

Roate, George

From: Hylak-Reinholtz, Joseph J. [jhreinholtz@mcguirewoods.com]
Sent: Monday, February 06, 2012 9:08 AM
To: Avery, Courtney
Cc: Constantino, Mike; Roate, George; Hedlund, Reuben L.; Hylak-Reinholtz, Joseph J.
Subject: Opposition Letter: Northwestern Memorial Hospital - Project 11-107
Attachments: Active_36916931_1_Ltr Opposition to CON NMH Project 11-107 [Filed w HFSRB 02.03.2012].PDF

2/3/2012

Dear Administrator Avery:

On behalf of 230 East Ontario Condominium Association, I submit the attached letter of opposition to the CON permit application filed by Northwestern Memorial Hospital (CON Project 11-107). In addition to the attached electronic copy, please be advised that a hard copy of this letter is set to be delivered via FedEx on Monday, February 6, 2012. Please let me know if you have any questions.

RECEIVED

Respectfully submitted,

FEB 06 2012

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

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February 3, 2012

VIA ELECTRONIC MAIL AND OVERNIGHT DELIVERY

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

RECEIVED

FEB 06 2012

HEALTH FACILITIES &
SERVICES REVIEW BOARD

RE: Northwestern Memorial Hospital (CON Project 11-107)

Dear Ms. Avery:

I submit this letter of opposition to the certificate of need ("CON") permit application filed by Northwestern Memorial Hospital ("NMH") on behalf of the residents of a condominium building located at 230 East Ontario, Chicago, Illinois (the "Residents"). For the reasons set forth herein, the Residents hereby ask the Illinois Health Facilities and Services Review Board (the "State Board") to deny NMH's application to construct the Outpatient Care Pavilion, a 25-story medical office building to be located at 259 East Erie Street, Chicago, Illinois ("Project 11-107").

(1) NMH Does Not Need the Proposed Medical Office Building

The Illinois Health Facilities Planning Act (the "Act") provides that an essential purpose of the Act is to promote, through the process of comprehensive health planning, the orderly and economic development of health care facilities in the State of Illinois to avoid the unnecessary duplication of such facilities. See 20 ILCS 3960/2. The Act instructs the State Board to determine whether a proposed project is necessary, which must be determined by closely examining the utilization of existing properties. NMH claims that the proposed medical office building is needed because of a "significant shortage of physician and clinical office space in Streeterville." See CON Application, Page 75. However, independent market studies refute NMH's claim by showing that ample office space exists now, and will continue to exist in the near future, making NMH's project unnecessary.

(a) Over 4 Million Square Feet of Available Office Space Exists in the River North and North Michigan Avenue Areas According to Chicago Loop Alliance

In March 2011, NMH commissioned the John Buck Company to conduct a survey of space for physician offices in the immediate campus area. According to NMH, the findings of this survey showed that nine nearby high-rise buildings did not have adequate rentable space to accommodate the 362,696 square feet of space that will be provided at the medical office building proposed by NMH. See CON Application, Page 75. However, NMH failed to address whether ample space

existed in two or more nearby buildings, simply claiming that a single building did not exist to accommodate 362,696 square feet.

Moreover, the John Buck Company survey is not an independent study because it was commissioned by NMH. The State Board should disregard this study because it only presents facts helpful to NMH's CON application. In February 2011, the Chicago Loop Alliance (the "CLA"), an organization that is not affiliated with NMH, issued an independent study entitled *Loop Economic Study and Impact Report* (the "Report"), a copy of which is attached hereto as Exhibit A. The Report identified, at the end of the fourth quarter in 2010, a 14.6% vacancy rate in the River North area (totaling 2,003,824 square feet of available office space) and a 14.5% vacancy rate in the North Michigan Avenue area (totaling 2,030,545 square feet of available office space). See Report, Page 10. *In total, the River North and North Michigan Avenue areas had a combined 4,034,369 square feet of available office space at the end of 2011, which is eleven times more than the 362,696 square feet being sought by NMH.*

The CLA Report clearly refutes the claims made by NMH that additional office space is not available in the Streeterville area. As a result, approving NMH's proposal would result in an unnecessary duplication of office space.

(b) NMH Physician Interest Letters are Non-Binding

NMH includes letters from physicians in its CON application that state such physician's interest in leasing physician office space if the medical office building is developed; however, these letters are non-binding and do not guarantee that NMH will actually lease space to these physicians. Alternatively, commercial real estate developments are often required to secure a certain percentage of pre-leased space before a project can be financed. The State Board should hold NMH to a similar standard and require NMH to show actual commitments to lease space at the proposed medical office building. This type of mandate would help ensure that the project has a sufficient number of tenants to make the project financially viable.

(2) Unnecessary Expenditure of Precious Health Care Dollars

The Act also declares that a primary purpose of the CON program is to assess the financial burden to patients caused by unnecessary health care construction and modification projects. See 20 ILCS 3960/2. NMH is proposing the development of a medical office building, with a total project cost of \$322,826,935. As noted above, this costly project is not necessary because sufficient office space exists close to NMH's campus and the physician interest letters included in the CON application are non-binding and do not guarantee sufficient utilization of the proposed space.

If, however, the State Board desires to support the NMH project, the Residents urge the members to only support a scaled-back version of the proposed project, one that removes all non-essential components that add unnecessary cost to the project. For example, the addition of bridges connecting nearby buildings not only blocks sunlight and restrict views, but also adds a non-essential component to the project that spends dollars better-directed towards patient care.

(3) Charity Care, Not Construction

The State Board should reject the proposed project and demand that NMH, a not-for-profit hospital, provide enhanced charity care benefits to needy patients instead of focusing on capital development projects. Since 2003, NMH has obtained State Board approval for construction projects totaling \$616,201,100. See CON Projects 02-073, 05-062, 06-080 and 09-039. If the present

application is approved, NMH will have spent nearly \$1 billion in capital development projects in a period less than ten years.

However, while capital spending by NMH approaches nearly \$1 billion, this not-for-profit provider was failing to provide an adequate amount of charity care to needy patients. According to the Illinois Department of Revenue in August 2011, the Cook County Assessor was justified when he rescinded the property tax exemption for NMH's Prentice Women's Hospital because NMH provided inadequate amounts of charity care. According to state records, the hospital contributed less than 2 percent of its net patient revenue to charity care (defined as free or reduced-cost medical services) for the year under review. See Attachment B.

The Act declares that one purpose of the CON law is to improve the financial ability of the public to obtain necessary health services. See 20 ILCS 3960/2. Consequently, the State Board should require NMH to provide sufficient charity care before it allows the hospital to proceed with its \$322 million medical office building.

(4) NMH Should Provide a Master Plan for Campus Development to the HFSRB

Although the Act and accompanying CON regulations do not require health care facilities to submit a master plan for future campus development to the State Board for approval (unless the cost to develop a master plan exceeds the applicable capital expenditure minimum), the Residents firmly believe that, in the present case, the State Board should not approve NMH's medical office building until the state has had the opportunity to closely examine the hospital's plans for future development of its campus. Once again, a primary purpose of the Act is to establish a procedure that promotes, through the process of comprehensive health planning, the orderly and economic development of health care facilities that avoids the unnecessary duplication of such facilities. This directive also provides the State Board with the authority to control health care costs. Accordingly, the Residents contend that a not-for-profit hospital's expenditure of nearly \$1 billion mandates state oversight in order to ensure that NMH is only making necessary expenditures now and in the future.

* * * *

Once again, on behalf of the residents of 230 East Ontario, I ask the State Board to deny the CON permit application filed by NMH (Project 11-107) because existing office space can meet the needs of NHM physicians and available funds should be used to bolster the hospital's charity care program first. On behalf of the Residents, I ask the State Board to deny Project 11-107. I appreciate your time and consideration. Thank you very much.

