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COUNTY OF COOK)

CERTIFICATE

I, Jennifer Rampke, the duly authorized, qualified and Executive Secretary of the **Community Development Commission of the City of Chicago**, and the custodian of the records thereof, do hereby certify that I have compared the attached copy of a Resolution adopted by the **Community Development Commission of the City of Chicago** at a Regular Meeting held on the 8th Day of May 2007 with the original resolution adopted at said meeting and recorded in the minutes of the Commission, and do hereby certify that said copy is a true, correct and complete transcript of said Resolution.

Dated this 8th Day of May 2007

A handwritten signature in cursive script that reads "Jennifer Rampke". The signature is written in black ink and is positioned above a horizontal line.

**EXECUTIVE SECRETARY
Jennifer Rampke**

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

RESOLUTION NO. 07-CDC - 41

**AUTHORIZATION TO NEGOTIATE A
REDEVELOPMENT AGREEMENT WITH CHICAGO P.O. ASSOCIATES, L.L.C.**

**AND
RECOMMENDATION TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
FOR THE DESIGNATION OF CHICAGO P.O. ASSOCIATES, L.L.C.
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 98-CDC-136 and pursuant to the Act, enacted three ordinances on November 12, 1998 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Canal/Congress 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 P.O. Associates, L.L.C. (the "Developer"), has presented to the City's Department of Planning and Development ("DPD") a proposal for redevelopment of the Area or a portion thereof that is in compliance with the Plan, consisting of the redevelopment of the Old Main Post Office at 401-439 W. Van Buren (the "Project"); and

WHEREAS, DPD requests that the Commission recommend to City Council that the Developer be designated as the developer for the Project and that DPD 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 DPD 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: Mary B, 2007

Attachment: Exhibit A, Street Boundary Description

**City of Chicago
Department of Planning and Development**

**STAFF REPORT
TO THE
COMMUNITY DEVELOPMENT COMMISSION
REQUESTING DEVELOPER DESIGNATION
MAY 8, 2007**

I. PROJECT IDENTIFICATION AND OVERVIEW

Project Name: Old Post Office

Applicant Name: Chicago P.O. Associates

Project Address: 401-439 W. Van Buren
Chicago, IL 60607

Ward and Alderman: 2nd Ward, Alderman Madeline Haithcock

Community Area: 28, Near West Side

Redevelopment Project Area: Canal/Congress Redevelopment Project Area

Requested Action: TIF Developer Designation

Proposed Project: The project will redevelop the Old Main Post Office building as a mixed-use project consisting of 300 housing units, approximately 450,000 square feet of office space, 236 hotel rooms, 75,000 square feet of retail space and 825 parking spaces.

TIF Assistance: \$51,000,000

II. PROPERTY DESCRIPTION

Address: 401-439 W. Van Buren Street; 401-433 and 501-535 S. Canal Street; and 402-436 W. Harrison Street

Location: Two city blocks which straddles Interstate 290/Congress Parkway bounded by Van Buren Street on the north, Harrison Street on the south, the South Branch of the Chicago River on the east and Canal Street on the west.

Tax Parcel Numbers: 17-16-130-001-0000
17-16-130-002-0000
17-16-130-005-0000

Land Area: 8.195 acres

Current Use: The Old Post Office facility is a 2.5 million square foot complex consisting of three interconnected structures. The building is currently vacant and has undergone serious deterioration of the façade. The building is an “orange” building according to the Chicago Historic Resources Survey.

Current Zoning: DX-12 and DC-12

Proposed Zoning: Planned Development

Environmental Condition: The building has an asbestos problem which will need to be alleviated by the developer.

III. BACKGROUND

The approximately 357,050 square feet (8.195 acres) site is currently improved by an existing 2,500,000 square foot building, commonly known as the Old Post Office. The building, designed by Graham, Anderson, Probst, and White, was built in 2 phases. In 1921, the 6-story East Building was constructed adjacent to the river as the Post Office distribution center. The building originally spanned the entire two blocks of the site. In 1933, the north and south ends were removed to allow for an addition to wrap the original structure. The North Tower and South Building addition have two different floor plates, both separate from the original East Building. The 2nd Floor is the only level where all the floor plates align.

The 1933 addition, approximately 80% of the building, was built over Amtrak / Metra train tracks leading to Union Station to the north. Additionally, the Eisenhower Expressway runs through the building at the first level and divides the site along the east-west axis.

The building served as the United States Postal Service main Chicago branch until 1996 when the USPS vacated it to relocate into a new automated facility across Harrison Street. The building now sits vacant.

The USPS retained CB Richard Ellis in the summer of 1998 to market and sell the Old Main Chicago Post Office. Walton Street Capital, L.L.C., at that time teaming with MCZ Development, competed with several other local developers, agreed to terms with the USPS and entered into a purchase and sale contract in July of 1999. The original purchase price was \$30,000,000. The original development strategy was to redevelop the entire 2,500,000 square foot structure into a mixed-use facility including general office space, high-tech office space, telecommunication space (“Telco Hotel”), a limited service hotel and loft condominiums. The design strategy was to follow National Landmark Guidelines as then required by the USPS, and

qualify for 20% investment tax credits (ITC). The financing model for this project combined TIF proceeds, ITC proceeds, traditional bank debt and equity from Walton Street Capital L.L.C.

By late 2001, the Telco Hotel and high-tech markets had busted, the National Park Service would not allow many of the design modifications necessary to make the residential marketable, and 9-11 occurred, which had a significant impact on any large users interested in space over an interstate highway. Without a viable use for all the large floor plates and the restrictions on making the residential units marketable without sacrificing the rest of the building, MCZ Development agreed to exit the project.

After exhaustive studies on alternative uses and 4 years of marketing the project in its entirety, Walton Street Capital, L.L.C. determined that the only viable adaptive re-use for the Old Post Office would require the elimination of the larger floor plates in the center of the building. After convincing USPS of the merits of the new plan, USPS agreed to a new timetable and the deal was revised once again. Walton Street presented the new program to the City. After receiving preliminary support, the new design concept was presented to the National, State, City and local landmark groups. One of the requirements to pursuing this design concept was that the USPS had to terminate the Section 103c process, which requires all re-developments of government buildings of this nature follow the national landmark standards, even for non-landmarks such as this, upon sale to the private sector. The USPS was successful in terminating the process.

Currently, USPS is under contract, to sell the Old Post Office to Walton Street Capital, L.L.C for \$10.00. In addition, USPS will fund the first \$9,000,000 for environmental remediation. This contract is subject to a mutually satisfactory TIF Redevelopment Agreement between the City and Walton Street, and the necessary zoning approvals. There is a \$500,000 refundable deposit being held by the USPS. Walton Street has spent approximately \$7,000,000 to date, mostly for architectural and engineering studies over the last 8 years.

IV. PROPOSED DEVELOPMENT TEAM

Development Entity:

Chicago P.O. Associates, LLC, a Delaware limited liability corporation, is the Contract Purchaser and the developer (the "Developer") of the property. This entity is owned 100% by Walton Street Real Estate Fund III, L.P, the Sole Member. The developer is licensed by the City as a Residential Developer.

Walton Street Real Estate Fund III, L.P. is the Sole Member and is owned by Walton Street Managers III, L.P. (20% ownership) and various limited partners (80% ownership total, none owning more than 7.5% of Chicago P.O. Associates, LLC).

Walton Street Managers III, L.P. is the General Partner and is owned by WSC Principal Investors III, L.L.C. (89.93%) and WSC Investors III, L.L.C. (10.07%)

WSC Manager III, Inc. is also a General Partner in which five shareholders each own a 20% share of the company.

WSC Principal Investors III, L.L.C. is a limited partner which is owned by WSC Capital Investors III, L.L.C. (32%) and other various individual members/managers who own equal to or less than 7.5%

Walton Street Capital, L.L.C. ("WSC") is a Chicago-based private real estate investment company that has received total equity commitments of \$3.5 billion through its prior five Funds, of which \$2.8 billion has been invested to date with a gross asset cost of over \$10.6 billion. Fund investors include government and corporate pension funds, foreign pension funds, endowments, foundations, banks, insurance companies, high net worth individuals and the Principals of WSC, who have personally committed \$207.1 million in the prior five Funds.

WSC is a major purchaser and developer of all types of real estate including office, retail, hotel, resort, industrial, senior housing, student housing, golf courses, and residential. Walton Street has experience in every major market in the US, as well as substantial international experience in places like Mexico, Europe, Australia, India, and Japan. In Chicago, WSC has or does own Union Tower, 311 South Wacker, The Renaissance Downtown, the Le Meridian (Conrad), 55 East Monroe, and The Drake.

Consultants:

Architect:

Gensler, an employee-owned company, opened their Chicago office in 1998. Gensler has worked with many of Chicago's premiere corporations as well as many global industry leaders. Their clients include Joseph Freed & Associates, Wrigley Corporation, McDonald's Corporation, Chicago Transit Authority, Allsteel, Caremark, Grant Thornton, GlaxoSmithKline, Bank of America, Hewitt Associates, Citadel Investment Group, Goldenberg Hehmeyer & Company, KM Rosenman, Hotel InterContinental, Columbia College Chicago, The University of Chicago, Northwestern University, Sidley Austin Brown & Wood, Doblin Inc., 600 West Chicago, The Field Museum, Unilever, Amtrak, and JP Morgan Chase & Co.

Consultant:

Louik/Schneider & Associates, Inc. is a multi-disciplinary consulting firm offering professional services in the fields of economic development, real estate development and financing for municipalities, small companies, developers and large retailers. Since 1983, the firm has been engaged in research and analysis, loan packaging, development of project-specific financing mechanisms, government relations and program and policy development for both private and public sector clients.

