

**CITY OF CHICAGO
Department of Planning & Development**

**STAFF REPORT
TO THE
COMMUNITY DEVELOPMENT COMMISSION
REQUESTING DEVELOPER DESIGNATION
June 12, 2007**

I. PROJECT IDENTIFICATION AND OVERVIEW

Project Name: NAVTEQ Corporation (“NAVTEQ”)

Applicant Name: NAVTEQ Corporation

Project Address: 100 N. Riverside

Ward and Alderman: 42nd Ward, Alderman Brendan Reilly

Community Area: 28, Near West Side

Redevelopment Project Area: LaSalle Central Tax Increment Financing District

Requested Action: TIF Developer Designation

Proposed Project: NAVTEQ Corporation (“Developer”) intends to relocate and expand its national corporate headquarters from their current location at the Merchandise Mart to 100 N. Riverside (the Boeing building). A total of 900 employees will be housed in this new location (which includes the relocation of NAVTEQ’s current 550 employees, as well as adding 350 new jobs over the next five years as part of their corporate expansion). NAVTEQ has leased approximately 200,000 square feet of space on floors 8, 10, 11, 12, 13 and 14th floors for an initial period of fifteen (15) years. The purpose of the proposed TIF RDA is to provide an incentive to NAVTEQ to retain its corporate headquarters in the City of Chicago.

TIF Assistance: \$5,000,000 (17.4% of the total estimated

project cost). Assistance will be provided according to a payment schedule based on the number of new jobs added annually, after the Certificate of Completion has been issued.

II. PROPERTY DESCRIPTION

Address:	100 North Riverside Plaza
Location:	Southwest corner of Randolph Street and the Chicago River (the Boeing building world headquarters)
Tax Parcel Numbers:	17-09-334-004-6002; 17-09-334-005-0000
Land Area:	NAVTEQ will occupy floors 8, 10, 11, 12, 13 and 14 of the 100 N. Riverside building, totaling approximately 200,000 sqft
Current Use:	The 100 N. Riverside building is an existing office building
Current Zoning:	PD 431
Proposed Zoning:	Existing building; all signage and building materials shall be in conformance with underlying zoning and building codes.
Environmental Condition:	N/A; redevelopment of office space

III. BACKGROUND

The Property is located within the LaSalle Central Tax Increment Financing Redevelopment Project Area (“Area”), which was established by the City Council on November 15, 2006. The Area is very generally bounded by Lake Street on the north, Clark Street on the east, Van Buren on the south and Canal Street on the west.

The Property, 100 N. Riverside Plaza, commonly known as the Boeing building, is located on the southwest corner of Randolph and the south branch of the Chicago River. The 100 N. Riverside building (the “Building”) is approximately 42% vacant and located within the LaSalle Central TIF District. NAVTEQ will occupy approximately 200,000 sq. ft. of space in the Building. NAVTEQ’s relocation to 100 N. Riverside will not only re-energize the existing building but will allow this company to maintain its corporate headquarters in the City and expand its employment from 550 employees to 900 employees by 2011.

Due to NAVTEQ's high technological needs, the space that it will occupy at the Building will require significant rehabilitation. The budget for the proposed NAVTEQ build-out and other relocation costs, exclusive of rent, exceeds \$28 Million. NAVTEQ anticipates front funding the proposed project from its own funds.

IV. PROPOSED DEVELOPMENT TEAM

Development Entity: NAVTEQ Corporation is a publicly traded for-profit Corporation formed in Delaware. They are a world leader in navigational information and technology, and a leading provider of comprehensive digital map information for automotive navigation systems, mobile navigation devices and Internet-based mapping applications. Their map database enables providers of these products and services to offer dynamic navigation, route planning, location-based services and other geographic information-based products and services to consumer and commercial users. Their database is one of the primary sources of digital map information for automotive and Internet-based navigation products and services in Europe and North America, and they are a leading provider of such information for use in mobile devices.