Respectfully submitted,



Joseph Hylak-Reinholtz, Esq.

enclosures

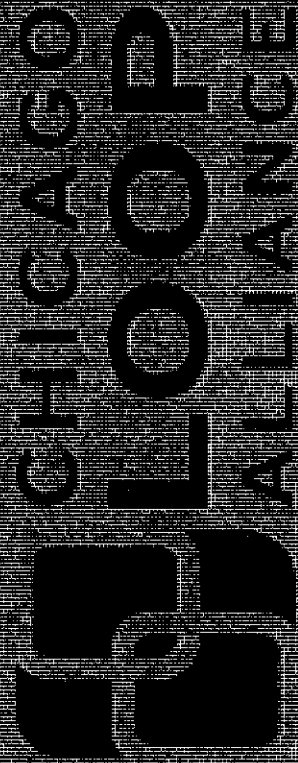
ATTACHMENT A

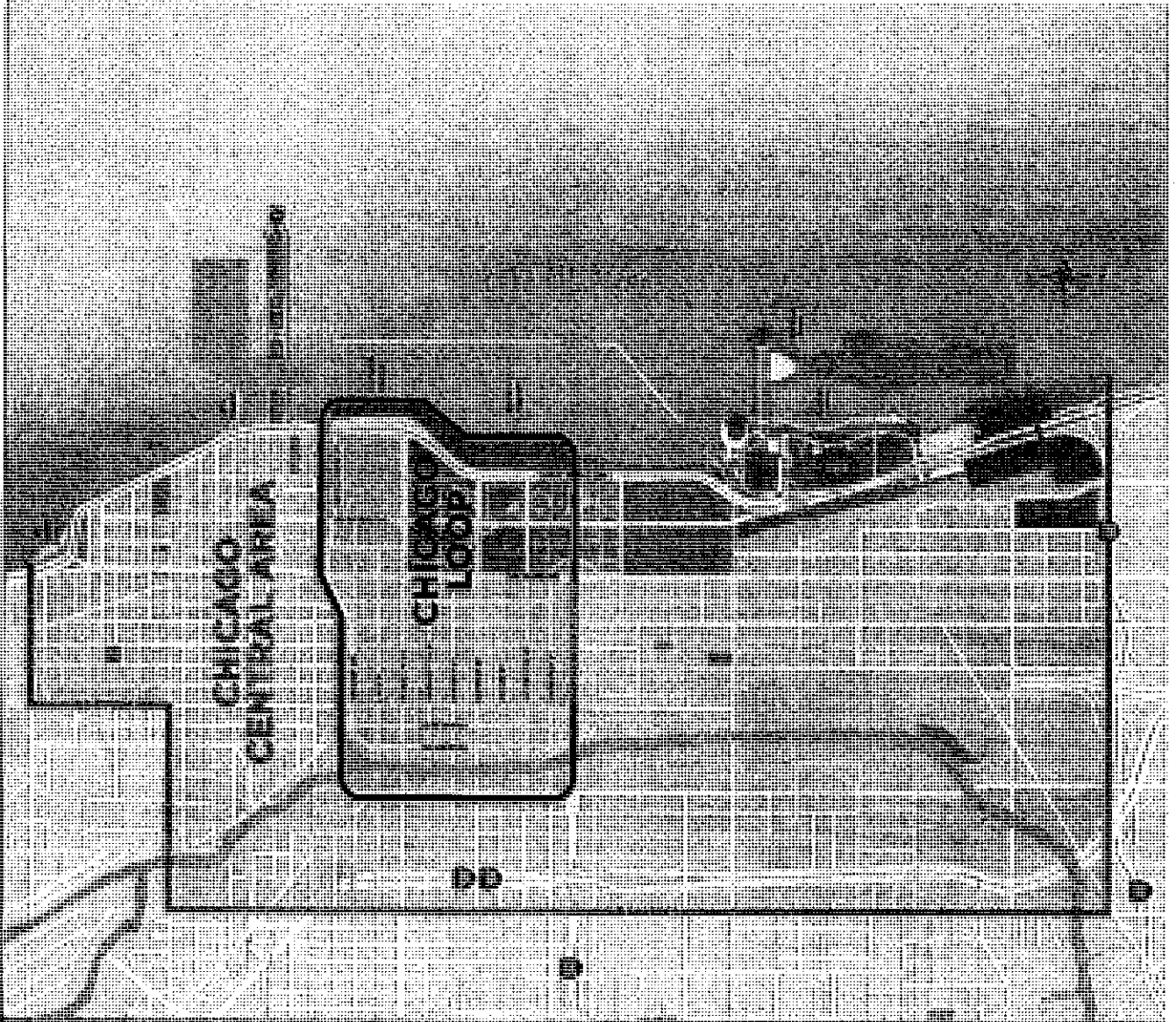
CLA Report: Loop Economic Study & Impact Report

See Attached

FEBRUARY, 2011

LOOP ECONOMIC STUDY & IMPACT REPORT

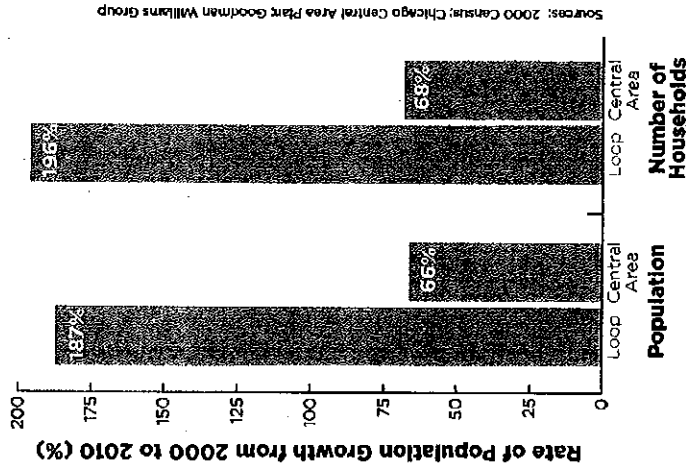




1. RESIDENTIAL MARKET IN THE LOOP

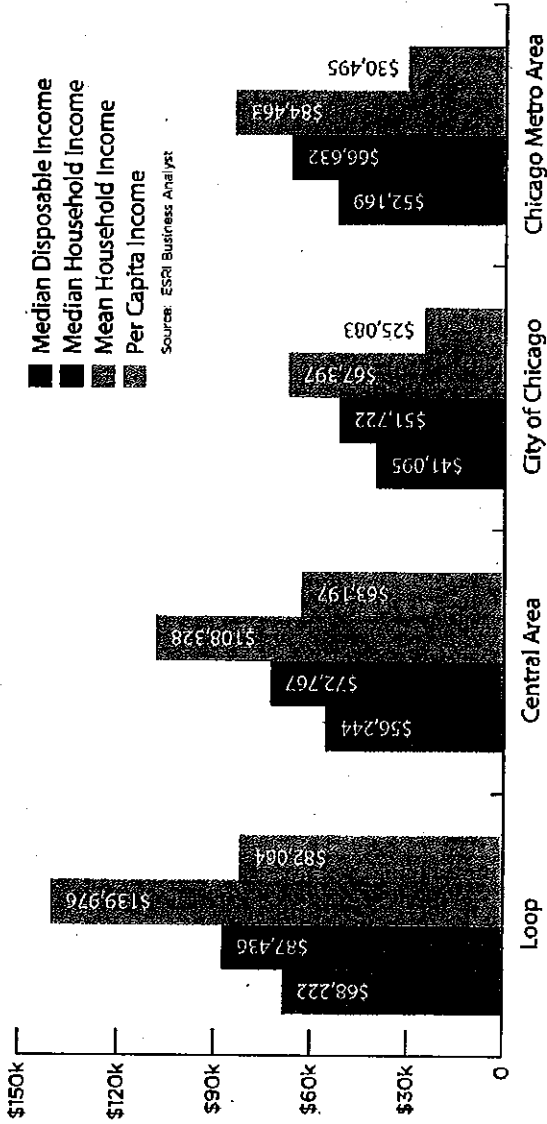
Population Growth

New condominiums, rental apartments, and student residences have nearly tripled the Loop's residential population in the last ten years. The Loop's 2000 Census population of 7,056 grew to an estimated 20,280 in 2010.



