment. The City shall provide a lump sum payment (the "Initial Payment") to CME not to exceed \$2,000,000, within 120 days of issuing a Certificate for the Project as reimbursement for the improvements to the CME Locations.
- b) Remaining City Funds will be provided on the basis of jobs retained or created and continuing operations. Annual payments from the Remaining City Funds will be made over a 10 year period and will commence upon the 1-year anniversary of the issuance of the Certificate. Of the \$13 million in Remaining City Funds, 10%, or \$1.3 million, shall be paid each year on the anniversary of the issuance of the Certificate.

### Letter of Credit

Prior to the issuance of the Certificate and the \$2M Initial Payment, the Developer will be required to purchase and deliver to the City an irrevocable Letter of Credit which is valid, and in a form acceptable to the City, naming the City as the sole beneficiary. The value of the Letter of Credit will start at \$2,000,000 to match the amount of the Initial Payment. As the additional TIF payments are made, the Letter of Credit will increase in value to the maximum penalty for default. The Maximum Penalty for Default equals the amount CME would be required to reimburse the City under the condition of an uncured default of the RDA which amounts to a percentage of the TIF funds distributed starting at 100 percent and decreasing 10 percent per year (see chart below).

### Occupancy and Operations Covenant

If CME fails to continuously operate at and occupy the CME Locations for the entire ten-year term of the Compliance period, the City shall have the right to seek reimbursement of TIF payments made to CME through drawing down the L/C, to terminate the RDA., and to discontinue future TIF payments.

### Employment Covenant

If CME fails to retain and create the minimum number of FTE positions at the CME Locations outlined in Schedule A for the entire ten-year term of the Compliance Period, CME will be in default of the RDA. CME shall be entitled to a single 1-year cure period during the Compliance Period in the event that the employment number falls below 1,750. Any default year by CME (if cured) shall not count toward the required 10 years of compliance or any other obligation of CME under the RDA. If a default has occurred and has been cured, then any subsequent default with respect to the employment covenant shall constitute an Event of Default without notice or opportunity to cure.

<b>Anniversary Year</b>	<b>City Payment</b>	<b>Cumulative Payment</b>	<b>Maximum Penalty for Default</b>	
Certificate of Completion	\$2,000,000	\$2,000,000	100%	\$2,000,000
1	\$1,300,000	\$3,300,000	90%	\$2,970,000
2	\$1,300,000	\$4,600,000	80%	\$3,680,000
3	\$1,300,000	\$5,900,000	70%	\$4,130,000
4	\$1,300,000	\$7,200,000	60%	\$4,320,000
5	\$1,300,000	\$8,500,000	50%	\$4,250,000
6	\$1,300,000	\$9,800,000	40%	\$3,920,000
7	\$1,300,000	\$11,100,000	30%	\$3,330,000
8	\$1,300,000	\$12,400,000	20%	\$2,480,000
9	\$1,300,000	\$13,700,000	10%	\$1,370,000
10	\$1,300,000	\$15,000,000	0%	\$0

### Corporate Headquarters Covenant

If CME moves its corporate headquarters out of the CME Expanded Area at any time within the ten-year Compliance Period, CME will be in default of the RDA. The City shall then have the right to seek reimbursement of TIF payments made to CME through drawing down the L/C, terminating the RDA., and discontinuing future TIF payments.

### LEED Certification Covenant

The Developer shall provide evidence acceptable to the City that they have received LEED Certification for the Headquarters within two years of the date of the Certificate. If a default occurs under the LEED Certification requirement, the City shall have the right to reduce the Initial Payment by \$250,000.

The following table identifies the sources and uses of funds for the entire project. For a more detailed breakdown by building, please see the expanded budget in your package.

Sources of Funds:

**Sources of Funds:**

	<b>Amount</b>	<b>% of Total</b>
Lender Financing	\$0	0%
Company Cash	\$61,864,645	100%
<b>Total Sources:</b>	<b>\$61,864,645</b>	<b>100%</b>

**Uses of Funds:**

	<b>Amount</b>	<b>\$/sf</b>
Hard Construction [73% of total]	\$44,895,285	\$74.83
Soft Costs [1% of total]	\$668,325	\$1.11
Consultant Fees [2% of total]	\$1,186,555	\$1.98
Miscellaneous Building Improvements	\$2,800,000	\$4.67
Furniture, Fixtures, & Equipment	\$10,362,623	\$17.27
Technology Costs	\$1,951,857	\$3.25

**Total Costs** **\$61,864,645** **\$103.11**

\*net square footage for all three buildings is approximately 600,000.