V. PROPOSED PROJECT

Project Overview: The Developer proposes to redevelop the 2.5 million square foot building into a mixed-use complex consisting of three interconnected structures. The East Building will be renovated for hotel use; the North Tower will be renovated for office use; the South Tower will be renovated for residential use. The development will remove 800,000 square feet of a center portion of the building above the 3rd-4th Floor, west of the East Building and between the North and South Tower.

The existing main public entrance located on Van Buren Street will remain to serve as the primary office entrance. The primary residential entrance will be at the southwest corner on Canal Street. Vehicular entry will be from Harrison Street. Loading will be on east side south of the Expressway. In addition, the ground floor will consist of retail along Canal Street and along the existing Main Lobby at the entire north end of the building. The Main Lobby and elevator vestibules will also be restored.

The hotel will occupy the Levels 3-6 of the East Building. The office will occupy Levels 3-12 of the North Tower and Levels 13-15 in the North Tower Pylons. The residences will occupy the South Tower of Levels 3-9 and Levels 10-12 in the South Tower Pylons. Mechanically ventilated parking will partially occupy Level 1-3.

A new landscaped plaza, Riverside Plaza, will be provided along the Chicago River north of the Expressway. The existing deck above the rail tracks will be reconstructed and extended to the river. The plaza will also incorporate two building entrances: a common building entrance and the primary entrance and vehicular drop-off to serve the hotel. Ornamental canopies will identify the entrances.

In addition to the new Riverside Plaza, the streetscape of Van Buren Street and Canal Street will be extensively improved with new pavement, lighting, bollards, and landscaping where possible. An accessible green terrace roof will be installed on the 4th Floor roof for tenant use.

The exterior building façade will be restored. The original East Building is brick faced with terra cotta detailing; the 1933 addition is limestone-clad. A new curtain wall will be installed on the new façades at the green terrace roof. The aesthetic of new façades will be contemporary.

In this proposed adaptive re-use of the building, the applicant has agreed to retain, preserve and rehabilitate the significant features of the North and South Towers, the East Building, and the Van Buren office lobby interior as a condition of the Redevelopment Agreement and consistent with the plans as submitted. Those features and materials to be retained will be preserved and repaired, as reasonably possible, or replaced in-kind as reasonably possible if beyond repair while other changes will be compatible with the building's historic character.

The Developer has applied for a Waterway Residential-Business Planned Development ("PD") which will allow the zoning and redevelopment of the property. The PD was presented to the Chicago Plan Commission on April 19, 2007. It is expected to pass out of City Council in May.

The redevelopment project (the "Project") will be completed in four (4) phases:

- The first phase (the Base Building Phase) will include the abatement of asbestos and removal of the center portion of the building. The structural demolition and installation of a new exterior wall surrounding a roof top garden area is also in this phase, as is construction of the Project's 825 parking spaces, central truck dock and riverside plaza areas. Base Building work will also include the mitigation of any hazardous conditions on the exterior walls of the Project.
- The second phase (the Office Phase) includes construction of approximately 449,314 square feet of office space in the North Tower base building of the rehabilitation of the

shell, lobby, and retail area, elevators, mechanicals and windows and build out of approximately 40,000 square feet of retail.

- The third phase (the Residential Phase) consists of the construction of approximately 300 residential condominium units in the South Tower base building, including the rehabilitation of the shell, lobby, and approximately 35,000 square feet of retail, elevators, mechanicals and windows associated with residential units.
- The fourth phase (the Hotel Phase) consists of the construction in the East Base Building of an approximately 236-room hotel. The hotel will most likely operated by an outside operator.

Vehicular access to the parking garage will be off of Harrison Street. The Base Building Phase is expected to commence by the end of 2007.

A site plan, floor plans and elevation are provided as exhibits to this report.

Residential Unit Profile: The following tables provide detailed descriptions of the market-rate and affordable components of the proposed project. The subject property will provide a total of 300 housing units of which 15 units or 5 percent will be affordable for households earning no more than 100 percent of the area median income. It is expected these 15 units will become part of the City's Community Land Trust to ensure affordability in perpetuity. The Developer will also provide a payment of \$4,500,000, or \$100,000 per unit for 45 units, to the Affordable Housing Opportunity Fund as payment-in-lieu of providing on-site units. These units and the payment-in-lieu will satisfy the Chicago affordable housing ordinance, which requires 20 percent affordable units in projects receiving City assistance in the form of TIF assistance. The Department of Housing has reviewed and approved the pricing of the affordable units.

Market Rate For-Sale Units

Unit Type*	Number	# of BRs/Unit	Size-sf	Price/SF	Expected Market Price
Studio	15	0	500	\$469.25	234,625
1	152	1	750-1,084	\$469.25	351,938 - 508,667
2	50	2	1,399 - 1,620	\$469.25	656,481 - 760,185
3	41	3	1,112 - 1,647	\$469.25	521,807 - 772,855
Duplex	21	3	1,754 - 6,776	\$469.25	823,065 - 3,179,638
Flat	6	2	1,528 - 1,604	\$469.25	717,014 - 752,677
Total	285	0 - 3	500 - 6,776	\$469.25	234,625 - 3,179,638

* Parking not included

Affordable For-Sale Units

Unit Type	Number	Size-sf	Market Price	Write-Down	Affordable Price*	Total Revenue
Studio/1 bath	15	500	\$234,625	\$91,833	\$138,500	\$2,077,500
Total	15	500	\$234,625.	\$91,833	\$138,500	\$2,077,500

*Parking not included

Environmental Features:

The Developer has agreed to provide one of the two following environmental features in the Project: 1) a green roof that covers 75% of the net roof area; or 2) a green roof that covers 50% of the net roof area and LEED certification of the building. Either of these options will satisfy the Green Building policy developed by the Department of Planning and Development for projects that receive TIF assistance.

VI. FINANCIAL STRUCTURE

The goal of this project is to reactivate the Old Main Post Office structure, currently vacant and tax-exempt, as an economic development engine for the community. The structure, obsolescent by today's standards, will be adaptively reused for a purpose other than which it was developed and will be added to the tax rolls. The mixed-use nature of the development is fitting for a building of such substantial size and presence within the West Loop community. All of the uses proposed for the structure fit within the goals and objectives of the Central Area Plan, adopted by the City Council in 2003.

Bank of America is the proposed construction lender, and a letter of intent is attached as an exhibit to this report.

The City intends to negotiate a redevelopment agreement (the "Redevelopment Agreement") with the Developer for TIF assistance in an amount not to exceed \$51.0 million, or 16.5% of total project costs. Except for \$5 million of this total, the TIF assistance is to be provided from incremental property taxes generated solely by the Project. TIF assistance will be paid to the Developer as follows:

Up-Front City Funding

Direct reimbursement of \$5 million in TIF-eligible costs will be provided to the Developer on a date no earlier than the closing of the Redevelopment Agreement and no later than March 1, 2009 from available increment in the Canal/Congress TIF District. In order to cause the release of Up-Front City Funding, the developer must post at closing an irrevocable Letter of Credit of \$5 million. The principal amount of the L/C will be maintained until the issuance of a Certificate of Completion evidencing completion of two phases of the redevelopment subsequent to the Base Building Phase.

Developer Notes

A total of four developer notes ("Notes") will be issued, corresponding to the Base Building Phase, Residential Phase, Office Phase and the Hotel Phase in an amount not to exceed \$46 million. The Notes are to be repayable exclusively from 97 percent of the incremental tax revenues generated by the project site PINs.

The City will issue tax-exempt Notes to the Developer in conjunction with the issuance of Certificates of Completion for corresponding project phases as follows:

- Base Building Note in the amount of up to \$4 million issued upon receipt of Certificate of Completion for the Base Building Phase of the Project.

- Residential Note in the amount of up to \$12 million issued upon receipt of Certificate of Completion for the Residential Component of the Project.
- Office Note in the amount of up to \$16 million with payments commencing upon receipt of Certificate of Completion for the Office Component of the Project.
- Hotel Note in the amount of up to \$14 with payments commencing upon receipt of Certificate of Completion for the Hotel/Retail/Parking Component of the Project.

Upon issuance, these tax-exempt notes shall accrue interest based on the interest rate for AAA 15-Year General Obligation bonds as published in Bloomberg for the 15 business days prior to the date of issuance, plus 225 basis points, but not exceeding 8% and will compound annually.

TIF assistance has been sought to provide assistance with the extraordinary costs of the Project. These extraordinary costs include, but are not limited to:

- Interior Demolition and Environmental Abatement: \$10.9 Million
- Structural Demolition and Repairs: \$9.2 Million
- Roof Replacement: \$2.3 Million
- Restoration of Exterior Walls, New Windows, Curtain Wall: \$19.7 Million
- Restoration of Historic Lobby: \$2.7 Million
- Site Preparation and Riverwalk Restoration: \$4.91 Million

Without this assistance, the Developer would not achieve reasonable rates of return, and, therefore, would not undertake the Project.