V. PROPOSED PROJECT

Project Overview:

NAVTEQ intends to relocate its headquarters to the building located at 100 N. Riverside Plaza, and has leased approximately 200,000 square feet of space on floors 8, 10, 11, 12, 13 and 14th floors for an initial period of fifteen (15) years. DPD intends to enter into a Tax Increment Financing ("TIF") redevelopment agreement with NAVTEQ. The purpose of the redevelopment agreement is to provide an incentive to NAVTEQ to retain its corporate headquarters in Chicago.

Upon such relocation and during the term of the TIF RDA (as defined below) the portion of the Building occupied by Developer will be the primary base for Developer's national and international business, and the site where the Developer's principal executive officers have designated as their principal offices (the "Headquarters"). The relocation is anticipated to occur in September 2007.

NAVTEQ has agreed that in exchange for the requested TIF assistance (\$5 Million), it will retain its existing 550 jobs for a period of five years from the date of issuance of the Certificate of Occupancy for its new headquarters location. In addition, NAVTEQ will expand its total job count by 350 jobs by the fifth anniversary of the issuance of the Certificate of Occupancy. At least 90% of the resulting total of 900 NAVTEQ jobs will be thereafter be retained for a period of ten years.

Environmental Features:

Consistent with Department policy, the build-out of NAVTEQ's new space will be

undertaken in accordance with LEED Certified standards.

VI. FINANCIAL STRUCTURE

The City intends to enter into a TIF Redevelopment Agreement (the “TIF RDA”) with NAVTEQ, for up to a maximum amount of \$5,000,000 or approximately 17% of total project development costs in tax increment financing assistance. The total project development budget is currently estimated to be \$28,583,483. The City's TIF financial assistance is to be repaid from area wide increment in the LaSalle Central Tax Increment Financing District.

NAVTEQ will be the organization receiving the payments to reimburse them for a portion of their tenant improvement costs within the Building. The improvements will be front-funded from NAVTEQ.

Assistance will be provided based on the number of newly created FTE positions (up to 350 above the retained number of jobs of 550 FTEs). The City will provide assistance at a rate of \$14,285.71 for each newly created FTE position. The amount paid each year will be in accordance with the following formula: ((Total FTEs (but not to exceed 900) – 550 FTEs) * 14,285.71) – (total of all TIF payments made to date exclusive of the pending payment). The maximum the developer can receive from the City in any given year or later years is \$1,500,000. Any earned TIF in excess of this amount will be paid out in the next year.

For example: if there are 150 new positions on the first year Anniversary of the Certificate of Completion, the developer is entitled to over \$2,000,000, but the payment for that year will be \$1,500,000 with the remaining balance (\$500,000) will be included in a subsequent year’s payment.

The assistance will be provided based on the following schedule:

Payment	Term	Amount *
1st Payment:	1 year after Certificate of Completion	up to \$1.5 Million of Available Increment
2nd Payment:	2 years after Certificate of Completion	up to 1.5 Million of Available Increment
3rd Payment:	3 years after Certificate of Completion	up to 1.5 Million of Available Increment
4th Payment:	4 years after Certificate of Completion	up to 1.5 Million of Available Increment
5th Payment:	5 years after Certificate of Completion	up to 1.5 Million of Available Increment

*** Assistance is provided up to a maximum of \$5,000,000**

The actual amount of TIF funds paid to the Developer by the City shall be referred to as the “City Funds.”

The Conditions for Developer Payment are as follows:

- Achieve LEED Certification
- Funds will not be paid out without developer achieving the Certificate of Completion.
- NAVTEQ will have to prove total job numbers (existing and created)
- Payment requisition form (showing number of jobs) to be completed as of Anniversary dates of Certificate of Completion
- Prior to the issuance of the Certificate, the Developer will be required to purchase and deliver to the City an irrevocable Letter of Credit which is valid, and in a form acceptable to the City naming the City as the sole beneficiary for the full amount of the City Funds, increasing as the amount of City Funds paid increase (the "L/C"). The L/C will be maintained for a period of 10 years.

