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Carley juggles past-due loan, DeStefano suit

By Thomas A. Corfman, Feb. 18, 2009

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(Crain's) — A nearly \$39-million mortgage has come due on a Streeterville site where developer Christopher Carley has proposed a 107-story skyscraper anchored by a Waldorf Astoria hotel, while architectural firm DeStefano & Partners Ltd. has sued to collect nearly \$711,000 in fees for its distinctive, angular design.

Mr. Carley proposed the massive hotel/condominium tower in 2007 for the site, north of the Sheraton Chicago Hotel & Towers, 301 E. North Water St. But now, like almost every other proposed downtown hotel and condo tower, the project is on hold, he confirms.

"We think it's going to be a couple years, anyhow," says Mr. Carley, chairman and CEO of Chicago-based Fordham Co.

Meanwhile, \$38.7 million in loans, secured by a single mortgage, came due Jan. 3 on the site, property records show. The loans were issued by St. Louis developer Fred Kummer, who sold the site in July 2007 to a venture that includes Mr. Carley and rival developer Michael Reschke.

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Because land values have fallen dramatically, many developers have been unable to refinance loans on development sites. In a complicated transaction, the venture financed all of the \$37.66-million purchase price with the loans from Mr. Kummer, who once planned to build a convention-size Adam's Mark hotel on the parcel.

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Recently, Mr. Carley has held talks with Mr. Kummer about extending the loans, sources say.

But Mr. Kummer calls the loans "problematic," declining to elaborate.

"I just found about it (the DeStefano lawsuit) and I was just absolutely shocked by it," Mr. Kummer says. "We are in the process of analyzing our options."

Mr. Carley denied any dispute with Mr. Kummer over the loan, saying, "There's not an issue with the lender."



Rendering of the 107-story Waldorf Astoria-anchored tower Christopher Carley has proposed.

But he, too, declined further comment, citing a confidentiality agreement.

Chicago-based DeStefano alleges that Fordham and the venture have refused to pay its fee for the "concept design," which features a "razor's edge" top. The

107-story skyscraper would have reached a height of 1,265 feet, according to architectural Web site Emporis.com.

DeStefano's fees would have been more than \$13.5 million if the tower had been built, according to the complaint, filed Feb. 5 in Cook County Circuit Court.

Mr. Carley says he is in the midst of "working it out" with DeStefano.

Scott Sarver, a principal with the architectural firm, confirms talks with Mr. Carley but declines further comment.

At least Mr. Carley has worked things out with Mr. Reschke, with whom he has publicly feuded over their respective roles in the development. Now Mr. Reschke, chairman and CEO of Chicago development firm Prime Group Inc., refers questions about the project to Mr. Carley.

When Mr. Reschke is asked if he is now a passive, minority investor in the development, he says, "I don't think I've ever been passive in my life, but I am a minority partner."

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