Sources: 2000 Census; Chicago Central Area Plan; Goodman Williams Group

As this report went to press, the *Chicago Tribune* reported that the census population of the Loop community area increased from 16,988 in 2000 to 27,001 in 2010. This area extends south to Roosevelt Road in the South Loop, making it larger than the Central Loop area typically discussed in this report. The initial census data reflect the residential growth described in this report.

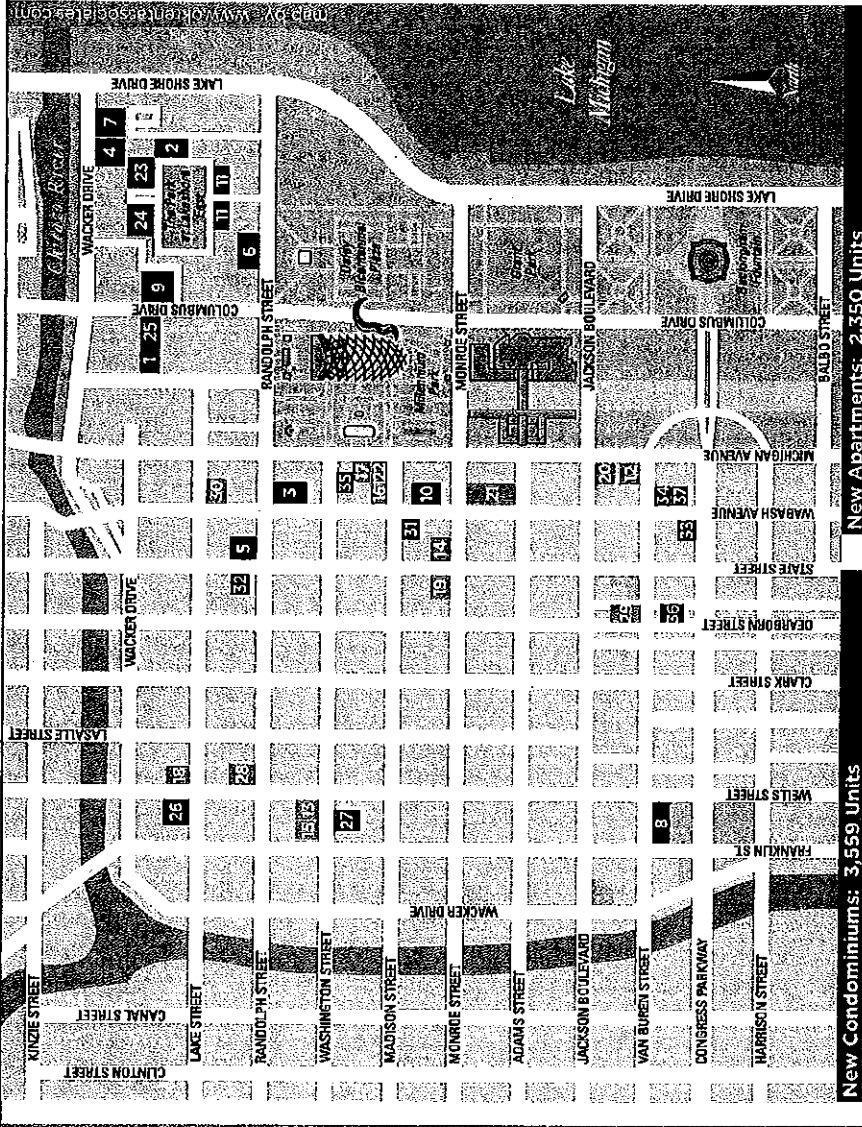


Source: ESRI Business Analyst

	Loop	Central Area
2000 Census		
Population	7,056	111,742
Households	3,968	66,387
New Housing Added 2000-2010		
Housing Units	8,170	47,647
Student Residences	1,536	5,779
Estimated 2000-2010 Growth		
Population from New Housing Units ¹	11,765	68,612
Population from New Dorm Beds ²	1,459	5,490
Households from New Housing Units ³	7,762	45,265
2010 Population and Households		
Population	20,280	185,844
Households	11,730	111,652
2000-2010 Growth Rates		
Population	187%	66%
Households	196%	68%

¹ Assumes 1.6 persons per unit and 90% occupancy of new units
² Assumes 95% occupancy of dorm beds
³ Assumes 1.6 persons per unit

Source: 2000 Census; Chicago Central Area Plan; Goodman Williams



New Condominiums: 3,559 Units

1. Park Millennium	2002	480 units
2. The Lancaster at Lakeshore East	2004	209 units
3. The Heritage at Millennium Park	2005	356 units
4. The Regatta at Lakeshore East	2006	324 units
5. The Residences at Jeffery Tower	2007	186 units
6. 340 On The Park	2007	344 units
7. The Chandler at Lakeshore East	2007	304 units
8. 235 Van Buren	2009	714 units
9. Aqua at Lakeshore East	2009	263 units
10. The Legacy at Millennium Park	2010	355 units
11. ParkThomas at Lakeshore East	2010	24 units

New Apartments: 2,350 Units

23. The Shoreham at Lakeshore East	2005	548 units
24. Tides at Lakeshore East	2008	608 units
25. Aqua at Lakeshore East	2009	476 units
26. 200 Squared	2010	329 units
27. 215 West Washington	2010	389 units

Adaptive Reuse Condominiums: 1,885 Units

12. Residences at 330 South Michigan	2000	78 units
13. Concord City Centre	2000	214 units
14. Mentor Building Residences	2001	50 units
15. City Center Club	2001	183 units
16. 5 North Wabash	2003	90 units
17. Millennium Lofts	2004	106 units
18. Century Tower	2004	293 units
19. Metropolis	2006	168 units
20. Metropolitan Tower	2007	242 units
21. The Park Monroe	2008	341 units
22. Six North Michigan	2010	120 units

Adaptive Reuse Apartments: 376 Units

28. Randolph Tower City Apartments	2012	313 units
29. Fisher Building Apartments	2000	184 units
30. MDA City Apartments	2005	192 units

Student Housing: 2,411 Beds

31. School of the Art Institute	1997	195 beds
32. School of the Art Institute	2000	590 beds
33. Columbia College	2000	110 beds
34. The Buckingham	2007	456 beds
35. Fornell Hall	2008	420 beds
36. Plymouth Building	2011	80 beds
37. Roosevelt University Wabash Building	2012	600 beds

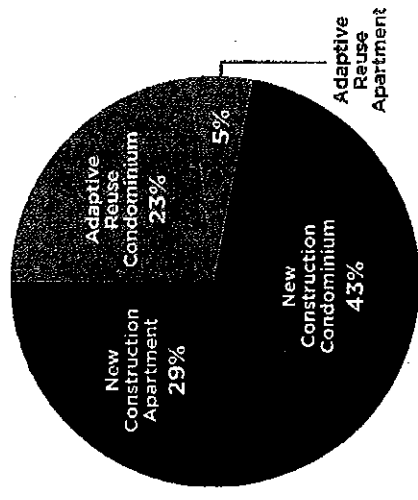
3 Residential Market in the Loop

The population of Chicago's Central Area expanded from 111,742 reported in the 2000 Census to an estimated 185,844 in 2010. The Loop grew at a faster rate than the Central Area, increasing its share of the Central Area population from 6.3% to 10.9%.

Residential Development

Development over the last decade brought housing to locations throughout the Loop and broadened the product choices for both buyers and renters. In the last ten years, 8,170 new units have been completed in the Loop.

New projects in locations along the Michigan and Wabash corridors provide views of Millennium Park and take advantage of the vitality along State Street. Adaptive reuse development, representing 28% of new units in the Loop, gave new life to historic buildings by prominent architects including Daniel Burnham and Howard Van Doren Shaw, among others. Randolph Tower is the newest adaptive reuse development, converting the 45 story neo-gothic office building into 313 apartment units; it is expected to open in the first quarter of 2012.