It is the City's understanding that a portion of the proposed project may qualify for the federal Rehabilitation Tax Credit and/or the Developer may seek an allocation of New Markets Tax Credits ("NMTC"). The value of the final Note issued by the City will be adjusted downward at the City's discretion by up to 50% of the amount by which the net tax credit benefit exceeds the higher of the below thresholds if:

- The total value of all Rehabilitation Tax Credit-related payments to the Developer exceeds \$12 million, or
- The total value of all Rehabilitation Tax Credit-related payments to the Developer as a result of the tax credits is greater than 4% of the total actual project costs for the entire project, or
- The total value of the allocation of NMTC (including the net cash proceeds received by the Developer of a direct allocation of NMTC to the Developer and the present value of interest rate reductions realized by the Developer in securing a low interest loan from a third party allocation of NMTC) exceeds an amount to be negotiated by the City and the Developer prior to execution of the RDA.

Sources and Uses

Because the Project is in four phases, the sources and uses of funding presented below represent a multi-year period spanning from construction commencement to completion of the final phase

(2007-2011). The Developer's equity commitment is estimated at 20.2% of total project costs, although it is expected that the sales proceeds of residential units and the hotel shell space may offset the need for a portion (10 to 20%) of this equity towards the latter portion of construction. Although the Developer has received a letter of interest from Bank of America to provide lender financing to the deal, the Developer is still actively seeking other opportunities.

The Developer anticipates receiving approximately \$10.8 million in net tax credit investment proceeds from a third party investor in exchange for the tax benefits associated with the 10% federal Rehabilitation Tax Credit, which is available for projects involving substantial rehabilitation of pre-1936 structures that are not historically designated.

As stated earlier, the Developer will be receiving an upfront contribution of TIF, but also expects to monetize the four (4) TIF Notes during the overall construction period as individual phases of the project are completed. Based on discussions with potential purchasers, the Developer assumes receiving proceeds that equal almost face value of the notes.

The office, retail and parking uses are projected to be partially completed and begin operations during the construction period, therefore providing operating cash flow during construction.

The following table identifies the sources and uses of funds.

Sources and Uses of Funds

<u>Sources</u>	<u>Amount</u>	<u>% of total</u>
Equity	\$ 62,400,000	20.2%
Post Office Contribution	\$ 9,000,000	2.9%
Tax Credit Investment Proceeds	\$ 10,800,000	3.5%
Up-Front TIF Contribution	\$ 5,000,000	1.6%
TIF Note Proceeds	\$ 45,500,000	14.7%
Operating Cash Flow During Construction Period	\$ 14,000,000	4.5%
Debt	<u>\$162,700,000</u>	<u>52.6%</u>
Total Sources	<u>\$309,400,000</u>	100.0%
<u>Uses</u>	<u>Amount</u>	<u>\$/sf of Building*</u>
Land Acquisition (\$0 per sf of land)	\$ 0	\$0 psf
Predevelopment Costs	\$ 9,100,000	\$6.12 psf
Hard Costs	\$187,600,000	\$126.24 psf
Tenant Improvements	\$ 25,500,000	\$48.62 psf
Soft Costs		
Loan Origination Fee (1% of loan)	\$ 1,600,000	
Leasing Commissions	\$ 9,000,000	
Loan Interest (9.6% of total costs)	\$ 29,700,000	
Developer Fee (3.0% of total costs)	\$ 9,400,000	
Other Soft Costs (12.1% of total costs)	<u>\$ 37,500,000</u>	
Total Soft Costs (28.2% of total costs)	<u>\$ 87,200,000</u>	<u>\$58.68 psf</u>
Total Uses	<u>\$ 309,400,000</u>	<u>\$208.20 psf</u>

*Gross building area is approximately 1.486 million square feet

VII. PUBLIC BENEFITS

The proposed project will provide the following public benefits:

Affordable Housing: The project will provide 15 new affordable housing units and provide \$4,500,000 to the Affordable Housing Opportunity Fund.

Property Taxes: The project will expand the tax base because the investment in the property will result in an increase in its assessed value. Currently the property is tax-exempt.

Environmental Features: The project will incorporate a 75% green roof or provide a 50% green roof and LEED certify the building.

Permanent Jobs: The project is estimated to generate 1,027 full-time equivalent permanent jobs. The Mayor's Office for Workforce Development (MOWD) has been informed of the project and will work with the developer on job training and placement. The Developer will front fund the costs associated with a job readiness program through MOWD for interested tenants (including the hotel). The Developer will obligate tenants and the hotel operator through leases, sales agreements, or other mechanisms to meet the agreed-upon participation thresholds.

Construction Jobs: The project will produce approximately 1,500 temporary construction jobs.

Cash Donation: The Developer will contribute \$200,000 as a public benefit toward an organization or cause determined by the Alderman of the 2nd Ward.

Affirmative Action: The Developer 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). The Developer has provided notification of the proposed project, by certified mail, to eight 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: The Developer 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. The Developer will also comply with the requirement that all construction jobs are paid the prevailing wage.

VIII. COMMUNITY SUPPORT

Alderman Haithcock endorses the project and has provided a letter of support (see exhibits for copy).

IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN

The proposed project is located in the Canal/Congress Tax Increment Financing Redevelopment Project Area. The proposed project will satisfy the following goals of the area's redevelopment plan:

- Elimination of influences and manifestations of physical and economic deterioration and obsolescence
- Create an environment which will preserve or enhance the value of properties within and adjacent to the Project Area
- Create an increased real estate and sales tax base for the City and other taxing districts having jurisdiction over the Project Area
- The attraction of new business, commercial, retail, institutional and residential development and the creation of new job opportunities

The implementation strategy for achieving the plan's goals envisions the need to provide TIF financial assistance for the development of a mixed-use district. The proposed project also conforms to the plan's land use map, which calls for mixed-use development at the subject site.

X. CONDITIONS OF ASSISTANCE

If the proposed resolution is approved by the CDC, DPD 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 DPD 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. Before today's action is presented to the city council for approval, the department will conduct a thorough background check of all principals having an ownership interest of 7.5 percent or greater, and of the boards of directors and trustees of non-profit organizations. Similar background checks will be conducted on the development entity itself.

Closing of the Redevelopment Agreement will not occur before the City Council has approved the Redevelopment 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 Planning and Development has thoroughly reviewed the proposed 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 DPD recommends that the CDC recommend to the City Council the designation of Chicago P.O. Associates, LLC as Developer for the redevelopment of the Old Post Office as a mixed-use complex at 401-439 W. Van Buren Street.

EXHIBITS

Redevelopment Area Map
Neighborhood Map or Aerial
Site Plan
Elevations
Sample M/WBE Letter
Copies of M/WBE Certified Letter Receipts
Lender's Letter of Interest
Alderman's Letter of Support

