


STATE OF ILLINOIS)
)SS
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 8th day of June, 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 the 8th Day of June, 1999



ASSISTANT SECRETARY
Raymond Redell

99-CDC- 104

COMMUNITY DEVELOPMENT COMMISSION
OF THE
CITY OF CHICAGO

RESOLUTION NO. 99-CDC-~~104~~

AUTHORITY TO

PUBLISH NOTICE
OF THE INTENTION OF THE CITY OF CHICAGO
TO NEGOTIATE A
REDEVELOPMENT AGREEMENT WITH
ONE SOUTH STATE STREET, LLC
FOR A SITE LOCATED AT ONE SOUTH STATE STREET
WITHIN THE
CENTRAL LOOP
REDEVELOPMENT PROJECT AREA,

AND

TO CONVEY THE LEASED FEE INTEREST IN PARCELS
17-15-100-023; -024; -017; -010
IN THE CENTRAL LOOP TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AREA

AND

TO REQUEST ALTERNATIVE PROPOSALS,

AND

RECOMMEND TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
THE DESIGNATION OF
ONE SOUTH STATE STREET, LLC
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.) (1996 State Bar Edition) (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 Commercial District Development 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 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, staff of the City's Department of Planning and Development ("DPD") entered into discussions with One South State Street, LLC, an Illinois limited liability company ("OSSS") concerning the redevelopment of that certain retail store commonly referred to as the "Carson Pirie Scott & Company Department Store" ("Carsons"), which is located at One South State Street in the Area; and

WHEREAS, OSSS has presented to the DPD a proposal for the redevelopment of Carson's consisting of inter alia the restoration of the facade of Carson's in accordance with its status as a City of Chicago landmark, and the renovation and conversion to office use of the floors above the retail space of Carson's (collectively, the "Project"), which Project is in conformity with the Plan; and

WHEREAS, a portion of the land upon which Carson's is constructed is leased by Carson's pursuant to certain ground leases having various terms and conditions; and

WHEREAS, in order to facilitate the Project, the City intends to acquire the leased fee interest related to such ground leases, which, pursuant to the terms of a redevelopment agreement, will be conveyed to OSSS; and

WHEREAS, pursuant to the terms of the redevelopment agreement, OSS will agree to reimburse the City on a 50/50 basis if the acquisition costs for the leased fee interest related to such ground leases exceeds the sum of Eight Million Dollars (\$8,000,000) in the aggregate; 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 DPD is hereby authorized to advertise its intent to negotiate a sale of the leased fee parcels and request alternative proposals for sale and redevelopment.

Section 4. Said proposals must be submitted in writing to DPD, ATTN: Tyrone Tabing, TIF Division, City Hall Room 1000, 121 N. LaSalle Street, Chicago, IL, 60602 within 14 days of the date of the first publication and shall contain the names of the parties offer price, evidence of financial qualifications, and timetable for redevelopment before said proposal will be considered.

Section 5. In the event that no other responsive proposals are received at the conclusion of the advertising period, the sale of the leased fee parcels described herein shall be recommended to the City Council without further Commission action.

Section 6. The Commission hereby recommends to City Council that, conditioned upon the passage of the TIF Ordinances by the City Council of the City, and subject to the condition described below, OSSS be designated the developer for the Project and that DPD be authorized to negotiate, execute and deliver on the City's behalf a redevelopment agreement with OSSS for the Project, so long as no responsive alternative proposals are received by DPD within the time recited above.

Section 7. 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 8. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.

Section 9. This resolution shall be effective as of the date of its adoption.

Section 10. A certified copy of this resolution shall be transmitted to the City Council.

ADOPTED: June 8, 1999

Attachments: Exhibit A, Description of the Area
Exhibit B, Form of Notice requesting Alternative Proposals

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COUNTY OF COOK)

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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 8th day of June, 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 the 8th Day of June, 1999



ASSISTANT SECRETARY
Raymond Redell

99-CDC- 105

COMMUNITY DEVELOPMENT COMMISSION
OF THE CITY OF CHICAGO

RESOLUTION NO. 99-CDC-105

AUTHORITY TO ACQUIRE THE LEASED FEE INTEREST IN
PARCELS 17-15-100-010; 017; 023 AND 024

LOCATED IN THE CENTRAL LOOP TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AREA

WHEREAS, Section 2-124 of the Chicago Municipal Code established the Community Development Commission ("Commission"); and

WHEREAS, the Central Loop Tax Increment Redevelopment Plan and Project ("TIF Plan") was approved by the City Council on February 7, 1997; and

