

TIF PROJECT SCORECARD

DeVry Online

300 S. Riverside Plaza

DeVry Inc. proposes to relocate existing online operations from their current 3300 N Campbell location to 300 S Riverside Plaza, they will retain 150 jobs and create 450 jobs by 2021. The total project cost is \$6,550,883 with \$1,000,000 in TIF assistance (15.26% TPC). DeVry has chosen to stay and expand in Chicago instead of relocating to another building in Decatur, GA which they own.

Type of Project: Office

Total Project Cost: \$6,550,883

TIF Funding Requested: \$1,000,000

TIF District: LaSalle/Central TIF, 2nd Ward

Developer: DeVry Inc.

Timeline for Completion: Occupancy anticipated by June, 2012.

Project Status: CDC public hearing. May 8, 2012

RETURN ON INVESTMENT BENCHMARKS

Advances Goal of Economic Development Plan

Yes - Increase the region's attractiveness as a center for business services and headquarters.

Advances Goal of TIF District

Yes - Promote the area as a center of employment and commercial activity, through the attraction and retention of major employers and corporate headquarters.

Addresses Community Need

Yes - Reoccupying existing but vacant, or underutilized, office space.

Jobs Created/Retained

150 retained, 450 created, 850 committed in city

Affordable Housing Units Created/Preserved

N/A

Return on Investment to City

Total salaries for lease term: \$265,497,430

FINANCIAL BENCHMARKS

Other Funds Leveraged by \$1 of TIF

\$5.55

Types of Other Funding Leveraged

Yes - internal capital

Financing Structure

Grant

RDA TERMS

Payment Schedule

10 annual payments of \$100,000 each.

Taxpayer Protection Provisions

Yes - Terminate payments and the right to seek reimbursement if the developer fails to occupy and maintain jobs for 10 years.

Monitoring Term of Agreement

10 years after completion

OTHER CONSIDERATIONS

N/A



**City of Chicago
Department of Housing and Economic Development**

**STAFF REPORT
TO THE
COMMUNITY DEVELOPMENT COMMISSION
REQUESTING DEVELOPER DESIGNATION
May 8, 2012**

I. PROJECT IDENTIFICATION AND OVERVIEW

Project Name:	DeVry Online Operations
Applicant Name:	DeVry Inc.
Project Address:	300 South Riverside Plaza (leased premises within)
Ward and Alderman:	2 nd , Alderman Robert Fioretti
Community Area:	Near West Side, 28
Redevelopment Project Area:	LaSalle Central TIF
Requested Action:	TIF Developer Designation
Proposed Project:	Establishment of online operations facility and redevelopment of portions of 300 S. Riverside Plaza.
TIF Assistance:	\$1,000,000 in area-wide TIF assistance is being requested from LaSalle/Central TIF to offset rehabilitation costs.

II. PROPERTY DESCRIPTION

Address:	300 S. Riverside Plaza (leased premises within)
Location:	Southeast corner of Jackson and Canal
Tax Parcel Numbers:	17-16-121-003-6002
Land Area:	87,759 sq. ft.
Current Use:	DeVry Inc. will occupy 53,000 sq. ft. of the 1.1 million sq. ft. building (22 stories)
Current Zoning:	Planned Development No. 27

III. BACKGROUND

The Property is located within the LaSalle/Central Tax Increment Financing Redevelopment Project Area (the "Area"), which was established by the City Council on November 15, 2006. The Area is generally located within the Loop Community Area and 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.

The Property, 300 South Riverside Plaza, is located on the southeast corner of West Jackson Boulevard and South Canal Street. The building was constructed in 1983 and is located in Planned Development #27 zoning district.

IV. PROPOSED DEVELOPMENT TEAM

Development Entity:

DeVry Inc. is a global provider of educational services, and the parent organization of Advanced Academics, American University of the Caribbean, Becker Professional Education, Carrington College, Carrington College California, Chamberlain College of Nursing, DeVry Brasil, DeVry University, and Ross University Schools of Medicine and Veterinary Medicine. These institutions offer a wide array of programs in business, healthcare and technology. DeVry's institutions serve students in secondary through postsecondary education and professionals in accounting and finance.