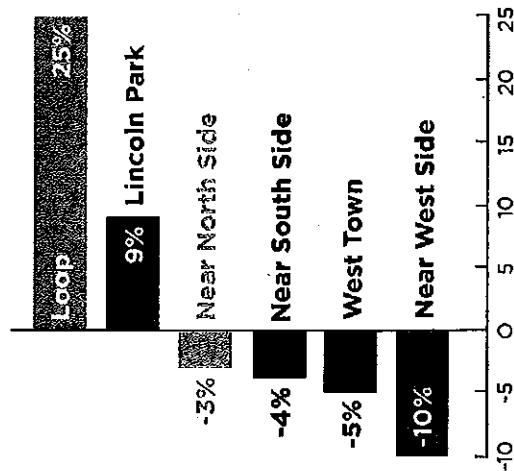


Residential Units Added From 2000-2010
Source: City of Chicago Development Database

Condominium Market

Despite the dismal housing market in 2010, Loop condominiums experienced a 14% median price increase from 2009. Condominiums in the Loop sold through Realtors in 2010 had a median price higher than the Near North Side, Lincoln Park, and other areas around the downtown.

Existing Condo/Townhome Sale Price Increase from 2005 to 2010 (%)



Student Housing

65,500 students attend classes in the area described as Chicago's Loop/South Loop Campus. Existing and under-construction projects provide housing in the Loop for 2,411 of those students.¹

The School of the Art Institute was the first to discover the appeal of the Loop to a creative student body. Most of the student housing developments that followed, including the 1,700-bed University Center located within a block of the Loop, accommodate students from multiple schools.

Rent Trends

Rental apartments have been one of the bright spots on the Chicago real estate landscape during the recent recession. Continued new construction has been supported by healthy market indicators.

In the last decade, 2,728 rental units have been added in the Loop in adaptive reuse and new-construction projects. About 60% of those new units have been in large rental buildings in the Lakeshore East development in the East Loop. The newest, the innovative 82-story Aqua at Lakeshore East, includes

476 rental apartments as well as 263

condominiums and 215 hotel rooms. Two new construction rental projects that recently came to market, 210 North Wells and 215 West Washington, are located in the heart of the Loop where luxury rental apartments have not been available in the past.

Two historic buildings, one designed by Daniel Burnham and another by his son, were adapted for rental apartments. The Fisher Building and the Medical and Dental Arts Building brought a total of 376 loft apartments to the Loop.

Net effective rents and occupancy rates for Class A apartments in downtown Chicago have remained strong during the economic downturn. Rents increased steadily through 2010, and occupancy rates increased to levels last seen in 2006.

Class A¹ Rent and Occupancy Downtown Chicago

	Net Effective Rent	Occupancy Rate
4Q 2010	\$2.23	93.6%
3Q 2010	\$2.22	94.7%
2Q 2010	\$2.22	94.5%
1Q 2010	\$2.16	93.6%
4Q 2009	\$2.08	91.4%
3Q 2009	\$2.10	91.9%
2Q 2009	\$2.17	93.4%
1Q 2009	\$2.12	90.9%
4Q 2008	\$2.11	90.6%
3Q 2008	\$2.25	92.8%
2Q 2008	\$2.31	91.6%
1Q 2008	\$2.29	91.9%
4Q 2007	\$2.25	91.3%
3Q 2007	\$2.35	94.6%
2Q 2007	\$2.30	95.4%
1Q 2007	\$2.25	93.4%

¹ Class A buildings were typically developed since 1990, enjoy good locations, and offer highly competitive amenity packages.

² Net Effective Rent reflects concessions.

Source: Appraisal Research Counselors

Median Price of Existing Condos and Townhomes Sold

	2005	2006	2007	2008	2009	2010
Loop ¹	\$315,000	\$279,950	\$398,394	\$390,177	\$345,000	\$395,000
Lincoln Park	\$360,000	\$394,500	\$413,000	\$424,250	\$395,000	\$394,000
Near South Side	\$335,000	\$348,950	\$333,198	\$419,390	\$369,600	\$321,000
Near North Side	\$360,600	\$359,000	\$391,700	\$415,000	\$362,500	\$350,000
West Town	\$361,450	\$361,000	\$377,000	\$375,000	\$339,000	\$344,500
Near West Side	\$315,000	\$305,000	\$325,900	\$325,000	\$298,900	\$293,250

¹ The realtors' definition of the Loop extends south to Roosevelt Road.

Source: Information supplied by the Chicago Association of Realtors through Midwest Real Estate Data, courtesy of James A. Hornath of Prudential Realty

¹ Source: "Update 2009: Higher Education in the Loop and South Loop: An Economic Impact Study"

ROBERT F. KENNEDY JR. UNIVERSITY AT THE LEWIS AND CLARK

Robert F. Kennedy Jr. University at the Lewis and Clark Center is a new, state-of-the-art, 10-story building located in the heart of downtown Chicago. The building is a prime example of modern architecture and is a landmark addition to the city's skyline. The building is a prime example of modern architecture and is a landmark addition to the city's skyline.

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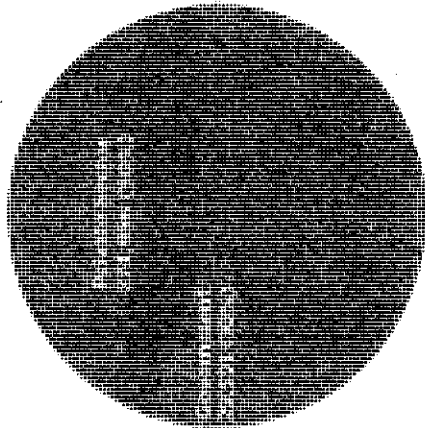
Residential Market in the Loop



2. EMPLOYMENT IN THE LOOP

Introduction

Chicago's Central Area was the location of 479,199 private sector jobs in 2010. Of those nearly half-million jobs, 57.4% were located in the Loop. With 274,956 private sector jobs and an estimated 29,591 government jobs, the Loop has over 300,000 jobs and workers.



