

STATE OF ILLINOIS)
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COUNTY OF COOK)

CERTIFICATE

I, Raymond Redell, the duly authorized, qualified and Assistant 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 13th day of April, 1999, 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 13th day of April, 1999



ASSISTANT SECRETARY
Raymond Redell

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

**RESOLUTION NO. 99-CDC-59
AUTHORITY TO PUBLISH NOTICE
OF THE INTENTION OF THE CITY OF CHICAGO
TO NEGOTIATE A
REDEVELOPMENT AGREEMENT WITH
201 N. WELLS, L.L.C.
WITHIN THE
CENTRAL LOOP REDEVELOPMENT PROJECT AREA,**

AND

TO REQUEST ALTERNATIVE PROPOSALS,

AND

**RECOMMENDATION TO
THE CITY COUNCIL OF THE CITY OF CHICAGO FOR
THE DESIGNATION OF
201 N. WELLS, L.L.C.
AS THE DEVELOPER IF NO OTHER
RESPONSIVE ALTERNATIVE PROPOSALS ARE RECEIVED**

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 (referred to herein collectively with the Mayor as the "Corporate Authorities") (as codified in Section 2-124 of the City's Municipal Code) pursuant to 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.) (the "Act"); 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 Act; and

WHEREAS, the City Council, upon the Commission's recommendation pursuant to Resolution 96-CDC-81 and pursuant to the Act, enacted three ordinances on February 7, 1997 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Central Loop Redevelopment Project Area (the "Area"), designated the Area as a redevelopment project area and adopted tax increment allocation financing for the Area (such ordinances, collectively, the "TIF Ordinances"). The street boundaries of the Area and street address, if available, are described on Exhibit A hereto; and

WHEREAS, 201 N. Wells, L.L.C., an Illinois limited liability company, (the "Company"), has presented to the City's Department of Planning and Development ("DPD") a proposal for redevelopment of a portion of the Area that is in compliance with the Plan, consisting of substantial rehabilitation of the 28-story Trustees System Service Building, commonly known as 201 N. Wells, into 293 units of rental apartments, including 59 units (20%) which will be affordable to households earning 80% of area median income, and 16,984 square feet of retail/commercial space on the first and second floors, located at 201 N. Wells Street (the "Project"). The Project will be the complete restoration of a 1930 art deco building that has been placed on the National Register of Historic Places, including facade cleaning, tuckpointing and repair, window replacement, and the renovation of all mechanical systems; and

WHEREAS, pursuant to Section 5/11-74.4-4(c) of the Act, the City may not enter into any agreement regarding redevelopment within the Area without first making public disclosure of the terms of such agreement and all bids and proposals related thereto and providing reasonable opportunity for any person to submit an alternative proposal or bid; and

WHEREAS, DPD requests the authority of the Commission to make the required disclosure by publishing notice substantially in the form set forth as Exhibit B hereto (the "Notice") in the Chicago Sun-Times or the Chicago Tribune, being newspapers of general circulation within the Area; and

WHEREAS, DPD requests that the Commission recommend to City Council that the Company be designated as the developer for the Project and that DPD be authorized to negotiate, execute and deliver a redevelopment agreement with the Company for the Project, if no responsive alternative proposals are received by DPD within fourteen days after publication of the Notice; 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 authorizes DPD to publish the Notice.

Section 3. The Commission hereby recommends to City Council that the Company, or an entity formed by the Company in which the Company serves as a managing general partner or managing member and in which one or more tax credit purchasers invest as limited partners or members, 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 Company or such other entity, for the Project, so long as no responsive alternative proposals are received by DPD within the time recited above.

Section 4. 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 5. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.

Section 6. This resolution shall be effective as of the date of its adoption.

Section 7. A certified copy of this resolution shall be transmitted to the City Council.

