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Mayor Bernero: City Hall Projects Ready to Roll

(LANSING) -- After months of due diligence and careful consideration, Mayor Virg Bernero announced today he has selected Chicago-based Beitler Real Estate Services to redevelop the current City Hall site into a new flagship hotel for downtown Lansing. Of the four proposals received in response to the city's September RFQP, Beitler's \$42 million City Hall development plan was the overwhelming favorite of the city's internal and external review teams, who scrutinized each of the proposals before making a recommendation to Mayor Bernero.

"Paul Beitler is an accomplished urban developer with the financial wherewithal, experience and vision to repurpose City Hall for a new life, while preserving the essential historic character of the building," Mayor Bernero said. "The corner of Michigan and Capitol will soon become an important emblem of Lansing's accelerating momentum and continuing transformation as a city and region. The additional downtown hotel capacity will bring more and larger conventions to the Lansing Center and that, in turn, will reduce the city's ongoing subsidy of the region's main convention facility."

Beitler's proposal also includes the construction of a new City Hall at a location to be selected by the city. Toward that end, Mayor Bernero announced that the city has secured an agreement with Beitler to transform the former headquarters of the Lansing State Journal, located at 120 E. Lenawee Street, into the new City Hall. Bernero highlighted the fact that Beitler is currently building a new City Hall for Madison, Wisconsin's capital city. "Paul Beitler's success speaks for itself and I especially appreciate his commitment to utilizing local Lansing labor for both projects," Bernero said.

Under the terms of the real estate agreement, filed today with City Clerk Chris Swope, Beitler Real Estate Services will purchase the former LSJ property, now owned by The Eyde Company. If the real estate agreement is approved by City Council, Beitler will work with the city to create a new home for Lansing's municipal government operations at the site. The city would then purchase the redeveloped property from Beitler at a cost not to exceed \$50 million, subject to fair-market appraisals of the completed project.

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The agreement includes a proposed 99-year ground lease between the city and Beitler for the current City Hall site. The new City Hall project costs would be financed by the city through the issuance of municipal bonds. The city plans to make the annual payments on the bonds with revenue collected from Beitler generated by both the ground lease and the new property taxes from putting the current City Hall site back on the tax rolls.

The agreement also eliminates the need for temporary space for the city's operational divisions for up to two years, which would have added millions to the overall project cost. The new City Hall will be created by renovating and expanding the former LSJ building, followed by the refurbishment of the current City Hall into a new hotel. Renovation and expansion of the new City Hall site is expected to take 24 months.

Mayor Bernero praised all four of the development teams who submitted responses to the city's RFQP, noting that each proposal had tremendous strengths. "I couldn't be more pleased with the results of this process and the incredible responses we got from the development community," Bernero said. "It was a very difficult decision because each proposal was compelling in its own way. In the end, the Beitler plan rose to the top of the heap because it met and exceeded nearly all of our hopes and expectations for the future of this key property in downtown Lansing."

Bernero added that he has referred the proposed agreement between the city and Beitler Real Estate Services to the Lansing City Council. No action is expected to be taken at the Council's November 13 meeting, except for assigning the agreement to committee for the next steps in the Council's deliberative process. Mayor Bernero also asked Council President Patricia Spitzley to schedule a presentation by his administration and Beitler's development team to review the proposal with Council and to set a public hearing for mid-December.

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