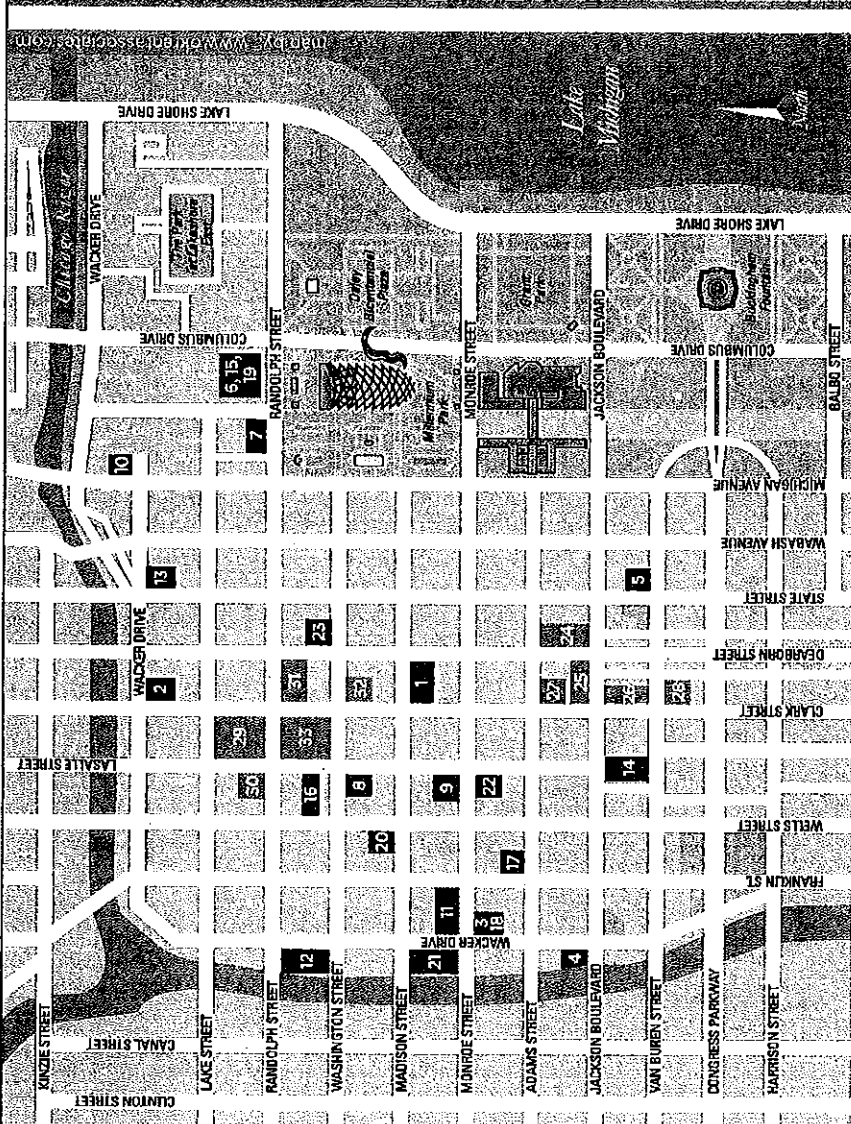
Loop Employment 2010

Source: Where Workers Work, IDES and ESRI

Private Sector Employment

Trends in private sector employment reflect the economic recession, with job losses in both 2009 and 2010. In 2010, the number of Loop jobs fell by 14,760, a decrease of about 5%.

For the past three years, the Loop has represented over 27% of all private sector jobs in Chicago. Over the same period, employment in the six-county Chicago area have been located in the Loop.



Leading Companies with Loop Headquarters

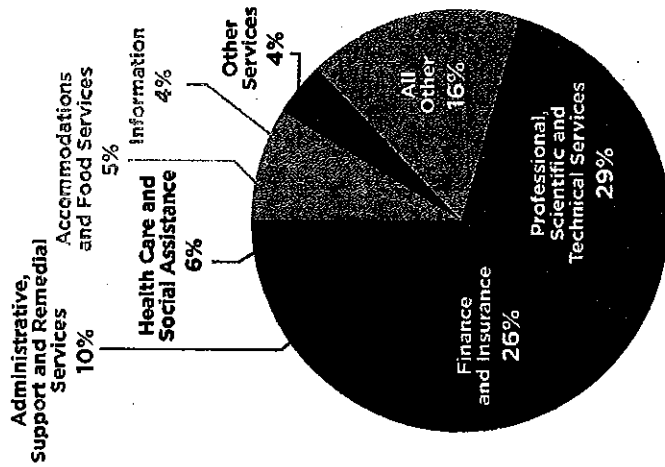
1. Eaton Corp.*
 2. UAL Corp.*
 3. RR Donnelley & Sons Company*
 4. MillerCoors
 5. CNA Financial Corp.
 6. Aon Corp.*
 7. Integy Energy Group, Inc.*
 8. Telephone and Data Systems, Inc.*
 9. Northern Trust Corp.*
 10. Old Republic International Corp.
 11. Hyatt Hotels Corp.
 12. General Growth Properties
 13. Unibin Inc.
 14. CME Group
 15. Jones Lang LaSalle
 16. LIGO Corporation
 17. GATX Corp.
 18. Vertec Inc.
 19. John Bean Technologies
 20. Strategic Hotels & Resorts Inc.
 21. Navigant Consulting
 22. Privata Bancorp Inc.
 23. Morningstar Inc.
- Utility
Airline
Commercial Printing
Beverages
Insurance
Insurance
Utility
Telecommunications
Commercial Banking
Insurance
Hotels
Shopping Centers
Security and Commodity Brokers
Real Estate
Auto Parts
Transportation Services
Real Estate Investment Trust
Food Processing Solutions
Hotels
Management Consulting
Commercial Banking
Investment Research

Government Buildings

24. Everett M. Dintzen Building
 25. John C. Kuczynski Building
 26. Ralph H. Metcalfe Building
 27. United States Post Office
 28. Metropolitan Correctional Center
 29. James R. Thompson Center
 30. Michael A. Bilandic Building
 31. Richard J. Daley Center
 32. 68 West Washington
 33. City Hall/County Building
- Federal
Federal
Federal
Federal
Federal
State
County
County
City/County

* Fortune 500 Company

1. Public companies among the 100 highest revenue producer in the Chicago area, ranked by 2009 revenues.



2010 Loop Private Sector Employment

Source: Where Workers Work, IDES and ESR

Best Workplaces and Fastest Growing

Of the top 20 firms on *Crain's Chicago Business'* list of "Best Places to Work 2010", 12 are located in the Loop. Along with law, accounting, advertising, brokerage, and other professional service firms located in the Loop, *Crain's* named Microsoft and the Hyatt Regency hotel among the 20 best places to work.

Additionally, 13 of the 50 fastest growing companies in the Chicago area are located in the Loop, according to *Crain's*. While most are in the two major employment sectors, the fast-growing Loop firms are as diverse as an operator of outpatient surgery centers and a supplier of auto parts.

7 Employment in the Loop

Private Sector Employment in Loop

	2007	2008	2009	2010
All Industries	291,280	298,502	289,716	274,956
Professional, Scientific, and Technical Services	79,771	84,408	83,283	79,596
Finance and Insurance	78,842	77,766	76,292	72,547
Administrative, Support and Remedial Services	28,761	31,189	26,769	26,997
Health Care and Social Assistance	16,343	17,437	19,354	15,175
Accommodations and Food Services	12,390	12,715	12,460	12,588
Information	13,639	13,272	12,381	11,503
Other Services	11,034	11,581	11,349	11,139
Real Estate, Rental and Leasing	9,211	8,620	8,297	7,429
Management of Companies and Enterprises	8,098	8,617	7,237	7,558
Educational Services	6,684	6,784	7,198	7,383
Retail Trade	7,329	7,769	6,976	6,370
Arts, Entertainment and Recreation	5,380	5,696	5,897	5,890
All Other Industries	6,430	5,158	4,912	4,364
Wholesale Trade	4,710	4,632	4,529	4,158
Construction	2,658	2,858	2,782	2,259
Share of Chicago Private Sector Employment	26.6%	27.2%	27.8%	27.2%
Share of Metro Area Private Sector Employment	8.5%	8.7%	9.0%	8.8%

Note: Includes zip codes 60601-60604 and 60606

Source: Where Workers Work, IDES and ESR

The largest employment category—Professional, Scientific, and Technical Services—contributes 28.9% of the private sector jobs in the Loop. This category includes professional services such as accounting, architecture, law, engineering, public relations, and advertising. According to *Crain's Chicago Business*:

- The primary Chicago offices of the five largest accounting firms in the United States are located in the Loop: Deloitte, PricewaterhouseCoopers LLP, Ernst & Young, KPMG, and RSM McGladrey.
- Of the 25 largest law firms in the

six-county Chicago area, 20 are located in the Loop. Offices of the other five law firms are located in the Central Area, just outside the Loop boundaries.

- Of the 25 largest advertising firms in the metropolitan Chicago area, 12 are located in the Loop.
- The offices of 10 of the 25 largest public relations firms in the Chicago area are in the Loop.

The second largest category—finance and insurance, which accounts for 26.4% of private sector employment—includes banks, insurers, and mortgage companies as well as financial and commodity exchanges.

According to *CRAIN'S*, the three largest banks headquartered in the metropolitan Chicago area are located in the Loop, and investment banking firms in the Chicago area are concentrated in the Loop. Aon, a Fortune 500 company, and CNA Financial are the two largest insurance companies with Loop headquarters.

Government Employment

In addition to the private sector employment, the Loop contains 29,591 federal, state, county, and city government workers. The General Services Administration (GSA) reports that the federal government owns 3.3 million square feet and leases another 376,000 square feet of space in the Loop, indicating a very strong presence. The Kluczynski Federal Building (1.1 million square feet) and Post Office occupy an entire Loop block. GSA has acquired most of the vintage properties on the west side of State St. between Adams and Jackson, which is adjacent to the Dirksen U.S. Courthouse (1.2 million square feet). GSA is considering various development plans for the expansion block, in addition to renovation of existing

properties, plans may include adaptive reuse of existing buildings and new construction.

