



Office of the City Clerk

City Hall
121 N. LaSalle St.
Room 107
Chicago, IL 60602
www.chicityclerk.com

Legislation Text

File #: O2013-6106, Version: 1

ORDINANCE

WHEREAS, At the meeting of the City Council of the City of Chicago ("City Council") held on June 5, 2013, an ordinance was introduced at the request of the Commissioner of Housing and Economic Development that authorized a Class L tax status for property located at 12 South Michigan Avenue ("the Ordinance"). The Ordinance was referred to the Committee on Finance; and

WHEREAS, Following its passage, the Ordinance was published in the Journal of Proceedings, at which point it was discovered that the final page of Exhibit 2, and all of Exhibit 3, were missing from the Ordinance, along with a reference in the Ordinance to Exhibit 3; and

WHEREAS, It is necessary and appropriate to correct this error, so that Exhibits 2 and 3 are included in full, as well as a reference to Exhibit 3 in the final "whereas" clause of the Ordinance; and

WHEREAS, For the convenience of the reader and to avoid confusion, it is advisable to republish the ordinance and all its exhibits in their entirety instead of replacing pages in various locations within the ordinance; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The Journal of Proceedings of June 5, 2013 is hereby corrected by replacing pages 54020 through 54033 with the pages attached hereto as Exhibit A.

SECTION 2. This ordinance shall be effective upon passage and approval.

Edward M. Burke Alderman, 14th Ward

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ORDINANCE

WHEREAS, the City of Chicago (the "City") is a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois authorized to exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, the Cook County Board of Commissioners has enacted the Real Property Assessment Classification Ordinance, as amended (the "Classification Ordinance"), which establishes the Class L property tax classification to encourage the preservation and rehabilitation of certain historically and architecturally significant buildings, which will enhance the general character of real estate in the county and contribute to the economic well-being of the county by increasing the level of economic activity, increasing employment opportunities and contributing to the long-term growth of the real property tax base; and

WHEREAS, CAA Hotel Owner LLC, a limited liability company or its successor in interest (the "Owner"), is the owner of the historic building (the "Building") located at 12 South Michigan Avenue and 71

East Madison Street in Chicago, Illinois, as more precisely described in Exhibit 1 attached hereto and hereby made a part hereof (the land and improvements thereon being herein referred to as the "Project Real Estate"); and

WHEREAS, City Council of the City (the "City Council") adopted an ordinance on March 27, 2002, designating the Historic Michigan Boulevard District as a Chicago Landmark pursuant to the criteria then established in Section 2-120-620 of the Municipal Code of Chicago, and the Building is considered a contributing building to that district; such designation meets the definition of a "contributing" building within a landmark district pursuant to the Classification Ordinance; and

WHEREAS, the Owner proposes to rehabilitate the Building (referred to herein as the "Project") thereby preserving the historic building, increasing employment opportunities in the area and contributing to the long-term growth of the real property tax base; and

WHEREAS, the Owner anticipates using the Building for hotel and commercial purposes (the "Use") after the Project is completed; and

WHEREAS, the Owner has applied to the Office of the Assessor of Cook County, Illinois (the "Assessor"), for designation of the Project Real Estate as a Class L classification eligible for certain real estate tax incentives pursuant to the Classification Ordinance; and

WHEREAS, pursuant to the Classification Ordinance, the Class L classification is available to real estate which is to be used for commercial or industrial purposes and which (1) is a Landmark (as defined in Section 1 of the Classification Ordinance); and (2) has undergone Substantial Rehabilitation (as defined in Section 1 of the Classification Ordinance), which constitutes an investment by the owner of at least 50 percent of the building's full market value as determined by the Assessor in the assessment year prior to the commencement of the Substantial Rehabilitation; and the Class L incentive shall apply to the building and the land upon which the building is situated since the entire building has been vacant and unused for at least 24 continuous months prior to the filing of the eligibility application with the Assessor; and

WHEREAS, Section 2 of the Classification Ordinance requires that, in connection with the filing of a Class L eligibility application with the Assessor, an applicant must obtain from the unit of local government in which the real estate is located, an ordinance or resolution which expressly states that the local government: 1) has determined that the incentive provided by Class L is necessary for the Substantial Rehabilitation of the property; 2) supports and consents