Sources and Uses Broken Out by Building:

	<b>141 W. Jackson</b>	<b>10, 20 &amp; 30 S. Wacker</b>	<b>550 W. Washington</b>	<b>Subtotal</b>
Hard Construction	\$14,041,338	\$22,555,722	\$6,935,062	\$43,532,122
Demolition		402,926	224,248	627,174
Technology		1,285,710	666,147	1,951,857
FF&E	843,714	6,855,169	3,058,396	10,757,279
A&E/Consultants	441,000	832,173	491,869	1,765,042
Other Soft Costs	0	178,730	252,441	431,171
Misc. Building Improvements	2,800,000	0	0	2,800,000
<b>TOTAL</b>	<b>\$18,126,052</b>	<b>\$32,110,430</b>	<b>\$11,628,163</b>	<b>\$61,864,645</b>

If, upon the completion of the Project, CME should realize actual project costs that are less than 95% of the estimated total estimated Project costs of \$61,864,645, or \$58,771,413, then the amount of TIF assistance will be reduced by \$0.75 for every \$1.00 that actual Project costs are below that level.

**VII. PUBLIC BENEFITS**

There are significant public benefits, both direct and indirect, from CME's presence in Chicago. CME is a major employer with nearly 1,800 jobs located in the city. As a result, CME ranks as one of the largest employers in the city and the state. CME currently occupies over 2 million square feet of space in Chicago and pays approximately \$12 million in real property taxes.



The Federal Reserve Bank of Chicago has recognized that the reason Chicago is a financial center is due to the Chicago Mercantile Exchange and the Chicago Board of Trade's presence in the city. The Chicago trading community supports what William Testa of the Federal Reserve describes as the exchange "economic cluster."

CME's presence in the city stimulates additional employment by a multitude of companies, including independent traders, accountants, law firms, banks and various building maintenance and service firms. Federal Reserve economists have suggested a 2.73 multiplier. Applying this multiplier to the direct CME jobs would mean that CME's approximately 1,750 current jobs result in the creation of another 3,028 jobs, not including the additional 900 positions that CME will create.

The fact that CME is located in the city clearly yields benefits to the public in terms of jobs and revenues. The fact that it is headquartered in Chicago strengthens the connection and enhances the city's image worldwide. The Federal Reserve has stated that the location of corporate headquarters are the "prized pelts of city economic development offices" because of their significant direct and indirect benefits. CME is the largest derivatives exchange in the world, and, as such, its presence speaks volumes.

**Affirmative Action:** CME will comply with the requirements of Chicago's affirmative action ordinance, which requires contract participation of 24% by minority-owned business enterprises (MBEs) and 4% by woman-owned business enterprises (WBEs) for all of the CME Locations (even those not located within the TIF). CME has provided notification of the proposed Project, by certified mail, to several associations of minority and women contractors. A sample version of the letter and copies of the post office receipts for the certified letters are presented as exhibits to this report.

**City Residency:** CME will comply with the requirements of Chicago's city residency ordinance, which requires that at least half of all construction-worker hours be filled by Chicago residents. CME will also comply with the requirement that all construction jobs are paid the prevailing wage.

## **VIII. COMMUNITY SUPPORT**

Second Ward Alderman Robert Fioretti endorses the Project and has provided a letter of support. World Business Chicago has also endorsed the Project and has provided a letter of support (see exhibits for copies of letters).

## **IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN**

The proposed project is located in the LaSalle Central Tax Increment Financing Redevelopment Project Area. The proposed project will satisfy the goal of the area's redevelopment plan: to reduce or eliminate the conditions that qualify the LaSalle Central RPA as a conservation area (the "Area"), and to provide the mechanisms necessary to support public and private development and improvements in the Area. The implementation strategy for achieving the plan's goals envisions the need to provide TIF financial assistance to promote the Area as a center of employment and commercial activity, through the attraction and retention of major employers and corporate headquarters, and providing assistance to small and growing businesses. The Project also conforms to the plan's land use map, which calls for commercial development at the subject site.