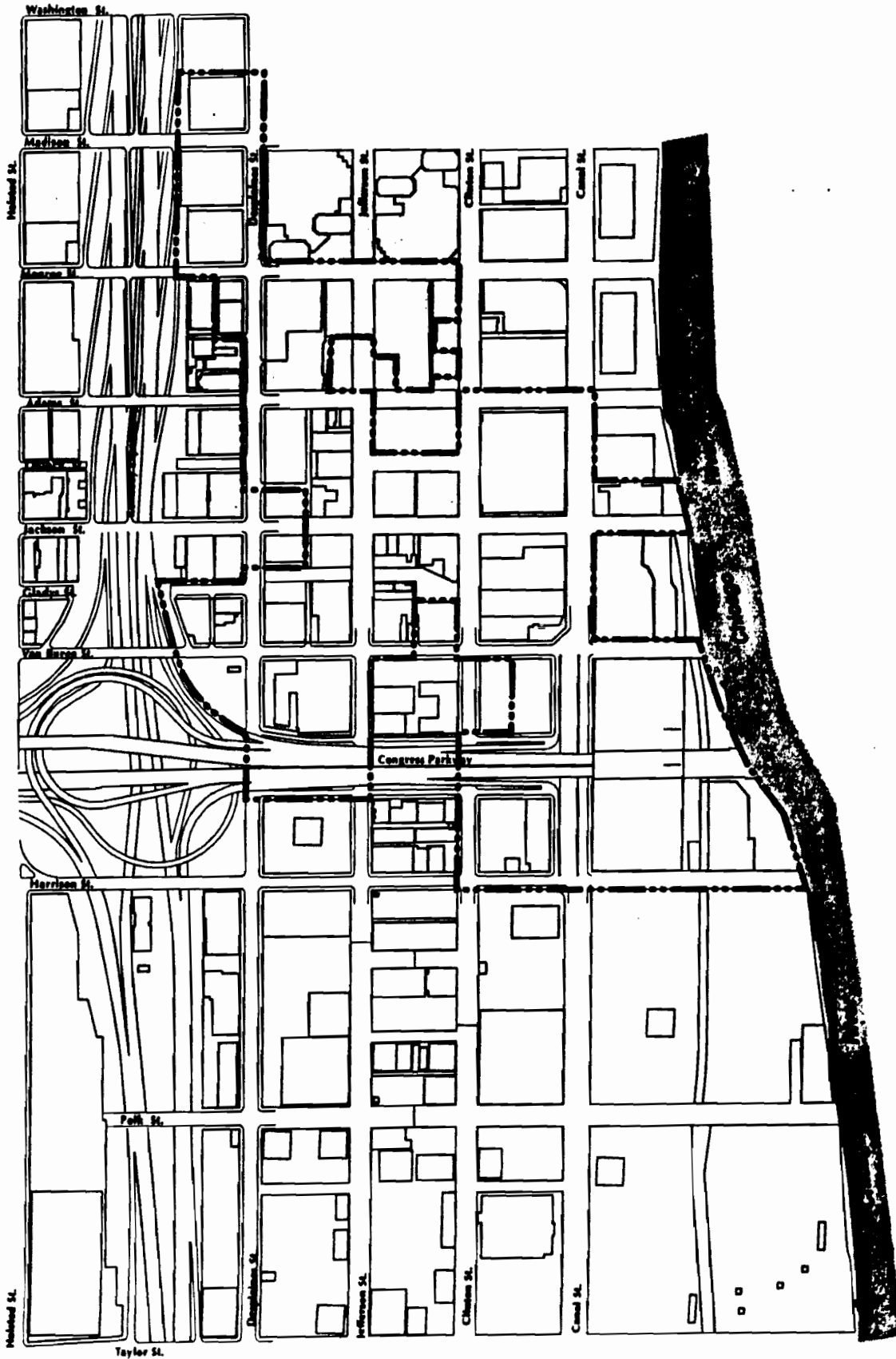
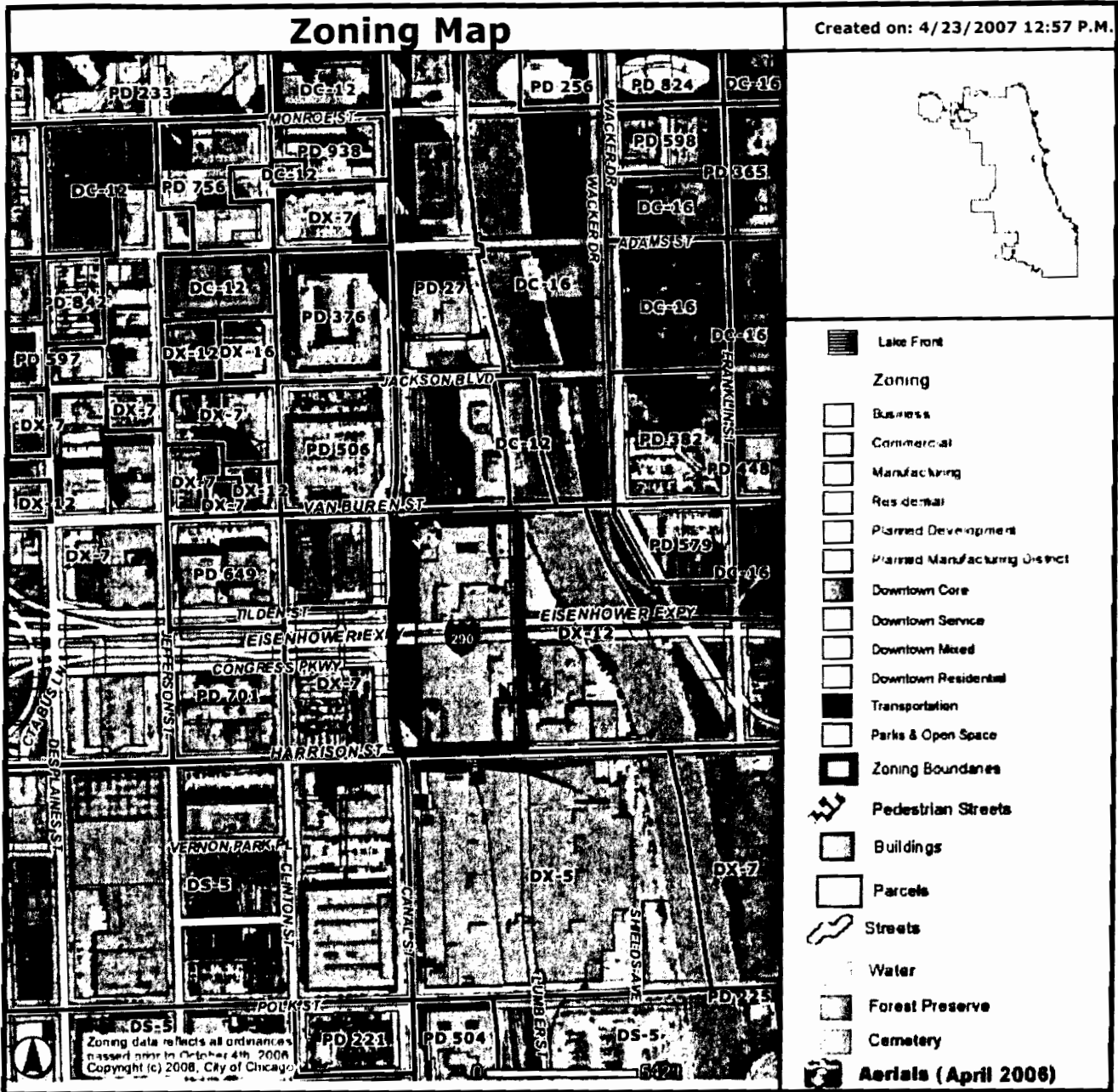


Figure 1
Boundary

--- Project Area Boundary

Revision 8/7/98





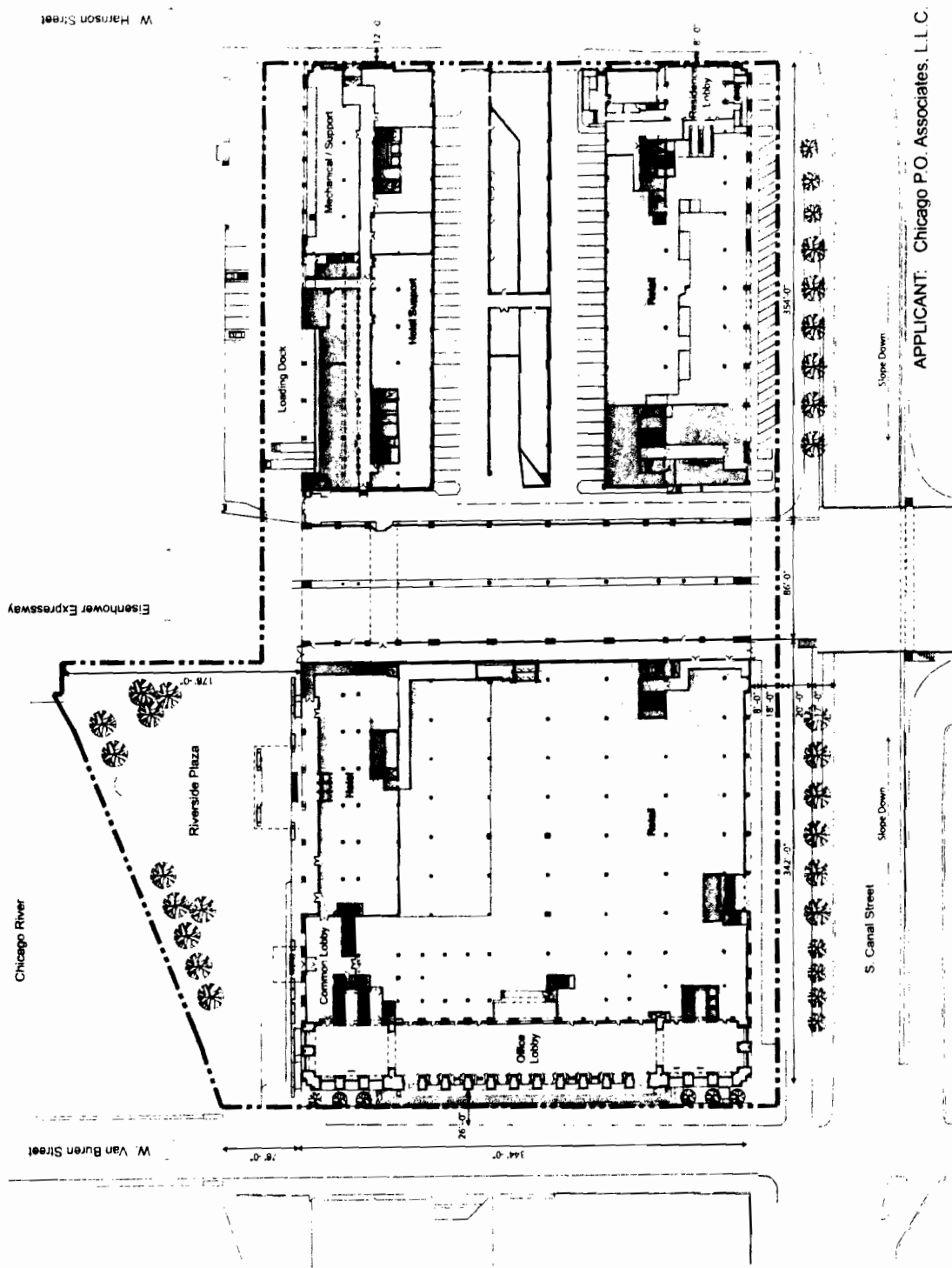
Address
 433 W VAN BUREN ST

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Old Chicago Post Office
400 W. Van Buren Street
Chicago, IL 60606

Gensler



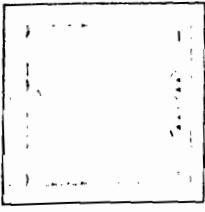
APPLICANT: Chicago P.O. Associates, L.L.C.