To the extent the actual project costs are below the \$25,000,000, the TIF amount will be reduced \$.75 for each \$1.00 actual cost below the Project Budget.

Sources and Uses of Funds:

<u>Sources</u>	<u>Amount</u>	<u>% of total</u>	<u>Cost/SqFt</u>
Equity	\$28,583,483	100%	
Total Sources	\$28,583,483	100%	
<u>Uses</u>	<u>Amount</u>	<u>% of total</u>	
Demolition	\$411,113	1.4%	\$2.05
Hard Costs	\$19,682,059	68.9%	\$98.41
<u>Soft Costs:</u>			
Architect's Fee	\$460,000	1.6%	
Engineering Fee	\$184,000	0.6%	
Legal Fees	\$60,000	0.2%	
LEED Consultant	\$50,000	0.2%	
Insurance Fees	\$315,846	1.1%	
RE Commissions	\$1,995,000	7.0%	
Audio/Visual Upgrade	\$2,006,810	7.0%	
General Conditions	\$615,042	2.2%	
Contingency Fee	\$400,000	1.4%	
Other soft costs	<u>\$2,403,613</u>	<u>8.4%</u>	
Total Soft Costs	\$8,490,311	29.7%	\$42.45
Total Uses	\$28,583,483		\$142.92

VII. PUBLIC BENEFITS

The proposed project will provide the following public benefits:

Environmental Features: NAVTEQ has committed to construct their office space to be LEED certified, and shall provide evidence acceptable to the City that they have received LEED Certification for the Headquarters within two years of the date of the Certificate.

Donation to Non-Profit Organization(s)

TBD, pending Aldermanic input. NAVTEQ will donate \$50,000 to one or more non-profit organizations in the City. The donation shall be made prior to the issuance of the Certificate of Completion.

Permanent Jobs: The Developer shall be required to Retain/Relocate at least 550 FTE corporate headquarters jobs from the Merchandise Mart facility to the Headquarters facility at the Building in order to obtain a Certificate of Completion and,

1. Create 350 new FTE corporate headquarters jobs within 5 years from Certificate of Completion date at the Building; and
2. Maintain a minimum of 810 FTE jobs at the Building from the date the Developer reaches 900 FTEs until the end of the ten-year period from the date the Certificate of Completion is issued. The Developer will be required to submit certified employment reports directly to DPD within one month of the Anniversary date of the issuance of the Certificate of Completion.

Mayor's Office of Workforce Development (MOWD): As part requirement of the Redevelopment Agreement, the Developer will work with MOWD to create a job recruiting/referral program.

Affirmative Action: NAVTEQ 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 will provide notification of the proposed project, by certified mail, to eight associations of minority and women contractors. Prior to the execution of the Redevelopment Agreement, the Developer must submit evidence acceptable to DPD that the general contractor has met at least once with, and provided bid documents to, applicable MBE/WBE contractor associations.

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 Reilly endorses this project. In addition, World Business Chicago and the Chicago Loop Alliance have submitted letters of support. (See attached).

IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN

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

- Strengthen the economic well-being of the Project Area and the City by increasing taxable values.
- Create an environment that stimulates private investment in appropriate new construction and rehabilitation.
- Provide opportunities for women and minority businesses to share in the redevelopment of the Project Area.

X. CONDITIONS OF ASSISTANCE

If the proposed resolution is approved by the CDC, DPD will negotiate a redevelopment agreement with the developer. The redevelopment agreement will

incorporate the parameters of the proposed project as described in this staff report.

It is DPD 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 this 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

The Department of Planning and Development 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 DPD recommends that the CDC recommend to the City Council the designation of NAVTEQ Corporation as Developer for the redevelopment of the property located at 100 N. Riverside Plaza. DPD also requests that the Commission provide DPD with authority to negotiate, execute and deliver on the City's behalf, a redevelopment agreement with the Developer for the Project.

EXHIBITS

LaSalle Central TIF Boundary Map
Floor Plans

Letters of Support from Alderman Reilly, World Business Chicago, and Chicago Loop Alliance