## **X. CONDITIONS OF ASSISTANCE**

If the proposed resolution is approved by the CDC, DCD will negotiate a redevelopment agreement with the developer. The redevelopment agreement will incorporate the parameters of the proposed project as described in this staff report.

It is DCD policy that no business will be conducted with a development entity whose any principal has outstanding municipal debts (such as unpaid parking tickets, unpaid water bills, unpaid business licenses, and others), is in arrears of child support payments, or who is a debtor in bankruptcy, a defendant in a legal action for deficient performance, a respondent in an administrative action for deficient performance, or a defendant in any criminal action.

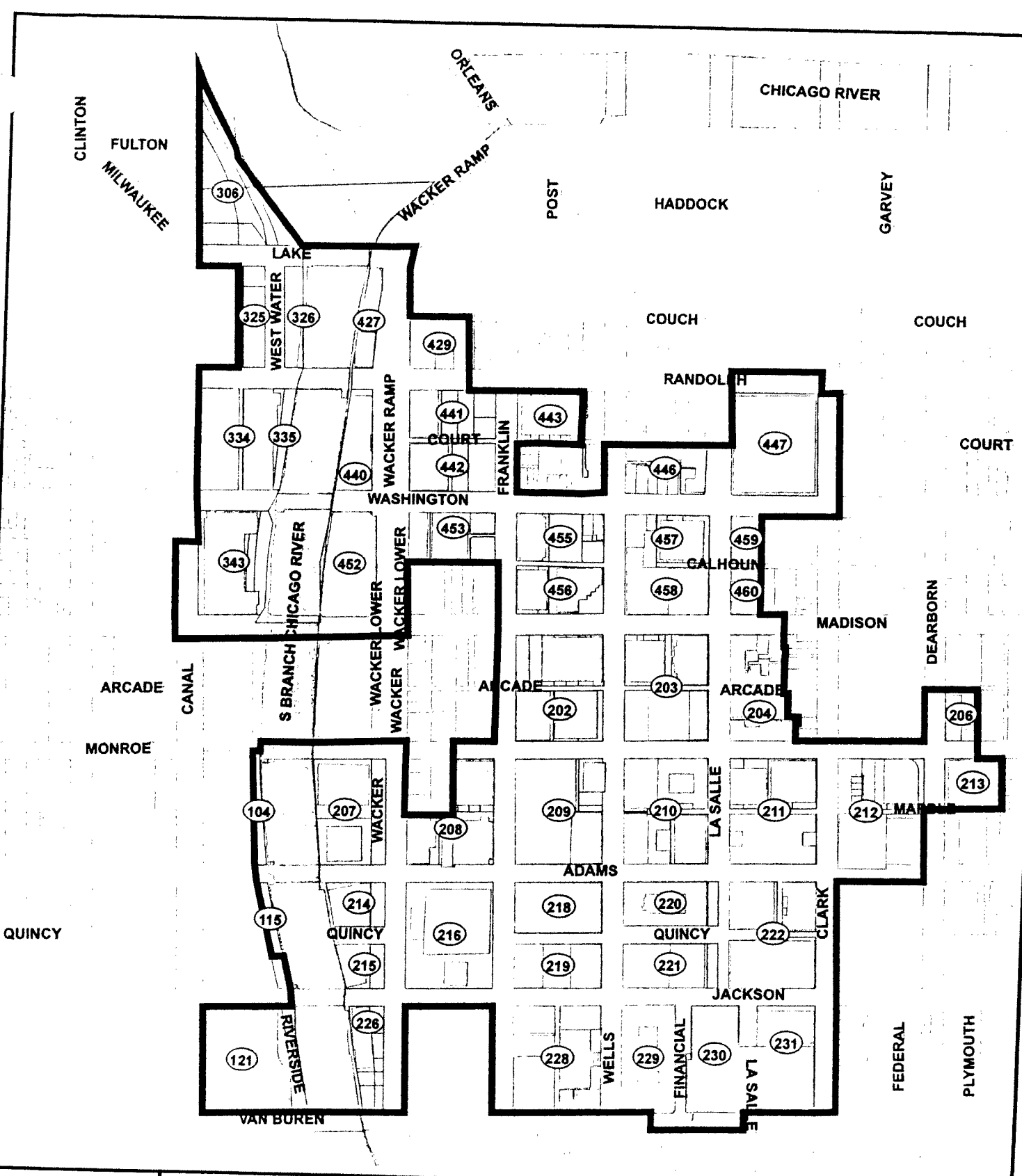
Closing of the redevelopment agreement will not occur before the City Council has approved the agreement, the developer has obtained all necessary City approvals including zoning and building permits, and the developer has presented proof of financing. The redevelopment agreement will include a development timetable.