ADOPTED: 4/13, 1999

Attachments: Exhibit A, Street Boundary Description
Exhibit B, Form of Notice requesting Alternative Proposals

DEPARTMENT OF PLANNING AND DEVELOPMENT
CITY OF CHICAGO

201 N. WELLS, L.L.C. - SUMMARY SHEET
CENTRAL LOOP TIF

April 13, 1999

ACTION

- REQUESTED:**
- 1) Approve the Advertisement of the Department of Planning and Development's intention to negotiate a Redevelopment Agreement with 201 N. Wells, L.L.C. for the use of TIF funds for the redevelopment of a site at 201 N. Wells Street, located within the Central Loop TIF; and
 - 2) Approve a request for alternate proposals; and
 - 3) Recommend the designation of 201 N. Wells, L.L.C. as developer if no responsive alternate proposals are received.

PROJECT: Rehabilitation and historic restoration of the 28-story Trustees System Service Building for reuse as 293 units of rental apartments, 59 (20% of which will be affordable to households earning 80% of area median income), and 16,984 square feet of retail/commercial space on the first and second floors.

ADDRESS: 201 N. Wells Street at W. Lake Street

**ALDERMAN/
WARD:** Alderman Burton Natarus of the 42nd Ward has indicated his support verbally, in a briefing regarding this project held February 2, 1999.

**AMOUNT/TYPE
OF ASSISTANCE:** TIF funds in an amount not to exceed the lesser of \$7,000,000 or 17.2% of the total project budget (now estimated at \$40,602,000) to be funded from the Central Loop TIF incremental tax revenues or bond proceeds secured by incremental tax revenues for TIF-eligible costs.

DEVELOPER: 201 N. Wells, L.L.C., an affiliate of American Invsco

ISSUES: DPD is not aware of any issues that would negatively impact this project or the designation of this developer.

COMMUNITY DEVELOPMENT COMMISSION MEETING
April 13, 1999

STAFF REPORT

MR . CHAIRMAN AND MEMBERS OF THE COMMISSION

The Resolution before you requests that you:

- 1) Grant authority to publish notice of the intention of the City of Chicago to negotiate a redevelopment agreement with 201 N. Wells, L.L.C. for development of a site in the Central Loop Redevelopment Project Area (see attached map); and
- 2) Request alternative proposals; and
- 3) Recommend to the City Council of the City of Chicago the designation of 201 N. Wells, L.L.C. as the developer if no other responsive alternative proposals are received.

BACKGROUND

The property to be redeveloped is located within the Central Loop Tax Increment Financing Redevelopment Project Area (see attached map). On December 10, 1996, immediately following a public hearing, the Community Development Commission (CDC) recommended approval of the expansion of the North Loop Tax Increment Redevelopment Area to create an expanded redevelopment project area referred to as the Central Loop Tax Increment Financing Redevelopment Project Area (the "Area"). The Area was established by the City Council on February 7, 1997.

The site proposed for redevelopment is the Trustees System Service Building located at the northeast corner of Wells and Lake Streets, and commonly referred to by its address, 201 N. Wells. The original building was completed in 1930 and occupied by the national headquarters for the Trustees System Service bank. It was the last skyscraper built in Chicago before the stock market crash and resulting depression.

The building was hailed as a "symphony in stone" when it opened in the 1930 as a private bank building due to the use of shaded brick on the facade, from purple at the 4th level, to buff at the tower, a style unique in Chicago. The lobby included a 2-story "grand entrance" with rare Red Numidian marble walls and flooring, only one of three buildings in the United States to be constructed with this material. The lobby is also adorned by decorative panels by Gwen Lux and detailed grillwork by Edgar Miller that depict symbols of commerce throughout history.

Following depositor riots in 1932, the bank was declared insolvent and closed its doors in 1933. Although now 95% vacant, its most current use has been Class C office space. Numerous owners since have been unsuccessful in effectively both maintaining this architectural gem and in using it to capacity as Class C office space, resulting in its current state of advanced deterioration and under use. In addition, its proximity to the El tracks have further contributed to its decline.

DEVELOPMENT PROJECT

Proposed Developer

The proposed developer of the property is 201 N. Wells, L.L.C., an affiliate of American Invsco. Attached is an organization chart that details its ownership structure. At closing, the property will be transferred to a new entity that will have the 201 N. Wells, L.L.C. as managing partner/member and the balance (up to 99%) owned by the historic tax credit buyer (TBD).