State of Illinois jobs are concentrated in the 1.2 million square foot James R. Thompson Center and 455,000 square foot Michael A. Bilandic Building across the street. Cook County offices are in portions of the 1.5 million square foot Richard J. Daley Center, a 90,000 square foot building at 50 West Washington, and in the historic County Building on Clark Street. Supplementing its space in City Hall, the City of Chicago leases significant amounts of space in several Loop buildings.

New Employers

Employers recognize that the Loop offers the transportation, environment, and amenities needed to attract knowledge workers.

- Walgreens, headquartered in a Chicago suburb and ranking 32nd among Fortune 500 companies, opened an office in the Sullivan Center for an e-commerce division.
- United Airlines, which has 630 employees in executive offices in the Loop, moved its suburban operations center and 2,800 jobs to cutting-edge facilities in Willis Tower. United, which includes the newly merged Continental Airlines, received financial incentives through the Central Loop TIF.
- Combined Insurance relocated from Chicago's Edgewater neighborhood to the Loop, citing proximity to public transportation as a key factor in their decision. The Loop office employs 500 customer service workers. The Illinois Department of Commerce and Economic Opportunity provided an EDGE tax credit to keep Combined Insurance in Chicago.

- MillerCoors, a joint venture of two brewers, selected a new headquarters location in the Loop for 300 employees. Among the reasons for their decision was that Chicago "is an international city with a 24-hour central business district." Another reported draw to the Loop was access to marketing services. City and State incentives were provided to MillerCoors.

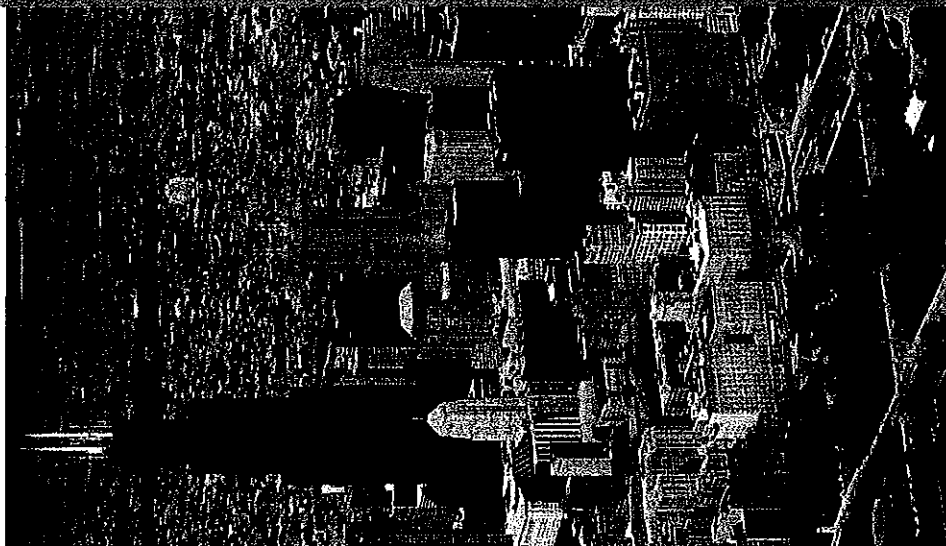


Photo ©2010 Lawrence O'Krent www.okrentassociates.com

3. OFFICE MARKET IN THE LOOP

Central Area

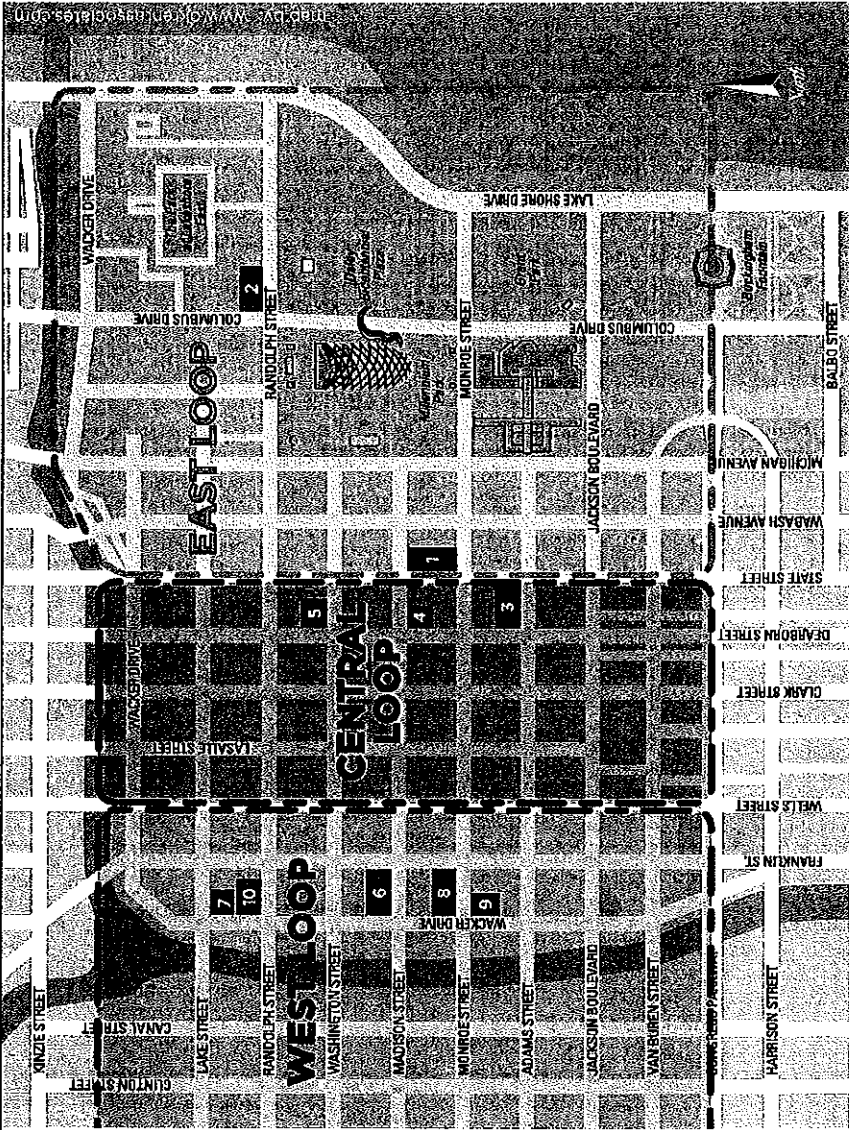
Of the total of 232.8 million square feet of competitive office inventory in the Chicago area, 58.7% of that space is located in the Central Area. Downtown Chicago's share of the regional office market is higher than that of any other major U.S. city except New York City.² While the vacancy rate for suburban office space stands at 25.0% in the fourth quarter of 2010, the Central Area vacancy is significantly lower at 16.1%.

Loop Office Market

The Loop represents 45.9% of the Chicago area office market. The three submarkets that include the Loop have distinctly different characteristics.

- The East Loop submarket includes the modern office buildings at the 83-acre Illinois Center as well as vintage buildings that are part of the Michigan Avenue Streetwall, a historic landmark.

The three office submarkets that include the Loop area account for 45.9% of the Chicago region's competitive office inventory.