## **XI. RECOMMENDATION**

The Department of Community Development has thoroughly reviewed the Project, the qualifications of the development team, the financial structure of the project, its need for public assistance, its public benefits, and the project's conformance with the redevelopment area plan, and DCD recommends that the CDC recommend to the City Council the designation of CME as Developer for improvements for the properties located at 141 W. Jackson Boulevard, 10, 20, 30 S. Wacker Drive, and 550 W. Washington Street.




**EXHIBITS**

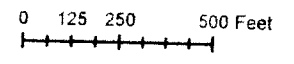
Redevelopment Area Map  
Neighborhood Map or Aerial  
Sample M/WBE Letter  
Copies of M/WBE Certified Letter Receipts  
World Business Chicago Letter of Support  
Alderman's Letter of Support



**Map 2  
Boundary  
Map**

**Legend**

-  TIF Boundary
-  Existing Structures
-  Block Number\*



\*Based on the Cook County Permanent Index Numbering (PIN) System

*S. B. Friedman & Company*  
Real Estate Appraisers and Consulting Engineers

**City of Chicago**  
Proposed  
*LaSalle Central*  
Tax Increment  
Finance District

**ACOSTA, KRUSE & ZEMENIDES, LLC**

6336 NORTH CIGERO AVENUE · SUITE 202

CHICAGO, ILLINOIS 60646

(773) 685-7800

FAX (773) 685-7844

August 19, 2009

Via Certified Mail

Mr. Omar Shareef  
African American Contractors Association  
3901 S. State Street, Suite 103  
Chicago, IL 60609

Dear Mr. Shareef:

On behalf of Chicago Mercantile Exchange Inc. ("CME"), we are writing to inform you of the redevelopment of property located at 141 West Jackson, 550 West Washington, and 10-30 South Wacker Drive, Chicago, Illinois. The properties consist of one building owned by CME, a portion of which is being upgraded and two leased spaces with office space being rehabilitated for CME's use.

A number of different companies have been chosen to be the general contractor for the various projects. These projects are being coordinated in-house by CME. The project will require participation of trades such as carpentry, electrical, mechanical, plumbing and others. The project budget is \$61,864,645, of which \$46,676,874 is subject to minority business enterprise (MBE) participation of 24% and women business enterprise (WBE) participation of 4%. All projects are expected to be completed by the end of calendar year 2010.

At your request, the construction manager will meet with a representative of your organization and provide your organization with a copy of the project bid documents.

CME is requesting that you make your member companies aware of this project so that they may submit bids for appropriate subcontracting opportunities. Please call me at 847.462.8949 with any questions or further information.

Best regards,



Erika L. Kruse  
Special Legal Counsel for  
Chicago Mercantile Exchange Inc.

7008 1830 0002 4548 2105

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Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 03.24

0013  
04  
Postmark Here  
SDSN  
6002 61 97W  
08/19/2009  
CARY IL 60009 71 6009

Sent To Omar Sharief - African American Contractors Assoc.  
Street, Apt. No. or PO Box No. 3901 S. State St. #103  
City, State, ZIP+4 Chicago, IL 60609

PS Form 3800, August 2006 See Reverse for Instructions

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Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 03.24

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04  
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6002 61 97W  
08/19/2009  
CARY IL 60009 71 6009

Sent To Juan Ochoa - Mexican American Chamber of Commerce  
Street, Apt. No. or PO Box No. 111 W. Washington St.  
City, State, ZIP+4 Chicago, IL 60602

PS Form 3800, August 2006 See Reverse for Instructions

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Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 03.24