WHEREAS, under Section 2-124-030(c) of the Code and Section 11-74.4-4(c) of the Tax Increment Allocation Redevelopment Act, 65 ILCS/11-74.4-1, *et seq.* ("Act"), the Commission has the power to, within a redevelopment project area, acquire by purchase, donation, lease or eminent domain; and may make recommendations to the City Council of the City ("Corporate Authorities") regarding such acquisition; and

WHEREAS, the municipality and its agent, the Commission, may pursuant to Section 11-74.4-4(c) of the Act exercise any and all powers necessary to effectuate the purposes of the Act, which includes procedures relating to the acquisition of real property; and

WHEREAS, the Department of Planning and Development has found that the acquisition of the leased fee interests in certain parcels, commonly known as 25 South State St., 12-14 East Monroe St., and 32-36 South Wabash Ave., identified as PINs 17-15-100-010; 017; 023 and 024, is necessary to the redevelopment of the whole property, commonly known as 1 South State St., of which the leased fee interests are a part, and said acquisition would further the goals of the Central Loop TIF Redevelopment Plan.

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

Section 1. The preambles thereto are incorporated herein as if set out in full.

Section 2. The Commission recommends to the City Council that the leased fee interests in certain parcels of property generally known as 25 South State, 12-14 East Monroe, and 32-36 South Wabash (identified as PINs 17-15-100-010; 017; 023 and 024) be acquired for redevelopment in furtherance of the Central Loop Redevelopment Plan and Project.

ADOPTED:

June 8 1999

**DEPARTMENT OF PLANNING AND DEVELOPMENT
CITY OF CHICAGO**

One South State Street, LLC

**Summary Sheet
Property Located at
One State Street between Madison and Monroe Streets
June 8, 1999**

Action Requested:

- 1) Approve the Advertisement of the Department of Planning and Development's intention to acquire and convey certain parcels of land to One South State Street, L.L.C. (the "developer") and to negotiate a Redevelopment Agreement with the developer for the use of TIF funds for the redevelopment of a site at the east side of State Street between Madison and Monroe Streets in downtown Chicago; and
- 2) Approve a request for alternate proposals; and
- 3) Recommend the designation of One South State Street, L.L.C. as developer if no responsive alternate proposals are received.

Developer: One South State Street, L.L.C.

Address: c/o Joseph Freed and Associates
1400 S. Wolf Road
Building 100
Wheeling, IL 60090

Summary of Redevelopment Project:

The Developer proposes to purchase the building from Carson Pirie Scott and convert the upper ten floors to office use. Currently, the upper floors are either vacant or underutilized space that Carsons uses as storage space. The redevelopment plan calls for the developer to create a separate lobby and elevator system that provides a sophisticated entrance to office tenants.

This redevelopment project will add over 400,000 square feet of leasable office space to State Street. The floors with the largest square footage available are floors 8-12 which have blocks of space available ranging from approximately 50,000 to 60,000 square feet. These floors offer flexibility and efficiency for tenants looking for large spaces and are considered ideal for corporate offices, support functions or educational use.

As part of this deal, Carson Pirie Scott has agreed to undertake a \$17 million capital expenditure plan for the years 1999-2000 and also to sign a 20-year lease for the lower six floors of the structure.

Type of Assistance:

The City intends to: 1.) provide the developer with \$5,500,000 in direct TIF assistance following the completion of certain milestones (e.g., the construction of the cornice and the build-out and lease of certain "blocks" of square feet in the office portion of building); and 2.) acquire the four ground leases and convey them for \$1 to the developer. The estimated total cost of the ground leases is \$6,000,000.

Ward: 42nd

Alderman: Burton F. Natarus

**COMMUNITY DEVELOPMENT COMMISSION MEETING
June 8, 1999**

**STAFF REPORT
One South State Street, L.L.C.**

**For a Property located at 1 South State Street
Central Loop TIF Redevelopment Project Area**

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 acquire and convey certain parcels of land to One South State Street, L.L.C. (the "developer") and to negotiate a redevelopment agreement with the developer for the renovation of upper floors of the Carson's department store located at 1 South State Street in the Central Loop TIF; and
2. Request alternative proposals; and
3. Recommend to the City Council of the City of Chicago the designation of One South State Street, L.L.C. as the developer if no alternative proposals are received.