The company currently has 400 employees at three (3) different locations in Chicago.

Consultants: DeVry has retained Jones Lang LaSalle as its real estate consultant, Johnston Greene LLC as its project management consultant in connection with the relocation.

V. PROPOSED PROJECT

Project Overview:

DeVry plans to relocate its Online Operations from the existing Chicago facility located at 3300 N. Campbell to 300 S. Riverside Plaza located in the 2nd Ward, within the LaSalle/Central TIF. DeVry plans to renovate approximately 53,000 square feet of office space in the existing 22-story office building with 1.1 million total square feet of office space for its Online Operations.

The Developer plans to relocate 150 full-time employees from 3300 N Campbell Street to the new Riverside Plaza location. DeVry proposes to increase the total number of employees at the property to 600 FTE's by the end of 2021. The City intends to reimburse the Developer for a portion of its TIF-eligible improvements in an amount not to exceed the lesser of \$1,000,000 or 15.3% of the Total Project Costs, currently estimated to be \$6,550,883.

DeVry Inc. will create and retain jobs at the 300 South Riverside Plaza location for a period of 10 years from the issuance of the Certificate of Completion as summarized in the following table:

Date	Retained Jobs	Newly Created Jobs	Total Jobs At Site	Total Citywide jobs
1 st year (2012)	150	60	210	460
2 nd year (2013)		65	275	525
3 rd year (2014)		75	350	600

4th year (2015)		75	425	675
5th year (2016)		75	500	750
6th year (2017)		20	520	770
7th year (2018)		20	540	790
8th year (2019)		20	560	810
9th year (2020)		20	580	830
10th year (2021)		20	600	850
Total:	150	450	600	850

\$1,000,000 in area-wide TIF assistance is being requested from the LaSalle/Central TIF to offset rehabilitation costs. Requested TIF assistance represents 15.3% of TPC or \$1,667 for each retained or new job.

DeVry has chosen Chicago over an alternative building DeVry owns in Decatur, Georgia. By choosing to expand in Chicago, DeVry will incur additional \$5,512,512 in labor and real estate costs over the term of the lease as illustrated in below tables.

Real Estate Expense Comparison (Chicago vs. Decatur, GA)			
	Chicago	Decatur, GA	Difference
Total Base Rent Amount	\$ 12,558,044	\$ 8,000,000	\$ 12,558,044
TI Cost (\$115.56 x 53,000)	\$ 6,124,680	\$ 3,084,640	\$ 3,040,040
TI Allowance (\$63.5 / sf)	\$ (3,365,500)	\$ -	\$ (3,365,500)
Rent Abatement 1st year (100% base rent)	\$ (980,500)	\$ -	\$ (980,500)
Rent Abatement 2-4 year (25% of base rent)	\$ (1,056,277)	\$ -	\$ (1,056,277)
TOTAL REAL ESTATE COST	\$ 13,280,447	\$ 11,084,640	\$ 2,195,807

Labor Cost Comparison (Chicago vs. Decatur, GA)					
DeVry Jobs	Job #	Chicago, IL		Decatur, GA	
		Mean Wage	Total	Mean Wage	Total
Executive	5	\$ 257,836	\$ 1,289,180	\$ 242,896	\$ 1,214,480
Supervisors of Admission	55	\$ 75,320	\$ 4,142,600	\$ 68,077	\$ 3,744,235
Admission Advisors	540	\$ 43,239	\$ 23,349,060	\$ 37,973	\$ 20,505,420
Total	600		\$ 28,780,840		\$ 25,464,135
Difference					\$ 3,316,705

VI. FINANCIAL STRUCTURE

The City of Chicago, through its Department of Housing and Economic Development (“HED”), intends to negotiate a Tax Increment Financing (TIF) Redevelopment Agreement (the “TIF RDA” or the “RDA”) with DeVry Inc. in connection with the Project. The City intends to provide DeVry Inc.

with TIF assistance in an amount not to exceed \$1,000,000 or approximately 15.3% of project costs estimated to be \$6,550,883. TIF funds will only be used to reimburse DeVry Inc. for TIF-eligible costs associated with the renovation of the DeVry Online space at 300 South Riverside Plaza.