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to the granting of the incentive; and 3) has reviewed and accepted its Preservation Commission's (as defined in Section 1 of the Classification Ordinance) written recommendation of the project for the Class L incentive, specifying the project budget and proposed scope of the work, which meets or exceeds the Standards of the United States Department of the Interior for Rehabilitation, Preservation, Restoration, and Reconstruction of historic properties; and

WHEREAS, the City is a Certified Local Government as defined in Section 1 of the Classification Ordinance and has established the City of Chicago Commission on Chicago Landmarks (the "Landmarks Commission"), and such Landmarks Commission is a Preservation Commission (as defined in Section 1 of the Classification Ordinance); and

WHEREAS, on April 4, 2013, the Landmarks Commission issued a written recommendation of the Project to the City Council; recommending that the Project be approved by the Assessor for the Class L incentive, a copy of which is attached hereto as Exhibit 2 and hereby made a part hereof; and

WHEREAS, the Project Real Estate has not been occupied and used for the 24-month period prior to the filing of the Class L eligibility application with the Assessor, making the Class L incentive applicable to the Building and land; and

WHEREAS, the Department of Housing and Economic Development of the City ("HED") has reviewed

the proposed Project, and the Landmarks Commission has determined that it meets the necessary eligibility requirements for Class L designation, and hereby recommends to City Council that the City expressly determine by ordinance that: 1) the incentive provided by Class L is necessary for the Substantial Rehabilitation of the Project Real Estate; 2) the City supports and consents to the granting of the incentive; and 3) the City has reviewed and accepted the Landmarks Commission's written recommendation of the Project for the Class L incentive, specifying the Project budget and proposed scope of the work, and specifying that the Project meets or exceeds the Standards of the United States Department of the Interior for Rehabilitation, Preservation, Restoration, and Reconstruction of historic properties; and

WHEREAS, the Developer has agreed to comply with the City's requirements described in Exhibit 3 hereto with respect to the Building; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The above recitals are hereby expressly incorporated as if fully set forth herein.

SECTION 2. The City hereby determines that the incentive provided by Class L is necessary for the Substantial Rehabilitation of the Project Real Estate.

SECTION 3. The City hereby expressly supports and consents to the granting of the Class L incentive.

SECTION 4. The Project is anticipated to be completed by the end of 2014. The Commissioner of HED (the "Commissioner") or a designee of the Commissioner (together with the Commissioner, an "Authorized Officer"), shall have discretion to extend any of the construction commencement and completion dates by issuing a written extension letter in response to a written request from the Owner. To the extent that the Project Real Estate is not rehabilitated, used or maintained during the term of the Class L incentive in a manner which is substantially consistent with the approved Project or Use, as determined by the Authorized Officer, the Authorized Officer is hereby authorized to take such steps as may be necessary and

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appropriate to withdraw the City's support and consent to the Class L incentive, which may cause the Class L certification to be terminated or revoked.

SECTION 5. The City has reviewed and hereby accepts the Landmarks Commission's written recommendation of the Project for the Class L incentive, which specifies the Project budget and proposed scope of the work, and which specifies that the Project meets or exceeds the Standards of the United States Department of the Interior for Rehabilitation, Preservation, Restoration, and Reconstruction of historic properties, a copy of which is attached hereto as Exhibit 2 and made a part hereof.

SECTION 6. The Authorized Officer is hereby authorized to deliver a certified copy of this ordinance to the Assessor and to furnish such additional information as may be required in connection with the filing of the application by the Owner with the Assessor for Class L designation of the Project Real Estate.

SECTION 7. The Authorized Officer is hereby authorized to enter into and execute such instruments and agreements, and perform any and all acts as shall be necessary or advisable in connection with the Project, including such other terms and conditions as may be approved in connection with the Project by the Authorized Officer. The Authorized Officer is hereby authorized to approve minor changes in the scope of work and budget delineated on (Sub) Exhibits A and B to Exhibit 2 hereof, provided that changes in the Building conditions warrant such changes and will not change the suitability of the Project Real Estate for the Use (all as determined in the sole discretion of the Authorized Officer).