THE PROPOSED DEVELOPER:

The proposed developer, One South State, L.L.C. (the "developer") is an Illinois limited liability corporation comprised of the following entities for which we have Economic Disclosure Statements on file:

<u>Entity</u>	<u>% of Ownership</u>
Laurance H. Freed	10%
DDL Limited Partnership	90%
- DDL Limited Partnership consists of the following entities:	
1.0%	DDL, Inc. (owned 100% by Laurance H. Freed)
33.3%	Debra F. Ruderman
33.3%	Daniel S. Freed
32.4%	Laurance H. Freed

BACKGROUND:

The Carson, Pirie Scott & Company building is located on the east side of State Street between Madison and Monroe Streets in downtown Chicago. A small portion of what would become the Carson Pirie Scott building was originally the Schlesinger and Mayer Department Store which

was built in 1872 following the Great Chicago Fire. Louis Sullivan designed the building that replaced the original department store. It ranks as one of the most important structures in early modern architecture and illustrates Sullivan's philosophy of, and genius for, architectural ornament. It also expresses the building technology that emerged in Chicago during the 1880's and 1890's, a technology that provided the basis for steel frame high-rise construction. The Carson Pirie Scott store is considered by many to be Sullivan's greatest masterpiece and one of the finest examples of commercial architecture anywhere in the world. The building is a National Historic Landmark and was designated a City of Chicago Landmark in 1970.

In addition to the Carsons site, the developer will acquire the majority of the buildings on the Wabash side of the block bounded by Madison, State, Monroe and Wabash streets (with the exception of the Mentor Building at the corner of Monroe and State).

REDEVELOPMENT PROJECT:

The Developer proposes to purchase the building from Carson Pirie Scott and convert the upper floors to office use. Currently, the upper floors are either vacant or underutilized space that Carsons uses as storage space with office tenants on upper floors in the Wabash/Monroe buildings. The redevelopment plan calls for the developer to create a separate lobby and elevator system that provides a sophisticated entrance to office tenants.

This redevelopment project will add over 400,000 square feet of leasable office space to State Street. The floors with the largest square footage available are floors 8-12 which have blocks of space available ranging from approximately 30,000 to 60,000 square feet. These floors offer flexibility and efficiency for tenants looking for large spaces and are considered ideal for corporate offices, support functions or educational use.

As part of this deal, Carsons has agreed to undertake a \$17 million capital expenditure plan for the years 1999-2001 and also to sign a 20-year lease for the lower seven floors of the structure. The \$17 million capital budget is in addition to the \$63 million budget shown on the attached Terms Sheet.

Exterior Renovation Program

The developer has agreed to a facade renovation program that is highlighted by the replacement of the Carson building's cornice which was removed in the 1940's. The estimated cost of the cornice is approximately \$4.2 million. In addition to replacing the cornice, the developer has agreed to a program of exterior renovations that includes the following:

- Haskell-Barker-Atwater Buildings - paint removed, masonry cleaned and repaired, repair of windows and storefronts.
- Terra Cotta cleaning and repairs (all buildings except Haskell-Barker-Atwater Bldgs.)
- Base and Storefronts - Bring entire building into uniform appearance (windows, storefronts, etc.)
- Improvements to upper-story Carsons windows.
- Lighting of the buildings.

Acquisition of Ground Leases

There are currently four non-contiguous ground leases underneath the subject property. These are long-term leases (some with terms of 100 years) that were negotiated at the turn of the century and will expire within the next two to twenty years. The previous owner (Carson, Pirie Scott) has been successful at acquiring the majority of the ground leases that were once in place. However, the four ground leases that remain have highly fragmented ownership and the previous owner and the current developer have been unable to successfully negotiate with the myriad parties that own a portion of the ground leases.

The building on the property is actually several interconnected buildings with Carson's store space and the upper floors spread across these buildings. If the fee to the ground leases property is not acquired then, not only the proposed project, but the continued existence of the Carson Pirie Scott store could be made impossible upon the expiration of the terms of the ground lease. For this reason the Department of Planning and Development proposes to use the City's power of eminent domain to acquire the ground leases and convey the land (with unencumbered title) to the developer for a \$1 fee.

PUBLIC BENEFITS:

- Allows for the adaptive use of a portion of a building that is predominantly vacant.
- Preserves and upgrades the landmark characteristics of the building.
- Secures the presence of Carson, Pirie Scott on State Street. *How long?*
- Promotes pedestrian traffic on State Street throughout the day.
- Creates (or retains) approximately 1,300 jobs in the office portion of project (assumes standard office uses and configurations).
- Creates 463 construction jobs.

