

**Rules Committee
Closed Session Minutes
Aldermanic Library
Monday, February 5, 2007**

PRESENT: Aldermen Wynne, Holmes, Moran, Tisdahl, Rainey, Hansen, Wollin, Jean-Baptiste.

ABSENT: Alderman Bernstein

STAFF: Judith Aiello, Julia Carroll and Herb Hill

PRESIDING: Mayor Lorraine H. Morton

START: 6:36 p.m.

Real Estate – Civic Center

[REDACTED]

Real Estate – Redevelopment Proposal

Assistant City Manager Judith Aiello showed a scale model of a proposed development by Klutznick, Focus and Fisher Partnership to take the Fountain Square block and redevelop predominantly the north one third of the block. The property is the estate of Frank Foster with some 20 family members. The partnership has a contract for purchase. They have looked at options and propose a base of five stories with 40 some stories on top for a total of 52 stories. The entire block is within the Washington National TIF. Kane/McKenna has been contacted for numbers and they believe that the increment from the tower could fund acquisition of the Fountain Square Building, re-creation of Fountain Square plaza both north and south of Davis. They would like to either keep a portion of the Fountain Square Building or buy back a portion from the City to do a two-story winter garden restaurant. They engaged an architect (a juror when they did the charette on Fountain Square) on what could be done.

If Council is interested in pursuing this project, the City would need to look at the Kane McKenna numbers to verify an adequate revenue stream to fund acquisition of the Fountain Square Building.

There have been discussions with the two property owners to the south. Sonny Robinson owns the Hahn Building. At one time when approached he said they could build on top of his building and keep the façade. When Booth Hansen (architects) became involved, Mr. Booth stated the Hahn building is so beautiful it should be maintained and advised not to

touch it. In looking at the plaza, he thought the Hahn building would add a great deal. Ted Mavrakoes owns the Fountain Square building and his price to sell is [REDACTED]. The number came from two prior developers, Rozak and John Mangle. They proposed buying the whole block, demolishing it and building one building. Mr. Mavrakoes gave his rent roll to Klutznick who thought, based upon return on investment, it was worth [REDACTED]. She asked if there is any interest in going forward with a project like this. Would they like more alternatives?

Mayor Morton asked if Klutznick was asking for something specific from the City. Ms. Aiello said nothing financial. He was asking the City to partner with him for the re-design and redevelopment of the Fountain Square project in some shape or form including acquisition of the Fountain Square building and whether it is feasible for them to acquire it or the City to acquire it. Because this property is in a TIF, the tower revenue could generate the funds to redo Fountain Square. The Washington National TIF is in effect until 2018.

Alderman Wynne stated the City does not need a building as tall as the Washington monument downtown. Why are they stacking so much? What is generated from that? It is wonderful to do something with Fountain Square but she wanted to understand more about what they are asking for and how far in excess this would be to create the increment. One plan is 35 stories, another 42 stories and the 52 story tower. Ms. Aiello stated if they want to buy back, the assumption is the City would buy back at fair market value the public space and expansion of the plaza. There was discussion of condemnation and eminent domain.

Mayor Morton asked if they are willing to build without help. Ms. Aiello stated they are willing to build the tower, acquire the smaller building and pay for relocation expenses. The revenue generated would help the City build the plaza. The Fountain Square building has to be purchased and demolished.

Mayor Morton wanted to see everything in writing for Council so that they can refer back to it. She recalled being burnt by Klutznick when questioned if he had financing. He said yes, but didn't have it. She also wanted to see written statements from the developer. Ms. Aiello pointed out they have to come for a Planned Development and zoning is for commercial use but not zoned for the density and height they are proposing.

Alderman Hansen said a 52 story building does not belong downtown and, if built, would change the character of downtown.

Alderman Jean-Baptiste was excited about the possibility of this project; clarified that they could condemn the building, demolish it and sell it back. Ms. Aiello said if the City needed to, they would condemn the Fountain Square building. The building is fully leased. Ms. Aiello would not recommend buying until the partnership goes forward. If they condemn the Fountain Square building it should be done sooner rather than later. The City would want a letter of credit, money in the bank with that kind of commitment.

Condemnation would be based on public purpose. It would be similar to other eminent domains and in the redevelopment agreement.

Alderman Moran thought the proposal was worth a look. The concept has a potential for significant development of public space reflective of the Spanish "Plaza Mayor", a cultural focal point of the City. He wanted to approach it without "fixing" and this development suggests that. How could they make a dramatic statement? 52 stories is quite high. This place is ground zero and no other place a building like this could go. There is risk and concerns and there would have to be a major discussion. Ms. Aiello was asking what it would do for the City economically and physically. Would it work and could they get enough money out of the increment to build something dramatic. If the answer is yes, he thought they should get some answers. Ms. Aiello was asking if they were interested enough to look at some numbers and long-term technical and architectural considerations.

Alderman Tisdahl liked the building; but was not happy about eminent domain and urged them to look further. Alderman Wynne wanted to see more numbers. She agreed a taller elegant building by Booth Hansen could be done; asked can they get the increment needed without building 52 stories; agreed downtown is the place to build the "wedding cake."

Mayor Morton said that all are interested. She did not want something to come up later and reiterated strongly that everything be put in writing. Ms. Aiello stated they would put something in writing and get numbers.

Alderman Rainey asked if there are any environmental implications of a building this tall such as wind, utilities, radio transmissions, etc.

Mayor Morton said people downtown suffered a great loss with previous development. Ms. Aiello explained a portion of the street would be closed for a portion of the day. There are issues during construction. She, Ms. Carroll, Diane Williams, David Jennings, and Alderman Wollin have had meetings with downtown merchants.

Alderman Jean-Baptiste asked how much was paid to Klutznick. Ms. Aiello said \$200,000 was paid for relocation and the City paid for the detention basin at the Maple Avenue garage. She will get numbers.

At 7:12 p.m. Mayor Morton asked for a motion to reconvene into open session in the Council Chamber and the aldermen so moved.

Mary P. Morris,
City Clerk