SECTION 8. Upon request by the Owner for a final determination of the eligibility of the Project Real Estate for the Class L incentive by the Landmarks Commission pursuant to the Classification Ordinance upon completion of the Substantial Rehabilitation of the Project Real Estate, the Landmarks Commission shall verify

that the work performed substantially conforms to the Project approved by the City and that the Project Real Estate is eligible for the Class L incentive (the "Final Determination"). The City hereby determines and directs that the Class L incentive for the Building shall be administered by City staff as follows (this is in addition to any further requirements by the Assessor):

After the Substantial Rehabilitation has been completed, the applicant will notify HED staff in writing, requesting certification. Certification of the project includes the final determination that the project and budget have been met as noted in Exhibit 2, except as otherwise approved by the Authorized Officer pursuant to Section 7 above. Upon request for certification, the applicant will also submit additional information to HED staff, as requested, to document the project and ownership at the time of this request. As part of the request for Class L Certification, the Building Owner shall provide accurate exterior elevation drawings of the Project showing all masonry work including repair and replacement unit quantities completed as part of the Class L project.

SECTION 9. No permit fee waiver(s) from the City related to the Project Real Estate shall be granted to the Owner or any successor in interest with respect to the Project Real Estate during the rehabilitation of the Project and prior to the expiration of the Class L incentive related to the Project Real Estate.

SECTION 10. To the extent that any ordinance, resolution, order or provision of the Municipal Code of Chicago, or part thereof, is in conflict with the provisions of this Ordinance,

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the provisions of this Ordinance shall be controlling. If any section, paragraph, clause or provision shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

SECTION 11. This Ordinance shall be effective from and after its passage and approval.

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EXHIBIT 1

(Subject to final current title and survey)

Legal Description

PARCEL 1:

LOTS 1, 2 AND 3 IN BOWEN'S SUBDIVISION OF LOT 4 IN BLOCK 1 IN FRACTIONAL SECTION 15TH ADDITION TO CHICAGO, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOTS 4 AND 5 IN FRANKLIN SCAMMON'S SUBDIVISION OF LOT 1 IN BLOCK 1 IN FRACTIONAL SECTION 15TH ADDITION TO CHICAGO ALL IN TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

THE WEST 1/2 OF THE PRIVATE ALLEY EAST OF AND ADJOINING PARCEL 2 AFORESAID, IN COOK COUNTY, ILLINOIS.

PARCEL 4:

EASEMENTS FOR THE BENEFIT OF THE SUBJECT LAND AS FOLLOWS:

I) EASEMENT FOR LIGHT COURT OPEN AREAS FOR LIGHT AND VENTILATION FOR THE BENEFIT OF PARCEL 1 AS CREATED BY AND SET FORTH IN THAT CERTAIN SUPPLEMENTAL PARTY WALL AGREEMENT, DATED APRIL 4, 1928, RECORDED MAY 2, 1928 AS DOCUMENT 10009129 IN BOOK 25750, PAGE 224.

II) RIGHTS OF THE INSURED AS OWNER OF PARCEL 1 IN AND TO A PARTY WALL LOCATED ALONG THE NORTH PROPERTY LINE OF PARCEL 1 AND THE SOUTH PROPERTY LINE OF LOTS 1, 2 AND 3 IN FRANKLIN SCAMMON'S SUBDIVISION OF LOT 1 IN BLOCK 1 IN FRACTIONAL SECTION 15 ADDITION TO CHICAGO UNDER THAT CERTAIN SUPPLEMENTAL PARTY WALL AGREEMENT, DATED MARCH 11, 1891, RECORDED MAY 13, 1891 AS DOCUMENT 1467578, AS MODIFIED BY THAT CERTAIN SUPPLEMENTAL PARTY WALL AGREEMENT, DATED APRIL 4, 1928, RECORDED MAY 2, 1928 AS DOCUMENT 10009129 IN BOOK 25750, PAGE 224.