RECOMMENDATION:

The Resolution before you requests that you:

1. Grant authority to publish notice of the intention of the City of Chicago to acquire and convey certain parcels of land to One South State Street, L.L.C. (the "developer") and to negotiate a redevelopment agreement with the developer for the renovation of upper floors of the Carson's department store located at 1 South State Street in the Central Loop TIF; and
2. Request alternative proposals; and
3. Recommend to the City Council of the City of Chicago the designation of One South State Street, L.L.C. as the developer if no alternative proposals are received.

**One South State Street, L.L.C.
Central Loop TIF Redevelopment Project Area (“Area”)
Basic Terms**

One South State Street, LLC (the “developer”) intends to purchase the Carson Pirie Scott building (and several adjacent properties) and convert the upper ten floors to office use. Currently, the upper floors of Carsons are either vacant or underutilized space that is used for storage space. In addition, the developer will undertake a facade renovation program to be approved by the City that will be highlighted by the replacement of the building’s former cornice.

The City intends to: 1.) provide the developer with \$5,500,000 in direct TIF assistance following the completion of certain milestones (e.g., the construction of the cornice and the build-out and lease of certain “blocks” of square feet in the office portion of building); and 2.) acquire the four ground leases and convey them for \$1 to the developer. The estimated total cost of the ground leases is \$6,000,000.

Specific provisions related to the City’s remedies upon default, the discontinuance of operations, the sale or transfer of interest in the property by the Developer, refinancing, casualty or condemnation of the project, and other conditions will be addressed in the redevelopment agreement.

SOURCES AND USES OF FUNDS

<u>Sources</u>		<u>Uses</u>	
Equity	\$ 1,715,865	Acquisition	\$16,189,858
Debt	50,956,144	Demolition	705,000
City TIF Assistance*	5,500,000	Base Building Improvements	6,983,000
Tax Credits	4,808,734	Sitework	4,657,500
TOTAL SOURCES	\$62,980,743	Lobby/Space build-out	6,632,000
		Tenant build-out	12,190,600
		Soft Costs	8,899,781
		Cornice	4,190,000
		Contingency	2,533,004
		TOTAL USES	\$62,980,743

* ‘City TIF Assistance’ does not include the cost of the City acquiring and conveying the four ground leases to developer.

EXHIBIT A

Street Boundaries of the Area

Central Loop Redevelopment Area Boundary Description

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.

EXHIBIT B

PUBLIC NOTICE is hereby given by the Community Development Commission ("CDC") of the City of Chicago (the "City") pursuant to Section 5/11-74.4-4© of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.) (1993) (the "Act"), that the City's Department of Planning and Development ("DPD") intends to negotiate a redevelopment agreement (the "Redevelopment Agreement") with One South State Street, LLC, (the "Company") pursuant to which the City intends to provide financial assistance to the Company, using tax increment allocation financing ("TIF") revenues pursuant to the Act, for a portion of the cost of constructing an industrial facility generally located at 1 South State Street in Chicago, Illinois (the "Site"), within the Central Loop Redevelopment Project Area (the "Area") established pursuant to the Act. The City's financial assistance will include conveyance of a portion of the site to the Company and is explained in greater detail in the terms sheet. The Area is irregularly shaped and generally bounded as follows:

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.

THE CITY HEREBY INVITES ALTERNATIVE PROPOSALS FOR THE REDEVELOPMENT OF THE SITE FOR CONSIDERATION BY THE CITY.

The documents listed below related to the Area and the Project are available for public inspection at the offices of DPD, Room 1000, City Hall, 121 North LaSalle Street, Chicago, Illinois between the hours of 9:00 a.m. and 4:00 p.m. Monday through Friday:

- (i) "Central Loop Redevelopment Area Project and Plan" (the "Plan");
- (ii) a terms sheet showing all proposed material terms of the Redevelopment Agreement as of the date hereof, including but not limited to an estimated Project budget setting forth the amount of financial assistance the City intends to provide to the Company for the Project; and
- (iii) the terms of all bids and proposals received, if any, by the City related to the Project and the Redevelopment Agreement.

Please contact Tyrone Tabing of DPD at (312) 744-0986 to review these materials and for information regarding the form required for proposals submitted to the City. Those submitting alternative proposals must be financially and otherwise qualified to complete the Project. The City reserves the right to reject any and all proposals. Proposals will be received by the City at DPD's offices, Room 1000, City Hall, 121 North LaSalle Street, Chicago, Illinois 60602, until April 1, 1999 at 10:00 a.m., at which time all alternative proposals will be opened and reviewed.

Elvin E. Charity, Chairman
COMMUNITY DEVELOPMENT COMMISSION
City of Chicago