Proposed Development Project

The project calls for the renovation and restoration of the Trustees System Services Bldg. at 201 N. Wells St. Street. This 28-story art deco building, located in the northwest corner of Chicago's Loop was recently placed on the National Register of Historic Places. Upon completion, it will contain 7,475 sq.ft. of retail and lobby space on the first floor; 9,509 sq. ft. of retail, office and/or commercial space on the second floor; and 293 units/173,032 sq. ft. of residential rental space on floors three - 28, for a total of approximately 264,778 square feet, including common areas.

Scope

Exterior restoration of the building will include facade cleaning, repairs, and replacement of shaded brick and terra cotta; windows replacement; restoration of the Lake and Wells Streets entrances and ground floor storefronts; and replacement of all mechanical systems. Interior work will include the restoration of the lobby's two-story "grand entrance", rare Red Numidian marble walls and flooring, and of the decorative stone panels and detailed grillwork.

In addition the building will be brought up to fire code standards, and additional improvements such as landscaping at ground level and of common roof deck, flower boxes, awnings, special lighting, and signage acceptable to the City will be added.

DEAL STRUCTURE

The City intends to negotiate a redevelopment agreement with 201 N. Wells, L.L.C. and provide 201 N. Wells, L.L.C. with an amount of TIF assistance equal to the lessor of \$7 million or 17.2% of the total project budget from incremental tax revenues or bond proceeds secured by incremental tax revenues. Costs will be paid from pro rata shares of developer equity and lender financing, with the TIF assistance being 17.2% of the total project budget. The amount of TIF assistance of \$7 million is based on the total project budget of \$40,602,000.

The City will require a Letter of Credit in the amount equal to the TIF assistance (\$7 million) to be in effect until a Certificate of Completion is issued. The balance of this L/C will decline as construction is complete.

In addition, the City's right to recover bond proceeds or tax increment shall be secured by a junior mortgage (in an amount equal to the amount of TIF assistance to be provided), and by a Letter of Credit (which shall be in addition to the TIF Payment L/C) in an amount equal to 2.5% of the project budget or an amount equal to the Developer's fee, whichever amount is greater, for the life of the TIF District.

The Developer will be expected to comply with all City requirements, including M/WBE, Prevailing Wage, and City Residency. In fact, the Developer has already made initial outreach to the area

minority and women contractor association, by meeting with all four associations and presenting the project to their full memberships.

Project Budget

<u>Sources:</u>			<u>Uses:</u>		
Equity	3,374,000	8.3%	Acquisition	6,600,000	16.3%
Tax Credit Equity	6,012,400	14.8%	Hard Costs	23,972,600	59.0%
Lender Financing	24,215,600	59.6%	Soft Costs	6,676,900	16.4%
TIF Assistance	7,000,000	17.2%	Contingency	2,347,400	5.8%
		0.0%	Developer Fee	1,005,100	2.5%
	<u>40,602,000</u>	<u>100.0%</u>		<u>40,602,000</u>	<u>100.0%</u>

CONFORMANCE WITH THE REDEVELOPMENT PLAN

The uses of the subject property proposed by 201 N. Wells, L.L.C. are consistent with the Central Loop Tax Increment Financing Redevelopment Plan and Project (the “Plan”) in terms of land use and the furthering of the Plan’s goals and objectives. With regard to land uses, the Plan states that residential/commercial mixed uses are permitted throughout the Area.

BENEFITS

Taxes

Based upon an independent analysis provided by the Developer, the project will generate a substantial increase in its share of real estate taxes. Based upon the year following a full year of operation, the analysis estimates the an annual increase of approximately 59%, or \$500,000.

Jobs

The Project will be expected to directly create 10 full-time and 350 temporary construction jobs. The Project will also indirectly generate jobs associated with the retail/commercial space.

Quality of Life

The substantial rehabilitation of this historically significant, 95% vacant, 28-story art deco skyscraper within the downtown business district will inevitably have numerous benefits throughout the Area. These include the beautification and reuse of a highly-visible eyesore on the National Register of Historic Places; streetscaping in the form of sidewalk improvements, seasonal plantings, and lighting; addition of affordable rental housing downtown that will generate additional business and shopper traffic; potential to stimulate further development in the northwest corner of the loop that shows some characteristics of blight.