III) RIGHTS OF THE INSURED AS OWNER OF PARCEL 2 IN AND TO A SUB-BASEMENT PARTY WALL LOCATED ALONG THE EAST PROPERTY LINE OF PARCEL 2 AND THE WEST PROPERTY LINE OF LOTS 1, 2 AND 3 IN FRANKLIN SCAMMON'S SUBDIVISION OF LOT 1 IN BLOCK 1 IN FRACTIONAL SECTION 15 ADDITION TO CHICAGO UNDER THAT CERTAIN INDENTURE, DATED JULY 27, 1905, RECORDED MAY 21, 1928 AS DOCUMENT 10040951 IN BOOK 27009, PAGE 436.

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(IV) RIGHTS OF THE INSURED AS OWNER OF PARCEL 1 IN AND TO A PARTY WALL LOCATED ALONG THE SOUTH PROPERTY LINE OF PARCEL 1 UNDER THAT CERTAIN INDENTURE, DATED APRIL 15, 1891, RECORDED JANUARY 18, 1892 AS DOCUMENT 1598556 IN BOOK 3760, PAGE 396, AS MODIFIED BY THAT CERTAIN SEPTEMBER 3, 1891 AGREEMENT, AS MODIFIED BY THAT CERTAIN MEMORANDUM OF AGREEMENT, DATED MAY 5, 1899, RECORDED JUNE 12, 1899 AS DOCUMENT 2832351 IN BOOK 6696, PAGE 112.

(V) EASEMENT FOR THE BENEFIT OF THE INSURED AS OWNER OF PARCEL 1 AND PARCEL 2 TO USE IN COMMON WITH THE OTHER PROPRIETORS OF ORIGINAL LOT 1 IN BLOCK 1 IN FRACTIONAL SECTION 15, ADDITION TO CHICAGO THE PRIVATE ALLEY LAID OUT BY FRANKLIN SCAMMON'S SUBDIVISION OF LOT 1 IN BLOCK 1 IN FRACTIONAL SECTION 15, ADDITION TO CHICAGO PURSUANT TO THAT CERTAIN INDENTURE, DATED JUNE 3, 1929, RECORDED JUNE 3, 1929 AS DOCUMENT 10388859 IN BOOK 26896, PAGE 465.

Permanent Index Number:

17-06-232-035-0000

Address Commonly known as:

12 South Michigan Avenue/71 East Madison Street Chicago,
Illinois, 60603

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EXHIBIT 2

See attached Commission on Chicago Landmarks Recommendation to the City Council

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CITY OF CHICAGO COMMISSION ON CHICAGO LANDMARKS
April 4, 2013

**RECOMMENDATION TO THE CITY COUNCIL THAT A CLASS L REAL ESTATE TAX
REDUCTION BE APPROVED FOR**

**12 South Michigan/71 East Madison (Historic Michigan
Boulevard District)**

To the Mayor and Members of the City Council of the City of Chicago:

Whereas, the Commission on Chicago Landmarks (the "Commission") has reviewed an application for the proposed exterior and interior rehabilitation of the building at 12 South Michigan/71 East Madison (the "Building," and its rehabilitation, the "Project"), pursuant to the Cook County Real Property Assessment Classification Ordinance, as amended (the "County Ordinance"), and its requirements governing the Class L real estate tax incentive (the "Class L"); and

Whereas, the Building is within the Historic Michigan Boulevard District, designated as a Chicago Landmark by the City Council of the City of Chicago (the "City Council") on April 4, 2002; now, therefore

THE COMMISSION ON CHICAGO LANDMARKS HEREBY:

1. Incorporates the above recitals; and
2. Finds, based on the Project's budget and proposed scope of work, incorporated herein and attached as Exhibits A and B respectively, that the Project meets or exceeds the Secretary of the Interior's Standards for the Rehabilitation of Historic Buildings; and
3. Finds that the Project meets the eligibility criteria for the Class L incentive specified in the County Ordinance;
4. Finds that the Building is a contributing building to the historic character of the Historic Michigan Boulevard

District; and,

5. Recommends that the Project be approved for the Class L incentive.

The above recommendation was passed un- $\&^*u. m^p^* + Sj-i (y-o)$.