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6002 61 97W  
08/19/2009  
CARY IL 60009 71 6009

Sent To Terry Nackachi - Assn. - Construction Ent.  
Street, Apt. No. or PO Box No. 333 N. Ogden Ave.  
City, State, ZIP+4 Chicago, IL 60607

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Total Postage & Fees	\$ 03.24

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04  
Postmark Here  
SDSN  
6002 61 97W  
08/19/2009  
CARY IL 60009 71 6009

Sent To Edward McAnnie - Black Contractors United  
Street, Apt. No. or PO Box No. 400 N. 76th St.  
City, State, ZIP+4 Chicago, IL 60620

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Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 03.24

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Postmark Here  
SDSN  
6002 61 97W  
08/19/2009  
CARY IL 60009 71 6009

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City, State, ZIP+4 Chicago, IL 60603

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RICHARD M. DALEY, CHAIRMAN  
RITA R. ATHAS, EXECUTIVE DIRECTOR

August 26, 2009

Chris Raguso  
Acting Commissioner  
Department of Community Development  
City of Chicago  
121 N. LaSalle Street - Room 1000  
Chicago, IL 60602

**Re: CME Group**

Dear Commissioner Raguso:

This letter is issued in support of CME Group's application pertaining to the LaSalle Central Tax Increment Financing District which will be presented for review to the Community Development Commission and the City Council's Committee on Finance.

Chicago is the #1 global leader in options, futures and derivatives trading. As the birth place of the modern futures markets, today our city is home to the world's busiest exchanges. Last year Chicago logged more than \$4.1 billion in trading volume (followed distantly by Seoul, Frankfurt, New York and then London). In terms of market share, we have 25% of all speculative capital trading activity in the world (which is more than twice the trading volume of New York, and more than all of the European markets combined).

CME Group is at the heart of Chicago's financial sector prominence as the world's leader in risk-management. The company is the largest and most diverse futures exchange company in the world. They currently employ 1,750 people in Chicago, and have committed to create another 900 jobs here over the next ten years - for a total of 2,650 jobs. This company is clearly an integral component of the financial services sector in our regional economy which contributes nearly 10% to our GRP. In fact, their presence here has created a positive job creation ripple effect - for example, numerous technology-based companies employing hundreds, if not thousands, in Chicago have helped keep CME Group on the forefront of innovations in electronic trading technology.

Our city is fortunate that the recent merger in 2007 of two Chicago powerhouses, the Chicago Mercantile Exchange and the Chicago Board of Trade (CBOT), resulted in a combined CME Group headquartered in Chicago. At the time, Atlanta's Intercontinental Exchange (ICE) was also bidding for CBOT which would have likely resulted in job losses for Chicagoans. Over the past two years this combined entity has continued to solidify their industry position in the global economy through acquisitions (e.g. the New York Mercantile Exchange "NYMEX"), and by creating new global partnerships with exchanges in all corners of the world such as in Dubai, Johannesburg, and Korea.

On behalf of World Business Chicago, we are very pleased to be working in conjunction with the Department of Community Development to support an incentive to retain and grow CME Group's world headquarters and 2,650 jobs in the City of Chicago.

Sincerely,

Rita R. Athas  
Executive Director

C     Mike Jasso  
       Bob McKenna  
       Kathy Calstey  
       Bill Eager  
       Beth McGuire

[www.worldbusinesschicago.com](http://www.worldbusinesschicago.com)





CITY HALL, ROOM 200 OFFICE 02  
121 NORTH LASALLE STREET  
CHICAGO, ILLINOIS 60602  
TELEPHONE 312-744-6836

**ROBERT W. FIORETTI  
ALDERMAN – 2<sup>ND</sup> WARD**

PUBLIC SERVICE OFFICE  
429 SOUTH DEARBORN STREET  
CHICAGO, ILLINOIS 60605  
TELEPHONE 312-263-9273  
FAX 312-786-1736

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October 5<sup>th</sup>, 2009

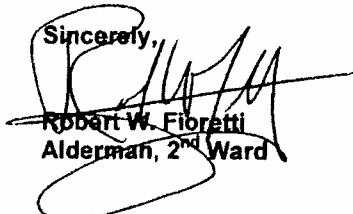
Christine Raguso  
Acting Commissioner  
Department of Community Development  
121 North LaSalle St.  
City Hall Suite #1000  
Chicago, Illinois 60602