ADDRESS: 401 - 439 West Van Buren Street
401 - 433 South Canal Street
501 - 535 South Canal Street
402 - 436 West Harrison Street

DATE: August 25, 2006
revised January 8, 2007
revised April 19, 2007

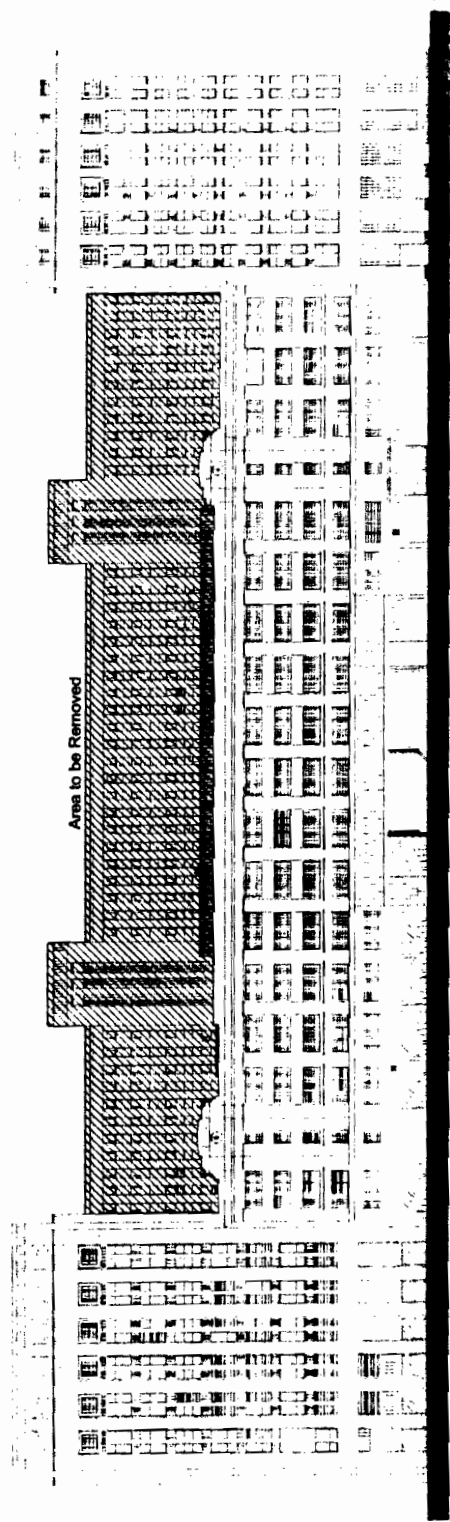
First Floor Plan
Site Plan



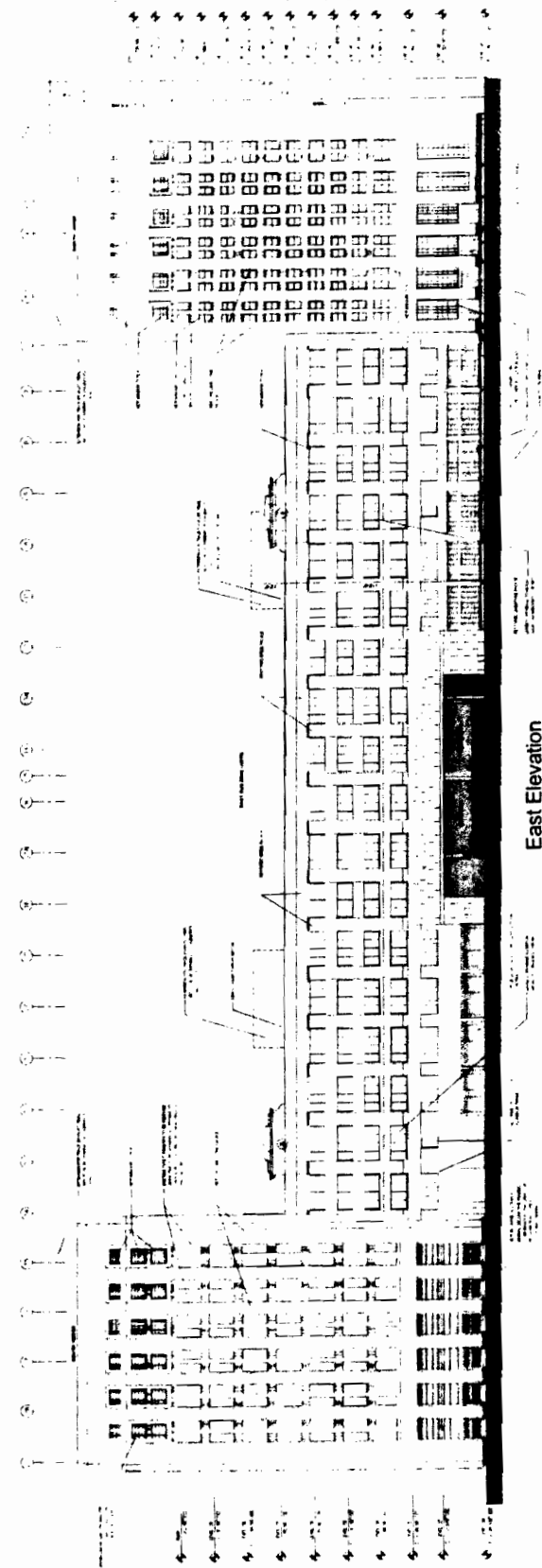


Old Chicago Post Office
340 West Van Buren Street
Chicago, IL 60606

Gensler

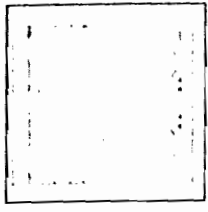


Existing East Elevation



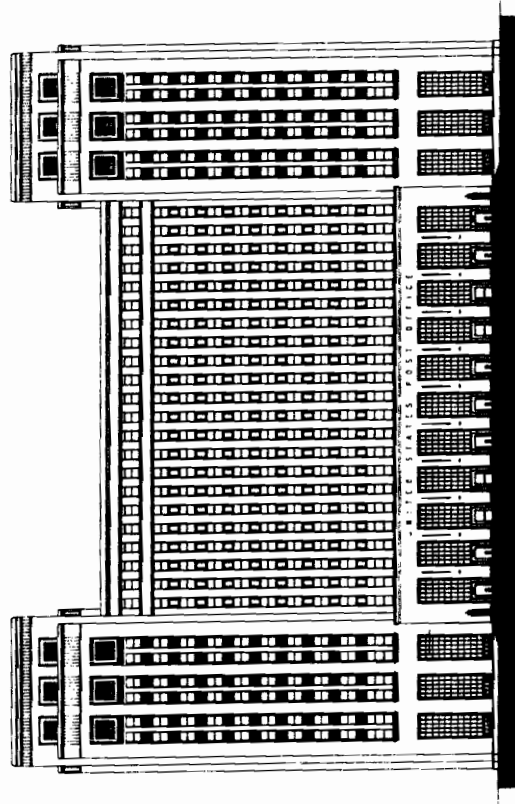
East Elevation

East Elevation

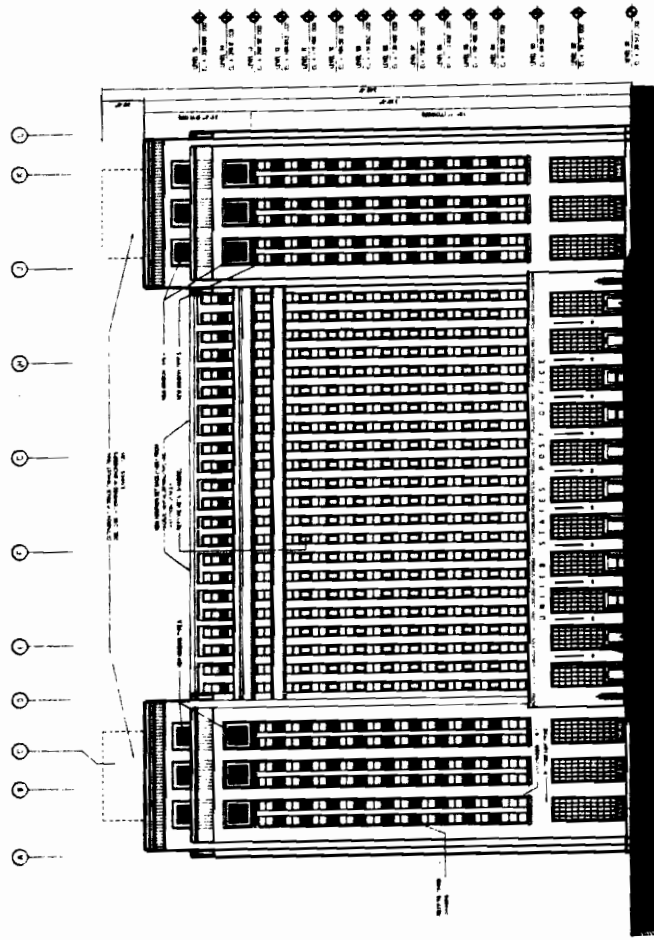


Old Chicago Post Office
400 N. Wabash
CHICAGO, ILL. 60611

Gensler

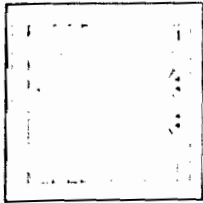


Existing North Elevation



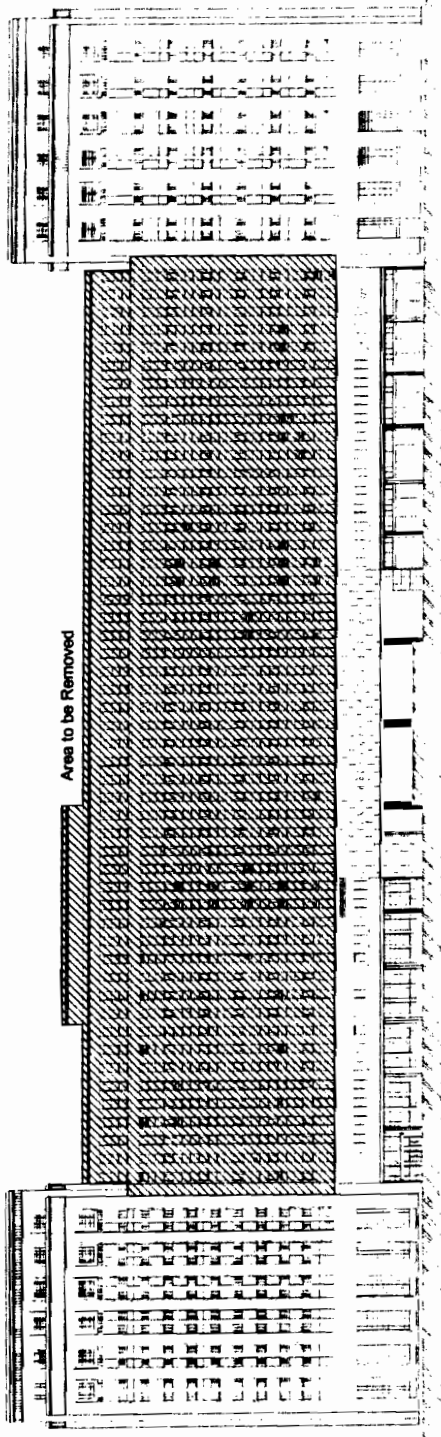
Proposed North Elevation

North Elevation

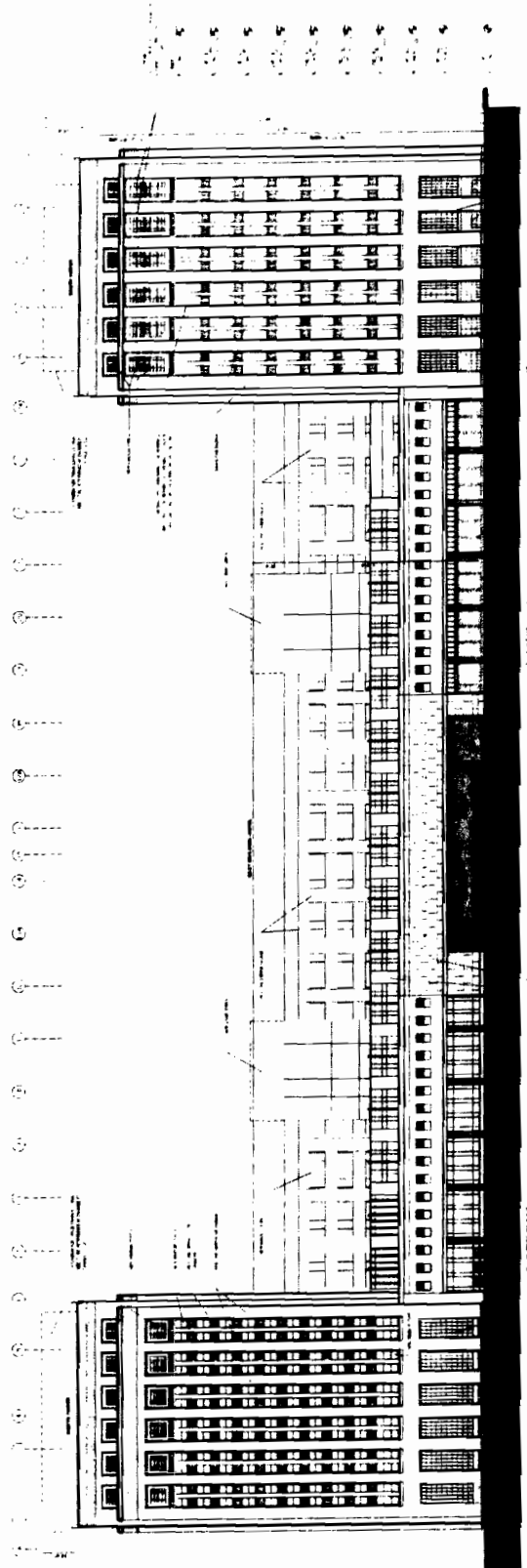


Old Chicago Post Office
111 W. Wacker Drive
Chicago, IL 60601

Gensler

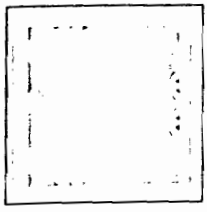


Existing West Elevation



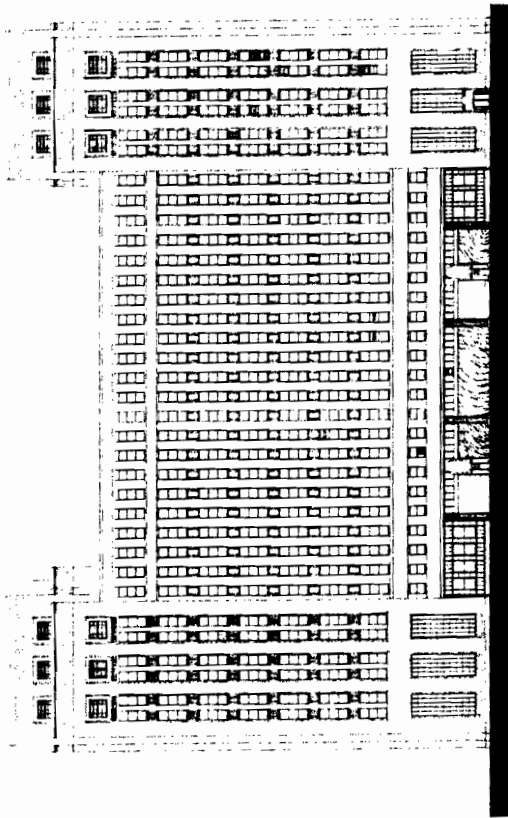
West Elevation

East and
West Elevation

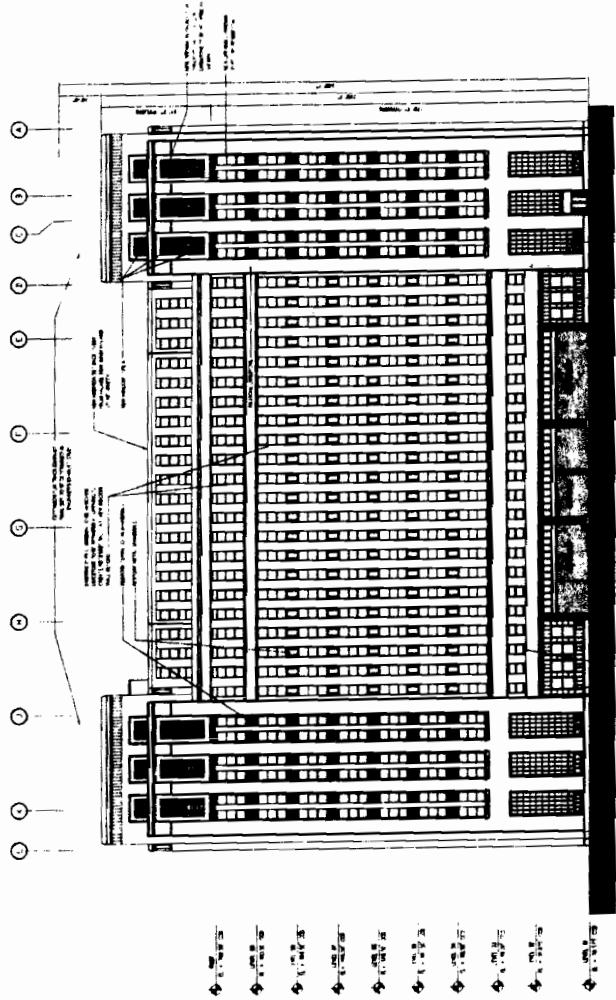


Old Chicago Post Office
410 W. Van Buren St. Chicago, IL 60607

Gensler



Existing South Elevation



South Elevation

South Elevation

- ◆ 1'-0" x 3'-0" W
- ◆ 1'-0" x 4'-0" W
- ◆ 1'-0" x 6'-0" W
- ◆ 1'-0" x 8'-0" W