Rafael M. Leon Chairman

EXHIBIT A

12 South Michigan/71 East Madison (Historic Michigan Boulevard District)

PROJECT BUDGET

	Non-Class L Eligible	Class L Eligible Total
Hard Costs		
General Conditions	\$1070,195	\$2,070,195
Dumpsters/ Rubbish Containers	\$160,875	\$1,070,875
Periodic Clean-up / Rubbish Removal	\$568,066	\$568,066
Final Formwork		\$3,250
Temp Protections/Barricades	\$184,694	\$184,694
Site Logistics Planning/ Access	\$13,500	\$13,500
Skip Hoist/Hoisting-aU trade use (includes operator)	\$701,581	\$701,581
Interior Elevator Operator	\$382,928	\$382,928
Traffic Control	\$55,075	\$55,075
Trash Chute Rental for Maintenance	\$65,300	\$65,300
Permit Expeditor	\$41,500	\$41,500
DIM Coordinator/ BIM Model	\$43,450	\$43,450
Laser Scanning	\$25,000	\$25,000
Surveying/ As-Builts	\$15,300	\$15,300
Structural Engineering - Means & Methods	\$48,000	\$48,000
Overtime/Quick Ships/Schedule Accelerations/Extended CCs	\$88,595	\$88,595
Relocate Incoming Gas Service	\$18,500	\$18,500
Soils/Concrete/Steel Testing Serv.	\$100,000	\$100,000
Misc. Permit Fees (not Bldg permit)	\$360,200	\$360,200
Winter/Weather Conditions	\$153,900	\$153,900
Investigations	\$25,000	\$25,000
Salvage Existing Items	\$37,123	\$37,123
Mockups (Not Guest Rooms)	\$30,000	\$30,000
Dewatering	\$20,350	\$20,350
FDN Wall Epoxy Injection - Mich. Bsmnt		\$20,000
MEP Cut/Patch/ Infill Existing Structure		\$135,500
Party Wall Masonry Repairs		\$22,500
Structural Deck Strengthening/ Reinforcement		\$382,350
Beam Pockets/Stict. Open's Create/Patch as neces.		\$158,875
Exterior Repairs - Due to Settling and Rework to Structure		\$15,000
Exist. Subbasement Stair Repairs/Mods.		\$7,150
Temp Roofs	\$131,057	\$131,057
Floor Prep/Latexing		\$187,863
Concrete Topping Systems		\$138,000

Guest Rooms at Assoc. Corridors - Interiors		\$10,206,504	\$10,206,504
Guest Rooms in Assoc. Corridors - Interiors (Finishes Only)	\$2,239,850		52,239,850
Mock-up Guest Rooms	5200,0011		5200,000
Madison Street 2nd Floor Windows		575,000	\$75,000
Hack of Home Areas - Interiors		\$1,677,63*	\$1,677,636
Hack of House Areas - Interiors (Finishes Only)	5393,520		5393,520
Public Areas - Interiors		\$5,114,945	\$5,114,945
Public Areas - Interiors (Finishes Only)	51,379,605		\$1,379,605
Restoration Work - Existing Historical Spaces		\$527,300	\$527,300
Roof Terrace & Addition - Interiors		\$631,415	5631.415
Roof Terrace & Addition - Interiors (Finishes Only)	\$180,610		\$180,610
Bkig Permit Allowance		\$328,480	\$328,480
Fee		\$629,586	\$629,586
Insurance - G/L and Subguard		\$787,019	\$787,019
Contingency		52324,585	\$2324,585
Furniture, Fixtures and Equipment	\$15,000,000		\$15,000,000
Total Hard Costs	\$27,697,424	\$46,618,855	\$74,316,279
Soft Costs			
Architectural/Engineering Design Fees		\$2730,000	52,730,000
Project Management Consultants		\$496,000	\$496,000
Miscellaneous Soft Costs/Interior Design	\$1,274,000		\$1,274,000
Contingency		\$6,450,000	56,450,000
Total Soft Costs	\$1,274,400	\$9,676,000	\$10,950,000
Total Project Costs	\$28,971,424	\$56,294,855	\$85,266,279

EXHIBIT B

12 South Michigan/71 East Madison (Historic Michigan Avenue District) SCOPE OF THE WORK

General, All work affecting the significant historical and architectural features shall be done in accordance with the following:

The City of Chicago's building permit review procedures and the Landmarks Ordinance, 2-120-580 et seq. of the Municipal Code of Chicago.