Re: Chicago Mercantile Exchange, Inc.  
TIF Assistance

Dear Acting Commissioner Raguso:

I am in support of the proposed TIF assistance enabling the City to retain and expand the employment base provided by Chicago Mercantile Exchange. CME, as now merged with the Chicago Board of Trade, represents the single most significant financial institution headquartered in Chicago. It employs approximately 1,750 individuals and is expected to grow by another 900 jobs in the next decade. It also is the heart of an "economic cluster" that the Federal Reserve Bank of Chicago has estimated supports over 150,000 jobs in the City. Its continued rehabilitation of the Board of Trade Building at 141 W. Jackson Blvd. has brought renewed vitality to the Southern portion of the Loop. Due to these and other factors, stimulating its retention and expansion in the City is a worthy use of TIF.

Please contact me if you have any questions.

Sincerely,  
  
Robert W. Fioretti  
Alderman, 2<sup>nd</sup> Ward

**COMMUNITY DEVELOPMENT COMMISSION  
OF THE  
CITY OF CHICAGO**

**RESOLUTION NO. \_\_ - CDC -**

**AUTHORIZATION TO NEGOTIATE A  
REDEVELOPMENT AGREEMENT WITH  
CHICAGO MERCANTILE EXCHANGE, INC.**

**AND  
RECOMMENDATION TO  
THE CITY COUNCIL OF THE CITY OF CHICAGO  
FOR THE DESIGNATION OF  
CHICAGO MERCANTILE EXCHANGE, INC.  
AS DEVELOPER**

**WHEREAS**, the Community Development Commission (the "Commission") of the City of Chicago (the "City") has heretofore been appointed by the Mayor of the City with the approval of its City Council (the City Council referred to herein collectively with the Mayor as the "Corporate Authorities") as codified in Section 2-124 of the City's Municipal Code; and

**WHEREAS**, the Commission is empowered by the Corporate Authorities to exercise certain powers enumerated in Section 5/11-74.4-4(k) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.), (as amended from time to time, the "Act"); and

**WHEREAS**, the City Council, upon the Commission's recommendation pursuant to Resolution 06-CDC-72 and pursuant to the Act, enacted three ordinances on November 15, 2006 and amended and corrected the ordinances on February 7, 2007 and May 9, 2007, pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the LaSalle Central Redevelopment Project Area (the "Area"), designated the Area as a redevelopment project area and adopted tax increment allocation financing for the Area. The street boundaries of the Area are described on Exhibit A hereto; and

**WHEREAS**, Chicago Mercantile Exchange, Inc. (the "Developer"), has presented to the City's Department of Community Development ("DCD") a proposal for redevelopment of the Area or a portion thereof that is in compliance with the Plan, consisting of the tenant build-out of tenant space at 141 West Jackson Boulevard, and redevelopment of tenant space outside of the Area at 10, 20, 30 South Wacker Drive and 550 West Washington (the "Project"); and

**WHEREAS**, DCD requests that the Commission recommend to City Council that the Developer be designated as the developer for the Project and that DCD be authorized to negotiate, execute and deliver a redevelopment agreement with the Developer for the Project; now, therefore,

**BE IT RESOLVED BY THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF CHICAGO:**

- Section 1. The above recitals are incorporated herein and made a part hereof.
- Section 2. The Commission hereby recommends to City Council that the Developer be designated as the developer for the Project and that DCD be authorized to negotiate, execute and deliver on the City's behalf a redevelopment agreement with the Developer for the Project.
- Section 3. If any provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this resolution.
- Section 4. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.
- Section 5. This resolution shall be effective as of the date of its adoption.
- Section 6. A certified copy of this resolution shall be transmitted to the City Council.

ADOPTED: October 13, 2009

Attachment: Exhibit A, Street Boundary Description

**EXHIBIT A**

Street Boundary Description of the  
LaSalle Central Tax Increment Financing  
Redevelopment Project Area

The Area is generally bounded by Dearborn Street on the east, Van Buren Street on the south, the Chicago River and Canal Street on the west, and portions of the Chicago River, Lake, Randolph and Washington streets on the north.