Public Benefits Programs

The Developer is in the process of evaluating what types of community outreach programs will be best suited to this project. As part of previous projects, American Invsco and its affiliated development entities have established the following public benefits programs:

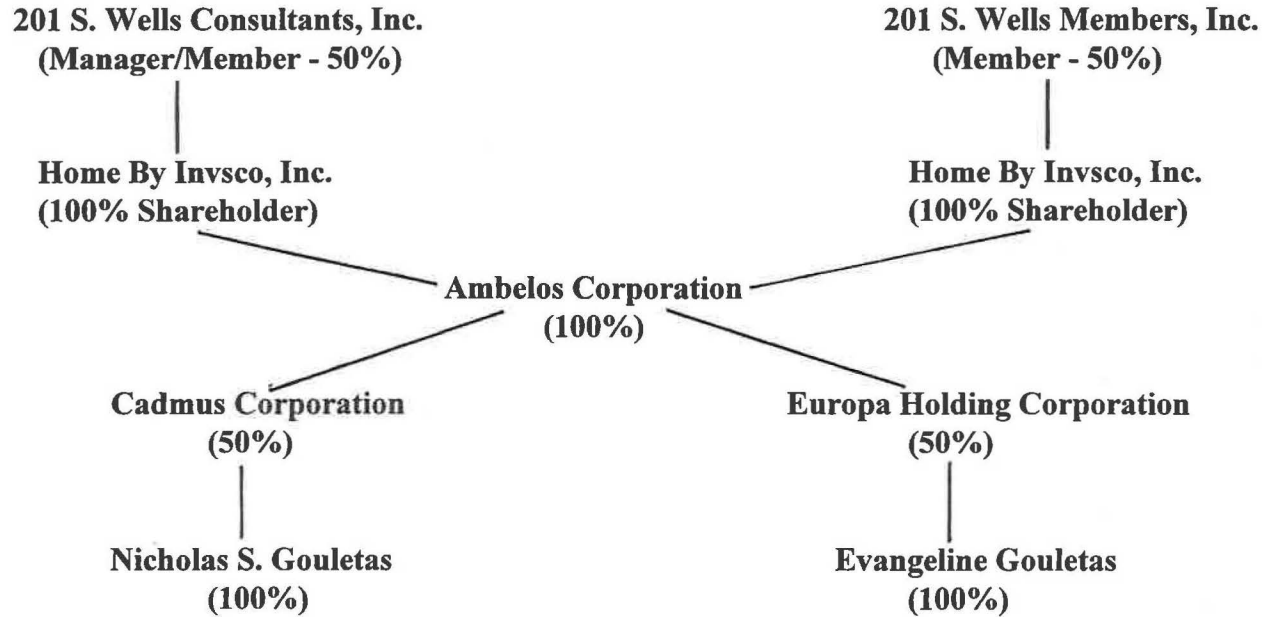
<u>Project</u>	<u>Program</u>
801 S. Wells	Donated \$3 million plus a unit on-site to establish a Chicago-based headquarters for the Center for Excellence. This east coast-based non-profit organization sponsors summer education programs at MIT for economically disadvantaged high school students to prepare them for college experience.
Lake Point Tower	Donated \$100,000 to multiple sclerosis
Haberdasher Lofts	Partnered w/Old St. Patrick's church to provide funding and programming assistance

RECOMMENDATION

The Department of Planning and Development recommends that the Community Development Commission take the following actions, as embodied in the attached resolutions:

1. Grant authority to publish notice of the intention of the City of Chicago to negotiate a redevelopment agreement for development of a site in the Central Loop Redevelopment Project Area (see attached map) with 201 N. Wells, L.L.C.; and
2. Request alternative proposals; and
3. Recommend to the City Council of the City of Chicago the designation of 201 N. Wells, L.L.C. as the developer if no other responsive alternative proposals are received.