New Loop Office Developments 2000-2010

East Loop Office Submarket	Year	Sq. Feet	Anchor Tenants
1. Sullivan Center Office	2008	740,000	Illinois Dept. of Employment Sec., Gensler Arch., Weigreens E-Commerce
2. Blue Cross Blue Shield Addition	2010	900,000	Health Care Service Corporation
Total New East Loop Space		1,640,000	
Central Loop Office Submarket	Year	Sq. Feet	Anchor Tenants
3. The Citadel Center	2003	1,527,000	Citadel Investment, Seyferth Shaw (law firm), Holland & Knight (law firm)
4. 1 South Dearborn	2005	828,000	Sidley Austin (law firm), Mital Steel
5. 22 West Washington	2008	440,000	Morningstar, CBS (television station)
Total New Central Loop Space		2,795,000	
West Loop	Year	Sq. Feet	Anchor Tenants
6. UBS Tower	2001	1,317,000	UBS, PricewaterhouseCoopers
7. 191 North Wacker	2002	732,000	Gardner Carton & Douglas (law firm), RSM McGladrey
8. Hyatt Center	2005	1,550,000	Mayer Brown (law firm), Hyatt, Goldman Sachs
9. One Eleven South Wacker	2005	1,028,000	Deloitte
10. 155 North Wacker	2009	1,129,000	Marsh & McLennan, American Hospital Assoc., Skadden Arps (law firm)
Total New West Loop Space		5,756,000	
Total New Office Development in Loop		10,191,000	

2 Chicago Central Area Plan 2020

Chicago Area Office Market, 4Q 2010

SUBMARKET	Inventory (SF)	Vacancy (SF)	Vacancy (%)	Avg. Asking Rent (\$ PSF)
Chicago Loop Alliance Area				
East Loop	24,693,833	5,037,814	20.4%	\$29.65
Central Loop	41,236,733	6,314,156	15.3%	\$29.06
West Loop	40,938,657	6,851,223	16.7%	\$33.14
Other Central Area Submarkets				
North Michigan Avenue	13,973,647	2,030,545	14.5%	\$32.96
River North	13,720,036	2,003,824	14.6%	\$28.98
South Loop	2,218,735	203,336	9.2%	\$20.37
Total Central Area	136,781,641	22,440,897	16.4%	\$30.79
All Suburban Submarkets	96,059,776	24,036,560	25%	\$21.49
Total Chicago Region	232,841,417	46,477,458	20%	\$26.83

Source: Jones Lang LaSalle

The largest building in the East Loop is Aon Center at 200 E. Randolph, which was completed in 1972 and contains 2.65 million square feet. Over the last 10 years, 1.6 million square feet of office space has been added in the East Loop submarket.

- The Central Loop is Chicago's largest office submarket, with over 41 million square feet of space, representing 17.7% of the regional supply. With LaSalle Street as its core, the Central Loop submarket has one of the lowest vacancy rates downtown or in the suburbs. Over the last decade, 2.8 million square feet have been added in the Central Loop submarket. The most recent development project is the office tower at 22 W. Washington (Block 37).

- With 40.9 million square feet, the West Loop is the second largest office submarket in the Chicago region. The West Loop includes North and South Wacker Drive, where 5.8 million square feet in five office projects have been completed in the last decade.

10.2 million square feet of new office space have been developed over the last 10 years in the Loop.

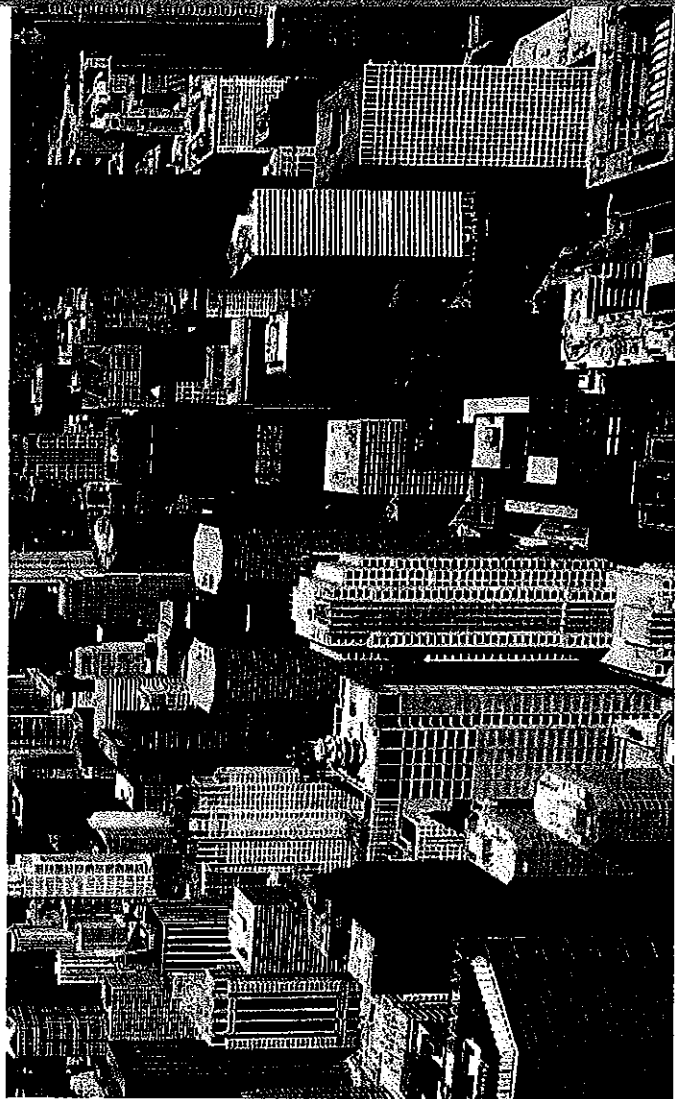
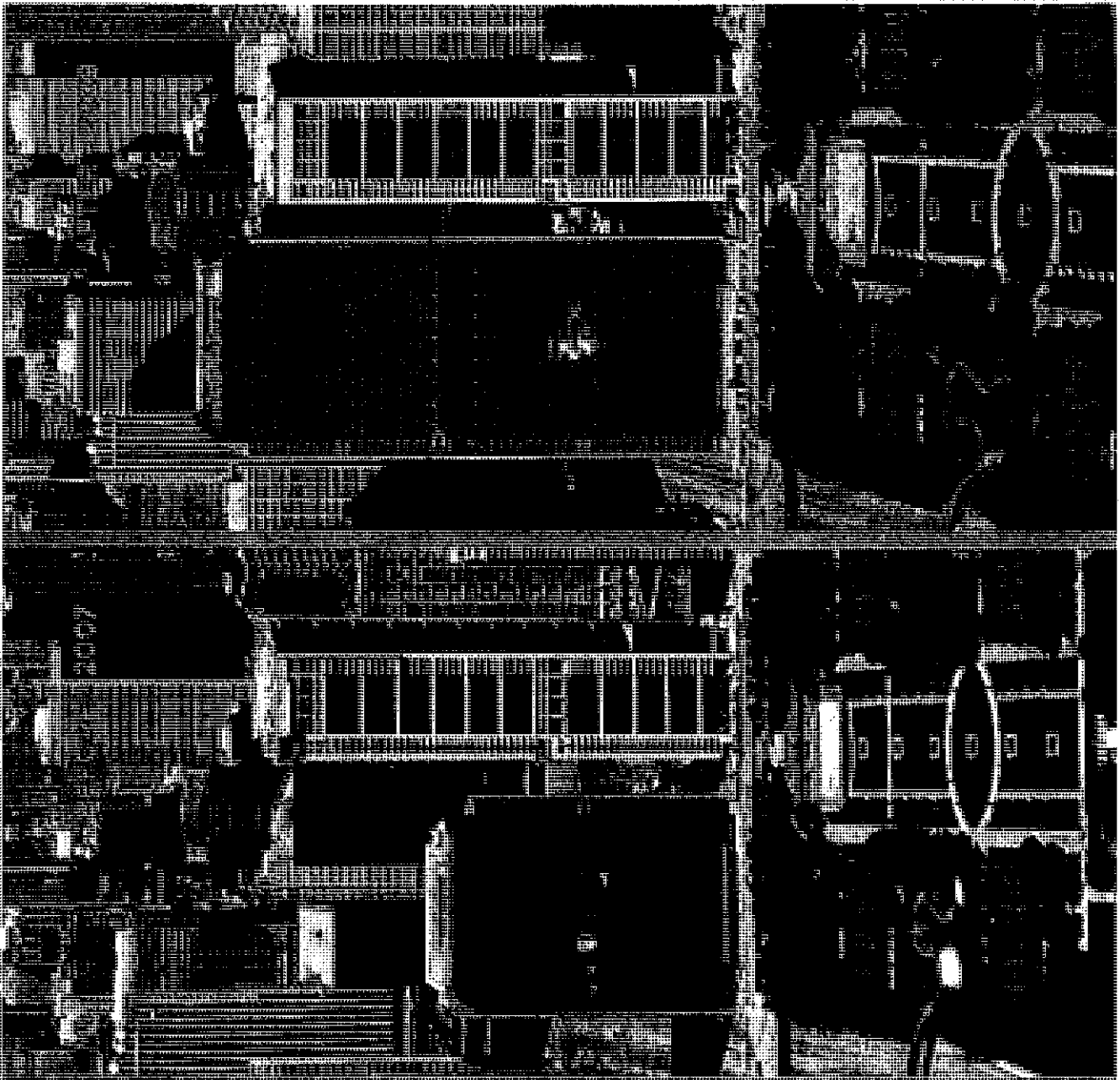