- ◆ 1'-0" x 10'-0" W
- ◆ 1'-0" x 12'-0" W
- ◆ 1'-0" x 14'-0" W
- ◆ 1'-0" x 16'-0" W
- ◆ 1'-0" x 18'-0" W
- ◆ 1'-0" x 20'-0" W

March 26, 2007

Edward T. McKinnie, Executive Director
Black Contractors United
400 W. 76th Street
Chicago, IL. 60620

BY CERTIFIED MAIL

Re: Old Chicago Post Office

Dear Mr. Edward T. McKinnie:

Chicago P.O. Associates is pleased to announce the redevelopment of the property located at 433 W. Van Buren, Chicago, Illinois. The property consists of a 1.5 million square foot vacant building that will be redeveloped into a mixed use project with residential, hotel, office and parking components.

Chicago P.O. Associates will soon be interviewing general contractors for the project. The project will require participation of trades such as carpentry, electrical, mechanical, plumbing, paving, roofing, and others. The proposed project is subject to minority business enterprise (MBE) participation of 25 percent and women business enterprise (WBE) participation of 5 percent.

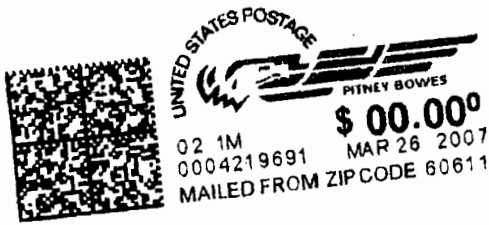
Upon selection, the general contractor will meet with a representative of your organization to present the project budget and schedule. At your request, the general contractor will also provide your organization with one copy of the project bid documents (including plans and specifications).