**201 N. Wells, L.L.C.
Owner/Developer**



Directors and Officers of Members

Directors: Steven E. Gouletas
Daniel J. Monroe

Officers: Steven E. Gouletas - President
Nicholas V. Gouletas - Vice President
Daniel J. Monroe - Vice President
Anthony R. DeBenedetto - Secretary
James Schwark - Treasurer

CENTRAL LOOP
REDEVELOPMENT PROJECT AREA

201 N. Wells

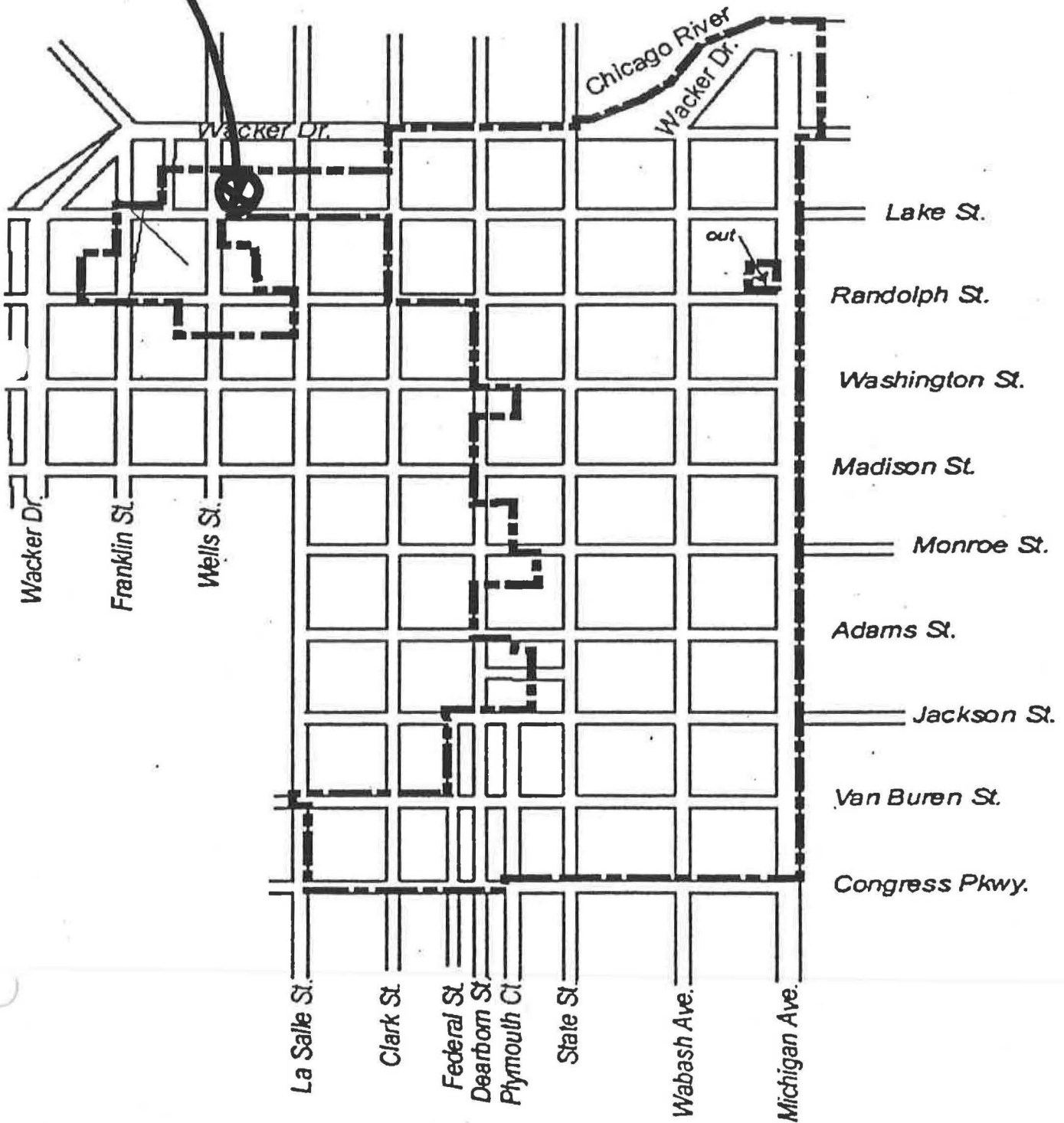


EXHIBIT A

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

The Area is irregularly shaped and generally bounded by Wacker Drive on the north, Michigan Avenue on the east, Congress Parkway on the south, and Dearborn, LaSalle, and Franklin Streets on the west.