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 maximum of \$1,000,000 (or 15.3% of TPC) of City Funds will be provided through ten (10) equal, annual payments on the basis of retaining the relocated and created jobs at the DeVry space according to the Job Schedule shown in Section V above. DeVry must retain the jobs as described in the Jobs Schedule, for a period of ten (10) years from the issuance of a Certificate of Completion. The ten equal, annual payments of \$100,000 will commence upon the 1-year anniversary of the issuance of the Certificate of Completion.

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	\$3,185,383	48.6%
Tenant Imp. Allowance	<u>\$3,365,500</u>	<u>51.4%</u>
Total Sources	\$6,550,883	100%

<u>Uses</u>	<u>Amount</u>	<u>\$/sf of Building*</u>
Construction	\$3,738,520	\$70.54
Soft Costs	353,478	\$ 6.67
Project Management	27,080	\$ 0.51
Furniture	1,333,204	\$25.15
IT Telephony Equipment	318,507	\$ 6.01
IT Computer Equipment	330,000	\$ 6.23
Audio Visual	88,132	\$ 1.66
Signage	54,000	\$ 1.02
Security	37,555	\$ 0.73
Telecommunication Cabling	170,407	\$ 3.22
Moving	<u>100,000</u>	<u>\$ 1.89</u>
	<u>\$6,550,883</u>	<u>\$123.63</u>

*Gross Leased area is 53,000 square feet

VII. PUBLIC BENEFITS

The proposed project will provide the following public benefits:

Short and Long-Term Jobs:

- **Permanent Jobs:** The project will retain and relocate 150 full-time positions into the project location. The project will create an additional 450 full-time permanent jobs by 2021 and the developer estimates that 70% of the retained and new jobs will be filled by Chicago residents.
- **Construction Jobs:** The project will produce 125 temporary construction jobs.

Environmental Features

- The project will be certified LEED Commercial Interior (LEED CI) standards.

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 twenty 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 Robert Fioretti endorses the project. A letter of support is attached to this report.

IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN

The Project is located in the LaSalle Central Tax Increment Financing Redevelopment Project Area. The Project will satisfy the following goals of the redevelopment plan:

- Provide resources for the rehabilitation and modernization of existing structures.
- Promote the Redevelopment Project Area as a center of employment and commercial activity, through the attraction and retention of major employers and corporate headquarters.
- Encourage environmentally-sensitive development, including development that achieves LEED certifications.
- Support job training programs and increase employment opportunities for City residents.

X. CONDITIONS OF ASSISTANCE

If the proposed resolution is approved by the CDC, DHED will negotiate a Redevelopment Agreement (RDA) with the Developer. The RDA will incorporate the parameters of the proposed project as described in this staff report.

It is DHED 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 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

DHED 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 DHED recommends that the CDC recommend to the City Council the designation of DeVry Inc. as developer for redevelopment of 300 S. Riverside Plaza. DHED also requests that the Commission provide DHED with authority to negotiate, execute and deliver on the City's behalf, a redevelopment agreement and a grant agreement with DeVry Inc. for the Project.