Chicago P.O. Associates is requesting that you make your member companies aware of this project so that they may in the future submit bids for appropriate subcontracting opportunities. Should you have any questions, please do not hesitate to call.

Sincerely,
Chicago P.O. Associates

Raphael Dawson
cc: Ms. Kathy Caisley
Dept. of Planning and Development, City of Chicago

7002 2410 0002 7035 9512



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Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees \$

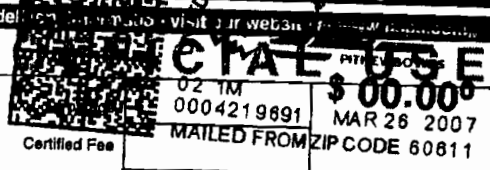
Postmark Here
African American Contractors Assoc.

Sent To *Omar Shareef*
 Street, Apt. No., or PO Box No. *3901 S. State*
 City, State, ZIP+4 *Chicago, IL 60653*

PS Form 3800, June 2002 See Reverse for Instructions

7002 2410 0002 7035 9505

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Certified Fee

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MACC

Sent To *Juan Ochoa*
 Street, Apt. No., or PO Box No. *111 W. Washington St.*
 City, State, ZIP+4 *Chicago, IL 60607*

PS Form 3800, June 2002 See Reverse for Instructions

7002 2410 0002 7035 9550



Return Receipt Fee (Endorsement Required)

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees \$

Postmark Here
Assoc. of Asian Construction Enterprises

Sent To *Perry Nakachi*
 Street, Apt. No., or PO Box No. *333 N. Ogden Ave.*
 City, State, ZIP+4 *Chicago, IL 60607*

PS Form 3800, June 2002 See Reverse for Instructions

7002 2410 0002 7035 9527



Return Receipt Fee (Endorsement Required)

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees \$

Postmark Here
Federation of Women Contractors

Sent To *Beth Doria*
 Street, Apt. No., or PO Box No. *5650 S. Archer Ave*
 City, State, ZIP+4 *Chicago, IL 60661*

PS Form 3800, June 2002 See Reverse for Instructions

7002 2410 0002 7035 9536



Return Receipt Fee (Endorsement Required)

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees \$

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Hispanic American Contractors Industry

Sent To *Cesar A. Santoy*
 Street, Apt. No., or PO Box No. *901 W. Jackson Blvd Ste. 205*
 City, State, ZIP+4 *Chicago, IL 60607*

PS Form 3800, June 2002 See Reverse for Instructions

7002 2410 0002 7035 9546

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Return Receipt Fee (Endorsement Required)

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees \$

Postmark Here
Hedy Ratner

Sent To *Hedy Ratner*
 Street, Apt. No., or PO Box No. *8 S. Michigan Ave. Ste. 400*
 City, State, ZIP+4 *Chicago, IL 60603*

PS Form 3800, June 2002 See Reverse for Instructions

7002 2410 0002 7035 9499

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For delivery information visit our website at www.usps.com

021M 000421

Certified Fee	\$00.00 ⁰⁰
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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

021M 000421
 MAR 26 2007
 WZPCODE 60611
 Postmark Here
 Black Contractors United

PS Form 3800, June 2002 See Reverse for Instructions

CITY OF CHICAGO

LICENSE CERTIFICATE

NON-TRANSFERABLE

BY THE AUTHORITY OF THE CITY OF CHICAGO, THE FOLLOWING SPECIFIED LICENSE IS HEREBY GRANTED TO

NAME: CHICAGO P.O. ASSOCIATES, L.L.C.

DBA: CHICAGO P.O. ASSOCIATES, L.L.C.

AT: 900 N. MICHIGAN AVE., Floor 19, Apt./Suite 1900
CHICAGO, IL 60611
19TH FLOOR, SUITE 1900

LICENSE NO.: 1818128 CODE: 1020 FEE: \$****250.00

LICENSE: Residential Real Estate Developer

MEMBER: RAPHAEL R. DAWSON

PRINTED ON : 04/19/2007

\$****250.00

THIS LICENSE IS ISSUED AND ACCEPTED SUBJECT TO THE REPRESENTATIONS MADE ON THE APPLICATION THEREFOR, AND MAY BE SUSPENDED OR REVOKED FOR CAUSE AS PROVIDED BY LAW. LICENSEE SHALL OBSERVE AND COMPLY WITH ALL LAWS, ORDINANCES, RULES AND REGULATIONS OF THE UNITED STATES GOVERNMENT, STATE OF ILLINOIS, COUNTY OF COOK, CITY OF CHICAGO AND ALL AGENCIES THEREOF.

WITNESS THE HAND OF THE MAYOR OF SAID CITY AND THE CORPORATE SEAL THEREOF
THIS DAY OF

EXPIRATION DATE: May 15, 2008

ATTEST:



Raphael M. Daley
MAYOR

Miguel del Valle
CITY CLERK

DREV NO. 315792 SHEET: 1
TRANS NO.



Eyal Namordi
Vice President

Bank of America, N.A.
GCIB Portfolio Management - Real Estate
IL1-231-10-35
231 South LaSalle Street
Chicago, IL 60697

Tel: (312) 828-2575
Fax: (415) 503-5142
eyal.namordi@bankofamerica.com

Mr. K. Jay Weaver
Principal
Walton Street Capital
900 N. Michigan Ave., 19th Floor
Chicago, IL 60611

Re: Old Main Chicago Post Office - Proposed Construction Loan

Dear Jay:

You have advised us that Walton Street Capital plans to acquire the Old Main Chicago Post Office in downtown Chicago so as to redevelop this historic property into a 1.5 million square foot, mixed-use project that is to include office, retail, hotel and for-sale residential components. You have also advised us that Walton Street Capital intends to finance this project with a mix of traditional construction financing and Tax Increment Financing.

This contemplated redevelopment is a significant, high profile undertaking, and therefore demands financially sophisticated, experienced sponsorship. Walton Street Capital fits this bill given its well-deserved reputation as an innovative, savvy real estate investor with the vision, background and expertise to deliver a project of this scope.

As you know, our relationship with Walton Street Capital dates back many years. We've successfully arranged over \$600 million in aggregate credit transactions with your firm since 2004, to include unsecured and real estate secured loans, Letters of Credit and derivatives. Walton Street Capital has handled everything satisfactorily and all matured loans were repaid as agreed.

As such, we are interested in discussing the construction financing for the Old Main Chicago Post Office with you further. Subject to the execution of a mutually acceptable term sheet, satisfactory due diligence review and credit approval, Bank of America would be willing to consider financing up to 70-75% of the total construction costs for the Old Chicago Post Office.

We believe that Bank of America is uniquely qualified for this proposed financing. We are the nation's leading construction lender, and have a long track record of financing projects similar in scale to the one at hand. We also are well acquainted with Tax Increment Financing given our involvement in this arena, and therefore have experience with projects funded with both bank debt and tax-advantaged municipal debt.

As you know, this letter is intended to be a letter of interest only, and does not constitute an agreement to extend credit or commit financing. This letter shall not constitute a binding agreement between Walton Street Capital, Bank of America, and / or any other entity involved in the acquisition and renovation of the Old Chicago Post Office.

We look forward to continuing both our discussions concerning the Old Chicago Post Office and our strategic relationship with Walton Street Capital and its principals.

Sincerely,



Eyal Namordi



**CITY COUNCIL
CITY OF CHICAGO**

COUNCIL CHAMBER
ROOM 300
121 NORTH LASALLE STREET
CHICAGO, ILLINOIS 60602
TELEPHONE 312-744-6836
FAX 312-744-2022

COMMITTEE MEMBERSHIPS

**SPECIAL EVENTS
AND CULTURAL AFFAIRS**
(CHAIRMAN)

EDUCATION
(VICE CHAIRMAN)

LICENSE AND CONSUMER PROTECTION
(VICE CHAIRMAN)

AVIATION

BUDGET AND GOVERNMENT OPERATIONS

FINANCE

POLICE AND FIRE

RULES AND ETHICS

MADELINE L. HAITHCOCK

ALDERMAN, 2ND WARD
WARD OFFICES:
1234 SOUTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60608
TELEPHONE: (312) 913-0222
FAX: (312) 913-1209

701 SOUTH WESTERN AVENUE
CHICAGO, ILLINOIS 60612
TELEPHONE: (312) 733-8188
(312) 733-8653

May 1, 2007

Lori T. Healey
Commissioner
Department of Planning and Development
121 N. LaSalle Street
Room 1000
Chicago, IL 60602

RE: TIF assistance for Old Post Office (Canal/Congress TIF)

Dear Commissioner Healey:

I am writing this letter in support of providing up to \$51,000,000 (or 16.5% of total project costs, whichever is lesser) in tax increment financing (TIF) to Chicago P.O. Associates, LLC for their proposed redevelopment of the Old Main Post Office at 433 W. Van Buren. This action will create 1,027 new jobs, expand the real estate and sales tax base and in turn, will create new revenues for infrastructure and public works improvements in the area.

I fully support the efforts of the Department of Planning and Development and I would appreciate any assistance you could provide them in obtaining these funds for the purposes specified in this letter.

