

# Novogradac Journal of Tax Credits

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## Futuristic Office Building Benefits from HTC's

**By Jennifer Dockery, Assignment Editor, Novogradac & Company LLP**

**F**or its 50th birthday, the ASM World Headquarters, a 1959-modernist building nestled in forestland 20 miles east of Cleveland, Ohio, received a place on the National Register of Historic Places. At 52, the building, home to ASM International, the world's largest not-for-profit society serving the materials, science and engineering fields, celebrated a second milestone—its grand reopening. After two years of renovations, led by The Chesler Group and funded in part by federal and state historic tax credits (HTCs), the futuristic building which includes a 103-foot geodesic dome that envelops a semi-circular office complex and mineral garden is ready for another 50 years.

ASM International, founded as the American Society for Metals in 1913, moved into the semi-circular office building beneath the geodesic dome in 1959. The building is part of a 45-acre campus in Materials Park, Ohio that ASM commissioned from architect John Terrance Kelly. Kelly designed the building and contracted architect, mathematician and futurist R. Buckminster Fuller to design the dome, which is constructed using 13 miles of tubular aluminum. The William Hunt Eisenman mineral garden on the building grounds features more than 66 specimens of mineral ores and 75 plant species.

### Restoring an Original

Although the 250-foot diameter dome was in good shape, 50 years had taken a toll on the semi-circular office building and garden and ASM was considering relocating rather than make costly repairs. The building's systems were outdated

and parts of the glass, concrete and metal structure was in need of significant repair and restoration. Michael Chesler, of The Chesler Group, suggested nominating the building for the National Register and using HTCs to reduce the cost of replacing the building's mechanical systems with newer, more efficient models.



*Photo: Courtesy of The Chesler Group*

ASM International headquarters feature floor to ceiling glass windows and clear glass walls.

"It was a gem because no one had attempted to substantially renovate the structure and therefore all the original historic fabric was in place," Chesler said. The Chesler Group nominated the building and the National Park Service (NPS) added it to the National Register in 2009. In the application, Chesler cited the building's modern design elements,

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including the geodesic dome. Other modern elements in the 50,000-square-foot office building are stainless steel floating staircases supported by stainless steel rods running from the ground floor to the second floor, brass handrails and copper doors. The building features three floors of floor-to-ceiling windows and clear glass walls and custom fabricated stainless steel solar shades on the exterior prevent direct sunlight from entering the building except for one minute each year.

Placement on the National Register allowed ASM and Chesler to access federal HTC's and to apply for Ohio HTC's. It also meant working under the NPS's rules for renovating the building, determining which parts of the steel, glass and concrete structure were part of the building's historic fabric. NPS determined that all of the materials contributed to the historic nature of the building and, consequently, the existing floor-to-ceiling glass panels could not be replaced with newer low-emissivity windows.

"It is an incredibly unique structure. For us at the state it's a win-win," said Mark Lundine, urban revitalization coordinator for the Ohio Department of Development (ODOD), which awarded ASM with state HTC's in December 2010. Lundine noted that the significance of ASM's work – publishing reports and research for Ohio's manufacturing industry – strengthened its HTC application.

The renovations, designed by Dimit Architects and constructed by Chesler's construction division, include complete replacement of all the building's mechanical systems, including new HVAC controls and electrical, plumbing and water filtration systems. The Chesler Group cleaned and refurbished the sunscreens, installed new gaskets and seals for the plate glass windows, upgraded insulation and repaired corrosion. A concrete arch wall was repoured and the garden-level roof was completely removed and waterproofed. Soil and vegetation were added to create a green roof on the garden level.

"What we did with the building was take it back to its original intent," said Stanley Theobald, ASM's managing director. That meant opening up the floor plan, returning the building to a more neutral color palette and rehangings metals artist Bel-Jon's seven brushed aluminum murals entitled The History of Iron. The original light fixture and office chairs were also preserved.

Parker Hannifin provided \$1.1 million in equity for the federal HTC's for the \$6.2 million project. The Chesler Group kept the state HTC's, used its own equity to bridge the funding gap until it could claim the credits, and returned the credits for a refund once the project was completed. The remainder of the funding came in the form of senior debt. "We had enough capital that we didn't need [the tax credits] until the back end," Chesler said. The state credits provided an additional \$800,000 to \$900,000 of the equity that Chesler needed to complete the project. "That's the entire me-

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chanical system for the building," he said. It allowed Chesler to buy a highly efficient system for the building that could compensate for the energy lost through the non-low-E glass windows.

### A Complicated Structure

The Chesler Group and ASM worked with Novogradac & Company to set up a new entity as the owner of the building. The entity is leasing the space to ASM International and other tenants. Community groups and others can also rent common areas and meeting rooms in the building, many of which include high tech equipment. The public can access the grounds and a mineral garden.

"The whole team ... had to work through the structure, create new entities," said Renee Beaver, a partner in Novogradac & Company's Cleveland office. She said that the team worked closely with the state to ensure that the building renovations qualified for the tax credits. "The goal was to leverage the subsidies as much as possible."

### Final Touches

ASM and two other tenants moved into the building the week of July 5 and it was expected that the grounds would reopen to the public this month. In addition to access to the gardens, the public will be able to rent conference rooms and access the lobby area. At press time, a grand opening had been scheduled for August 6. ♦

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