

**DEPARTMENT OF PLANNING AND DEVELOPMENT
CITY OF CHICAGO
COMMUNITY DEVELOPMENT COMMISSION
May 9, 2000**

SUMMARY SHEET

ACTION

- REQUESTED:** (1) Grant authority to publish a notice of the intention of the City to negotiate a Redevelopment Agreement with Prime/Beitler Development Company L.L.C. for the use of excess incremental tax revenues for the development of 131 S. Dearborn Street (the "Project") located within the Central Loop Tax Increment Financing Redevelopment Project Area (the "Area"); and
- (4) Authorize a request for alternative proposals for the redevelopment of the Project located within the Area; and
- (5) Recommend to the City Council of the City of Chicago the designation of Prime/Beitler Development Company L.L.C. as developer of the Project if no responsive alternate proposals are received

PROJECT: Dearborn Center, an office and retail development containing 1.5 million square feet of leasable space, and parking.

LOCATION: The project is located at 131 S. Dearborn Street in the Central Loop District.

DEVELOPER: Prime/Beitler Development Company L.L.C.

TYPE OF ASSISTANCE:

The City intends to fund certain TIF-eligible costs in an amount not to exceed the lesser of \$8,500,000 or 3% of total project costs (now estimated at \$332,536,000). Funding will be in the form of a taxable developer note to be repaid from excess incremental tax revenues generated by the Project itself.

PROJECT BENEFITS:

The project will strengthen the downtown office and retail market, including the southern end of State Street, develop a formerly vacant parcel of land, generate approximately \$70 million in incremental real estate tax revenues during the remaining life of the TIF, create approximately 1407 temporary construction jobs and create or retain approximately 3,600 full-time-equivalent office and retail permanent jobs. The project is also a major incentive for Bank One to consolidate and retain jobs in downtown Chicago, rather than other out-of-state options.

WARDS/ALDERMEN:

42nd Ward/Burton F. Natarus

SUMMARY

The project calls for the construction of 131 S. Dearborn to provide 1.4 million square feet of leasable office space, and 100,000 sq. ft. of retail space, including specialized space designed to serve the complex needs of Bank One's 24-hour, 7-days-a-week operations. 210 parking spaces will also be constructed underground for office and retail use. Bank One will occupy over 600,000 square feet of the office space, and holds an option for 300,000 additional square feet.

ISSUES

None.

COMMUNITY DEVELOPMENT COMMISSION MEETING

May 9, 2000

**STAFF REPORT REGARDING A RESOLUTION
TO NEGOTIATE A REDEVELOPMENT AGREEMENT WITH PRIME/BEITLER
DEVELOPMENT COMPANY L.L.C.
WITHIN THE
CENTRAL LOOP TAX INCREMENT FINANCING REDEVELOPMENT PROJECT AREA**

AND

**TO RECOMMEND TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
THE DESIGNATION OF
PRIME/BEITLER DEVELOPMENT COMPANY L.L.C.
AS THE DEVELOPER IF NO OTHER
RESPONSIVE ALTERNATIVE PROPOSALS ARE RECEIVED**

MR. CHAIRMAN AND MEMBERS OF THE COMMISSION:

The Resolution before you requests that you:

- (1) Grant authority to publish a notice of the intention of the City to negotiate a Redevelopment Agreement with Prime/Beitler Development Company L.L.C. for the use of excess incremental tax revenues for the development of 131 S. Dearborn Street (the "Project") located within the Central Loop Tax Increment Financing Redevelopment Project Area; and
- (4) Authorize a request for alternative proposals for the redevelopment of the Project located within the Area; and
- (5) Recommend to the City Council of the City of Chicago the designation of Prime/Beitler Development Company L.L.C. as developer of the Project if no responsive alternate proposals are received

DEVELOPMENT PROJECT

The project is located on a 1.53 acre vacant site which occupies the half-block between State and Dearborn Streets on the north side of Adams Street. This site was formerly occupied by the Montgomery Ward department store which was demolished shortly after the store closed in 1985. The proposed project calls for the construction of 131 S. Dearborn, an office and retail building with a 36-story tower facing Dearborn Street and an 11-story section facing State Street. The development would contain 1.4 million square feet of leasable office space, and 100,000 sq. ft. of retail space, including specialized space designed to serve the complex needs of Bank One's 24-hour, 7-days-a-week operations. 210 parking spaces would also be constructed on two underground levels for office and retail use. Bank One would occupy over 600,000 square feet of the office space and hold an option for 400,000 additional square feet. Their lobby would be on Dearborn Street, while the main entrance to the retail space would be located on State Street, with an escalator leading to lower level retail from a central lobby. Retail spaces with separate entrances would also line Adams Street. Parking and loading would be accessed from Marble Place.

In order to meet the special needs of Bank One, the anchor tenant, the developer estimates in excess of \$23 million in extraordinary costs for 28 special items, including holding 400,000 square feet in office space for the tenant's future expansion, and special floor, HVAC, security systems, telecommunications, elevators, data capacity, power and other Bank One specific needs. The various high-tech features required by Bank One add significant costs to building. Bank One also requires other concessions to ensure their continued presence in the City. The City's TIF assistance is required to provide this specialized office space to Bank One, and to allow the developer to realize reasonable return.

ARCHITECTURAL FEATURES AND AMENITIES

The structure would be built in a modernist style, and would be clad in tinted, low-reflective grey glass with stainless steel banding, cornices, and accents. Large sweeping bays would project high over the sidewalk (63 ft) on Dearborn and Adams Street, while an inverted bay would be featured on State Street. The top of the building would be lit. A 45-foot-high pedestrian arcade would be provided on Dearborn Street with stainless steel columns.

Other features include the underground parking, street level and mezzanine retail, upper level setbacks, Dearborn Street Arcade, \$1 million worth of streetscape improvements, and a "green roof" above the State Street portion of the project, which would consist of intensive plantings over a large area of the roof as a part of the City's new environmental initiative to cool down the Loop.

CONSTRUCTION SCHEDULE

Construction is expected to begin as soon as lender financing is secure, which is projected for June, 2000. Construction of the Project is due to be completed in the third quarter of 2002, with occupancy of retail and parking in the second quarter of 2002 and first quarter of 2003, and of the office space in the third quarter of 2002 to the second quarter of 2003.

FINANCING

The City intends to fund certain TIF-eligible costs in an amount not to exceed the lesser of \$8,500,000 or 3% of total project costs (now estimated at \$332,536,000) provided that the Project is constructed as approved, and that all other requirements, including M/WBE and those for job creation and retention and City approval of retail tenants are met. Funding will be in the form of a developer note, with interest, to be repaid from excess incremental tax revenues generated by the Project. Payment will begin upon issuance of a Certificate of Completion,