The review and approval of the Commission.

The U.S. Secretary of the Interior's Standards for the Rehabilitation of Historic Buildings (the "Standards") and the Guidelines for Alterations to Historic Buildings and New Construction, adopted by the Commission on March 7, 1992. Historic photographs, architectural drawings, and any other available archival documentation of the building, to be investigated and assembled by the property owner. Drawings prepared by Hartshome Plunkard Architecture (dated 3/19/13) and Wiss, Janney, Elstner Associates, Inc. (dated 3/22/13) and any Commission/PRC conditions of approval.

Required Approvals. All work must be submitted to the Commission staff for prior review and approval. The Commission staff may require as part of its review, as appropriate, material samples, paint colors and finishes, shop drawings, specifications, mock-ups, test patches, and control samples.

Required Work.

Exterior:

Work shall include:

Restoration of leaded-glass windows

Window replacement of non-historic windows to match historic configuration for East and North street-facing facades

Installation of new windows at 2nd-floor of North facade based on historic configuration New entrance doors and storefronts

Installation of vegetative 'green' roof over 50% of the net roof area of the building Architectural accent lighting

Masonry (all work and quantities as identified on WJE drawings):

- Facade cleaning (floors 1-19) for East and North street-facing facades only
- Masonry repairs including tuckpointing, dutchmen, sealing, and pinning
- Rebuilding of corner brickwork and parapets
- Replacement as required of window heads (approximately 25%)
- Replacement of strapping at limestone tracery to limit visibility on East facade
- Coating of mismatched mortar patches and exposed steel to match masonry color and finish for East facade
- Replacement of mis-matching sealant and mortar with new sealant and mortar to match historic colors for East and North street-facing facades only
- Removal of existing parge coating and replacement of deteriorated brick at lightcourt facades

Interior:

Work shall include:

- Rehabilitation of interior for use as a hotel with approximately 240 rooms and public spaces for retail, restaurants, bars, ballroom and meeting space, game room, event venue space, and fitness center
- Restoration of historic interior spaces to include the main vestibule and lobby, pool area and foyer, open stair from floors 1-3, 2nd-floor cathedral lounge, and 8th-floor dining room
- Structural repairs to basements, foundations, column footings, framing, and roof
- Elevator modernization
- Exit stairs modification/installation
- Installation of new sprinkler system throughout the building
- New HVAC, fire protection, plumbing, and electrical systems

Work shall occur in accordance with permit drawings for the Project, to be reviewed and approved by the staff of the Commission on Chicago Landmarks. Upon completion of the above scope of work, the project shall exceed ASHRAE 90.1-2004 by at least 14%.

Additional work not required by the Class L, but to be undertaken by the owner, includes: a new canopy for the East and North facades to match historic location, size, and design; repair of canopy medallions; lowering of six ground-floor window sills to accommodate new retail uses; construction of a 1-story rooftop addition at the 12th-floor; restoration of bar areas on 2nd-floor; restoration of certain historic decorative features on 3rd-floor; restoration of gymnasium on 4th-floor; repair/replacement of 8th-floor plaster ceiling in Dining Room; restoration of Annex ballroom on 8th floor, restoration of main stair from 3rd-10th floors; and installation of new signage.

EXHIBIT 3

Additional Requirements

The Building Owner will enter into a Covenant with the City, prior to the certification of the Project, for the purposes of protecting the historic ground-floor lobby and vestibule, the pool area and foyer, the open stair from floors 1-3, the 2nd-floor cathedral lounge, and the 8th floor dining room and requiring any future changes thereto, during the life of the building, to be approved by the Commission on Chicago Landmarks and such approval shall not be unreasonably withheld. The Building Owner shall record the signed Covenant with the Office of the Cook County Recorder of Deeds.