EXHIBITS

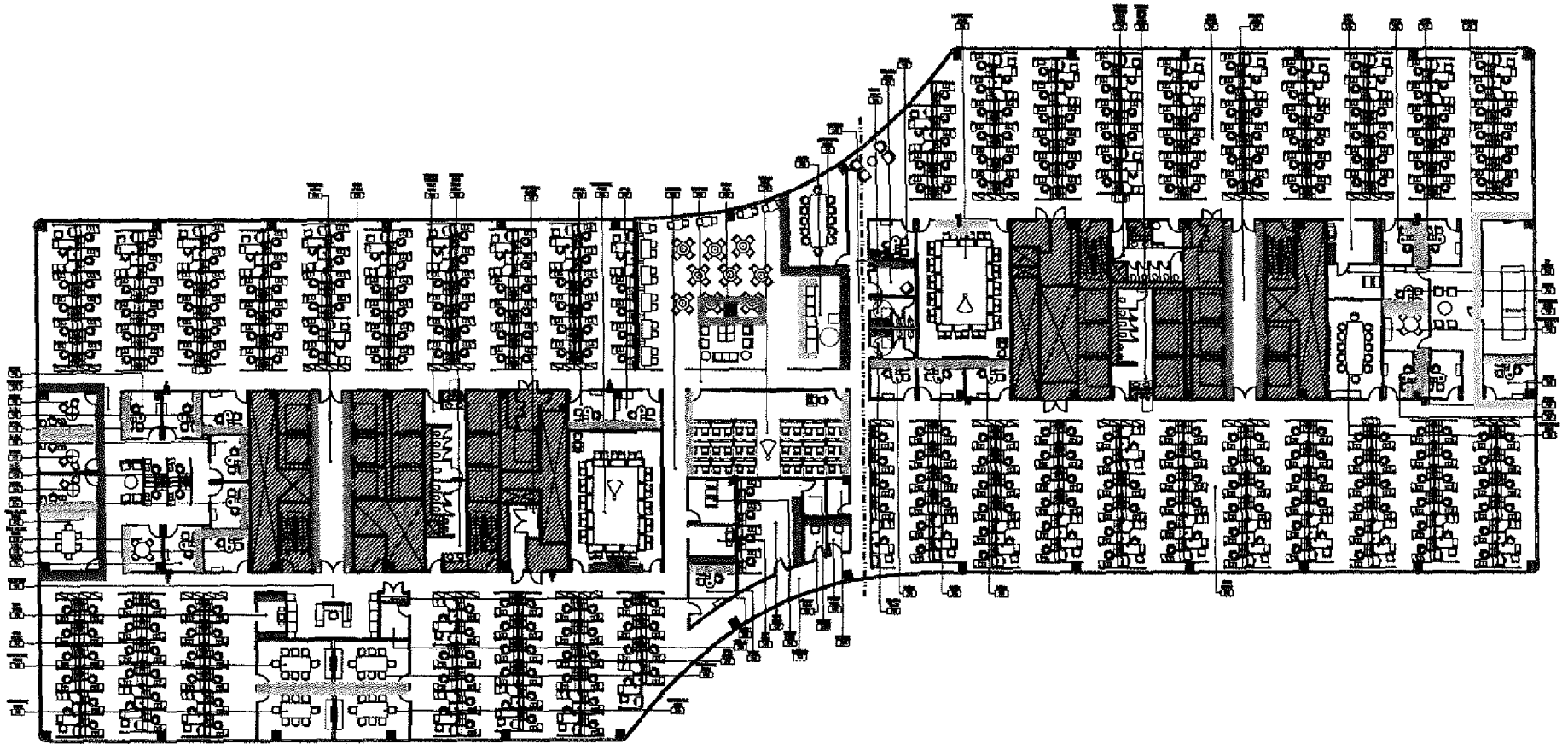
Redevelopment Area Map
Neighborhood Maps and Aerial
Typical Floor Plan
TIF Project Assessment Form
Employer Personnel Needs Assessment Form
Alderman's Letter of Support
M/WBE Letter and Copies of M/WBE Certified Letter Receipts
Economic Disclosure Statement
Familial Relationships EDS Affidavit Appendix A

LaSalle Central TIF



2009 Aerials





IA INTERIOR ARCHITECTS
CHICAGO

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Job Number: 051428.00

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