

Green Exchange project looks to sign freight firm as first major tenant

By Eddie Baeb
July 19, 2010

A bid to convert a former lamp factory into the nation's biggest showcase for environmentally friendly businesses may be salvaged by a not-so-green tenant: a freight brokerage firm.

Developers of the project, dubbed the Green Exchange, are in discussions with Coyote Logistics LLC about moving its headquarters and operation from Lake Forest to the four-story building on the Northwest Side in a deal that would involve more city subsidies for the \$54-million project.

Fast-growing Coyote, which has more than 100 employees locally and 340 nationwide, would lease between 18% and 31% of the 227,450 square feet of available space at the Green Exchange, sources say.

The number of jobs that Coyote would move to the city is unclear. But landing the company as a tenant would help restart the stalled project, which was slated initially to open in 2007.

Some green advocates and Green Exchange tenants-in-waiting aren't put off by Coyote's lack of green credentials.



Lisa Elkins, co-owner of green-oriented architecture firm 2 Point Perspectives Inc., has leased space in the Green Exchange but is in a temporary office for now. Photo: Erik Unger

"Even if someone is not as green-motivated as the rest of us, as long as they're on a greener path, that's OK, too," says Lisa Elkins, co-owner of 2 Point Perspectives Inc., a green-oriented architecture firm that has leased space in the building but is in a temporary office space along with other firms in the same boat. "If you're being as green as possible internally, then you're getting the part you can control right."

A spokeswoman for the city's Department of Community Development, who confirms TIF talks are under way, argues that Coyote's business is green.

"Coyote is a trucking logistics company that minimizes the number of trucks traveling empty, which reduces energy consumption and fuel emissions," the spokeswoman says.

The state also is negotiating incentives for Coyote, which is backed by private-equity giant Warburg Pincus LLC and last year bought an Atlanta-based rival.

"We have been working closely with (Coyote) to maintain this important investment," a spokeswoman for the Illinois Department of Commerce and Economic Opportunity writes in an e-mail.

In May, the City Council approved a \$15-million financing package for the Green Exchange's developers, David and Douglas Baum. The deal allows the Baums to obtain a \$15-million federally guaranteed loan that's to be repaid by \$10 million in tax-increment financing. The remaining \$5 million would be repaid by the project.

The city in a staff report says the arrangement helps replace the anticipated financing package after the project's construction lender, Associated Bank of Wisconsin, cut its loan commitment to \$20 million from \$35 million.



The Green Exchange at 2545 W. Diversey Ave.

ERIK UNGER

The report also says that 26 tenants have signed leases in the Green Exchange, for a total of 92,000 square feet. Coyote is considering taking between 40,000 and 70,000 square feet, sources say. If it takes the larger amount, the project would be 71% leased.

The additional TIF infusion currently being negotiated with the city would be used to build out Coyote's offices.

"The original plan didn't consist of a subsidy, then 2007 and 2008 came along, and so there you are," says Paul Levin, executive director of the Logan Square Chamber of Commerce, which supports the development. "If the Baum boys can make the deal (with Coyote), which depends on getting the TIF, then everything else on the project kicks into gear."

BIG BOOST FROM COYOTE

That would be a huge win for the Baums, who bought the former Frederick Cooper Lamp Co. building at 2545 W. Diversey Ave. in 2006 for \$8 million after a previous developer's attempt to convert the building into condominiums was thwarted by neighborhood opposition.

Last summer, the brothers signed a forbearance agreement with Associated Bank that acknowledged their loan was

in default and also gave them until June 30 to remedy some contractor liens and come up with additional equity; the loan's current status is unclear. They also put up a Boise, Idaho, development as collateral, according to property records.

The Baums, who head Chicago-based Baum Realty Group LLC, didn't return calls seeking comment. Coyote executives would say only that they haven't signed a lease and are still considering other sites. A spokeswoman for Associated Bank also declines to comment.

"It's been an uphill battle to bring other resources to keep the project going. But I think we're getting closer," says Michael Holzer, economic development director of the manufacturing-friendly organization LEED Council Inc., which helped arrange the federal loan. He wouldn't comment on the possible deal with Coyote.

©2010 by Crain Communications Inc.