Sincerely,

Madeline L. Haithcock
Alderman, 2nd Ward

Cc: Kathy Caisley, Department of Planning and Development

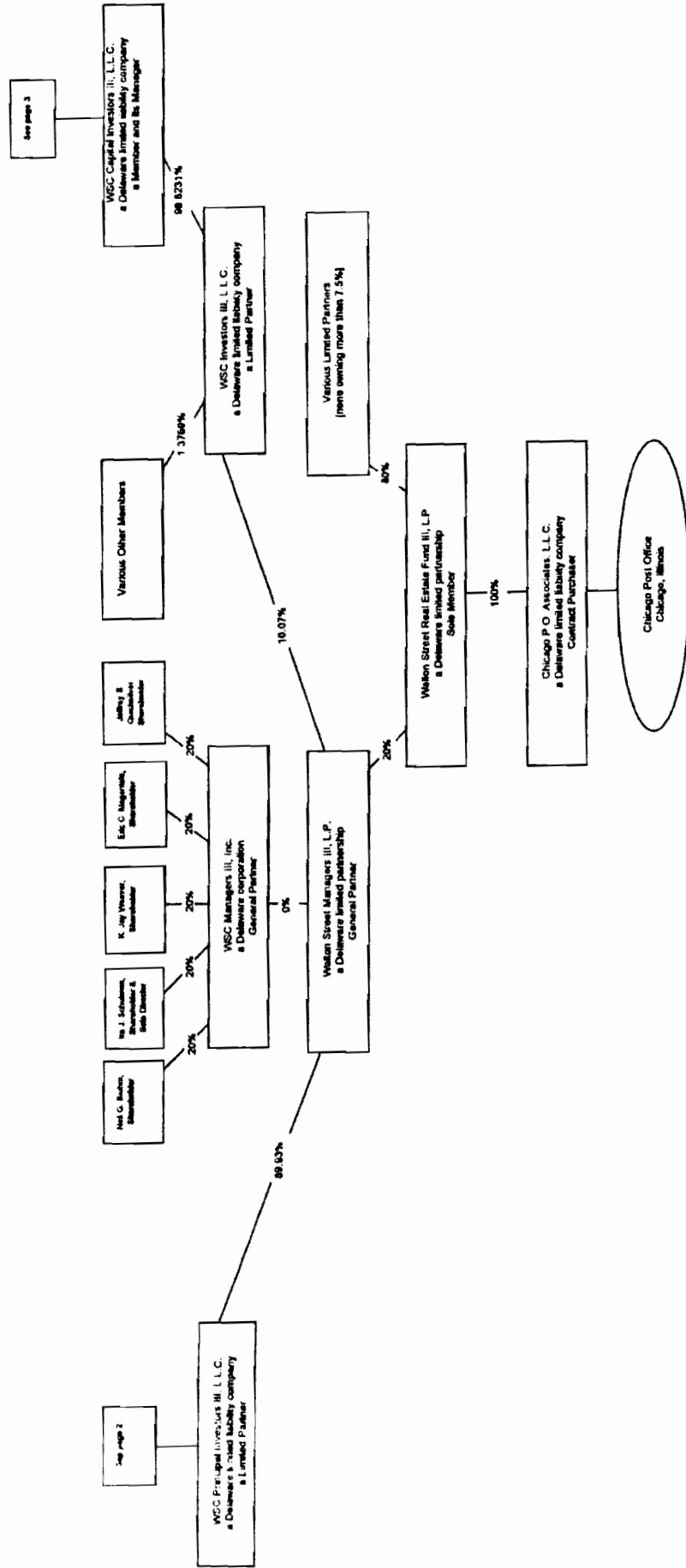
EXHIBIT A

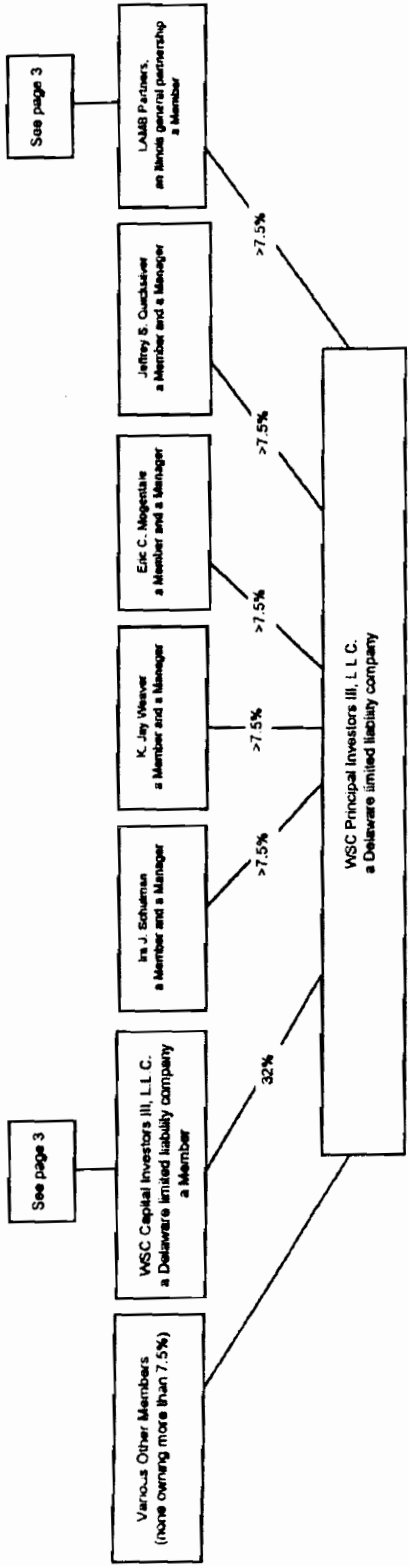
Street Boundary Description of the Canal/Congress Tax Increment Financing Redevelopment Project Area

The Project Area is generally bounded on the north by Madison, Monroe and Adams Streets; on the south by Congress Parkway and Harrison Street; on the east by Clinton and Canal Streets and the South Branch of the Chicago River; and on the west by the Kennedy Expressway and Desplaines Street.

Chicago Post Office

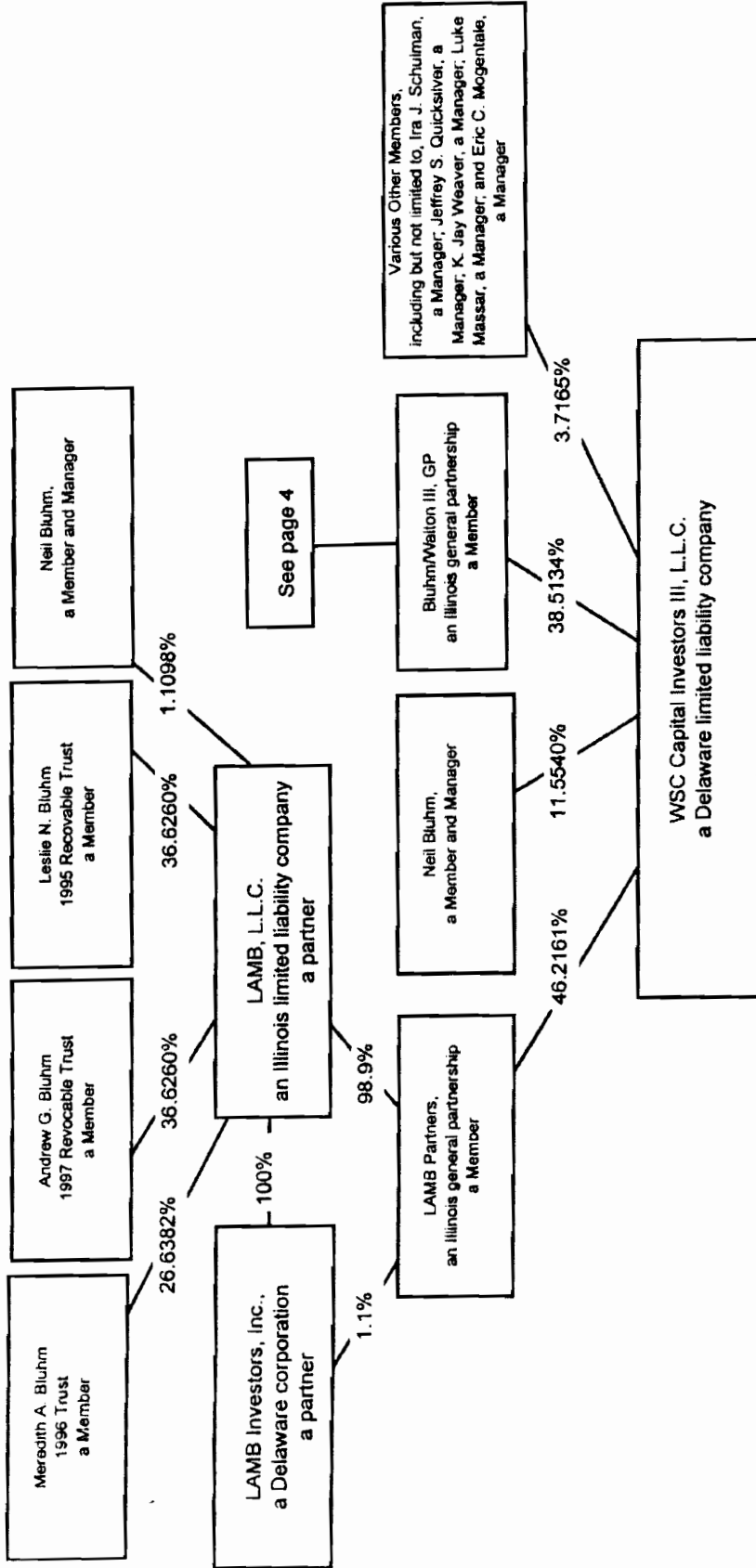
Page 1 of 4





Chicago Post Office

Page 3 of 4



Chicago Post Office

Page 4 of 4