photo ©2010 Lawrence O'Brien www.krentassociates.com

PROJECT HIGHLIGHT
111 W. WASHINGTON STREET
111 W. WASHINGTON STREET



4. TOURISM IN THE LOOP

Tourism Highlights

- 39.6 million domestic and overseas travelers visited Chicago in 2009.
- The Loop's Millennium Park is one of Chicago's most popular tourist attractions, drawing 4 million visitors yearly.
- Over 2 million visitors attended conventions, tradeshows, meetings and public events at McCormick Place in 2009.

Visitation Trends

- The number of visitors to Chicago fell in 2009 as the economic recession continued.

Visitor Activities

Dining, shopping and entertainment were the top activities by Chicago visitors in 2009. While the Loop has strong attractions in each of these three categories, it is also the primary location in the city for sightseeing, art exhibits, concerts, plays, and dance.

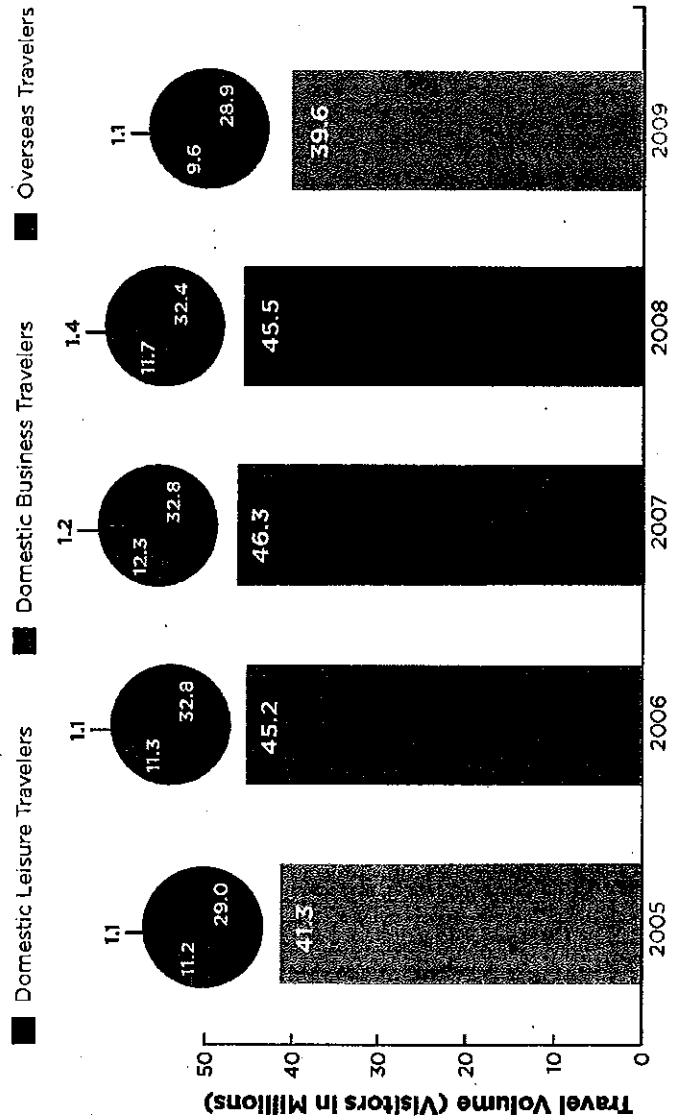
Tourist Attractions

Millennium Park has been one of the city's

most popular destinations for visitors, attracting 19 million people since its opening in June 2004. Currently, approximately 4 million visitors explore Millennium Park's collection of art exhibits and gardens and attend free performances every year.

Over 3 million visitors enjoy Loop-based sightseeing and architectural tours. Chicago Trolley & Double Decker Company offers hop-on, hop-off tours, and Chicago Architecture Foundation features architectural river boat tours among their many offerings. The Chicago Cultural Center, home to one of the city's visitor information centers, provides free on-the-spot tours by volunteers.

The summer season draws 32% of domestic leisure travelers. The Taste of Chicago, the largest food festival in the Midwest, brought in over 3.3 million people to Grant Park in 2009. In 2008, over 1.2 million people attended three of Chicago's more prominent music events in Grant Park: Lollapalooza, Chicago Jazz Festival and Chicago Blues Festival.



Sources: Chicago Office of Tourism, 2009 Statistical Information

Activities by Chicago Visitors

Dining	31%
Shopping	29%
Entertainment	29%
Sightseeing	25%
Museum, Art Exhibit	17%
Watch Sports	11%
Concerts, Plays, Dance	11%
Visit Historic Site	4%
Festival, Big Day	4%

Sources: Chicago Office of Tourism, 2009 Statistical Information

Conventions, Tradeshows and Public Events

With 2.6 million square feet of exhibit space, McCormick Place is the largest convention center in North America and draws over 2 million visitors every year. Loop hotels, restaurants and stores benefit from spending generated by McCormick Place visitors. For example, registrants of the International Home and Housewares Show generated about \$70 million in spending in 2009.

2009 McCormick Place Attendance

Type	Events	Attendees
All Public Events	9	1,110,125
Tradeshows/Conventions	50	883,068
Meetings	44	38,282
Total	94	2,041,475

Source: Metropolitan Pier and Exposition Authority

Attendance at Selected Loop Attractions

2009

Attractions ¹	Attendance
Millennium Park	4,000,000
Willis Tower SkyDeck	1,265,046
Chicago Cultural Center	808,000
Sightseeing/Tours	
Chicago Trolley & Double Decker	2,875,000
Chicago Architectural Tour	240,000

Events	Attendance
Taste of Chicago	3,350,000
Chicago Blues Festival	600,000
Chicago Jazz Festival	300,000
Lollapalooza	225,000

¹ See section 6 for additional data on cultural attractions in the Loop.

Source: Strategic Urban Tourism of Loop, Festivals & Events, Chicago Loop Alliance; Chicago Cultural Foundation; Chicago Architectural Tour; Willis Tower SkyDeck

photo ©2010 Lawrence Orlent



Tourist Spending

17.7% of spending by tourists is for food services, and 15.8% of spending by tourists is for shopping. Using these estimates Chicago's 39.6 million tourists spend \$1.9 billion for food services and in drinking places and \$1.7 billion for shopping. With all of the attractions in the Loop, its businesses have an opportunity to capture a high percentage of those dollars.

Winter brought 18% of the City's domestic leisure visitors in 2010. WinterWonderLoop, presented by Chicago Loop Alliance, celebrates winter over the holiday shopping season with festive events and cultural activities. In 2010, WinterWonderLoop.com received nearly 12,000 unique visitors from 35 different countries. Ice skating at Millennium Park, holiday windows at Macy's, and Christkindlmarket are among the draws that bring visitors to the Loop in the winter months.

Chicago's Top Trade Shows & Conventions 2010

Attendance + Exhibitors

Event	Attendance + Exhibitors
Chicago Auto Show	1,000,000
IMTS 2010 Industry & Technology Conference	84,139
National Restaurant Association, Restaurant, Hotel-Motel Show	70,200
PACK EXPO International	75,000
International Home and Housewares	62,000
America's Beauty Show	60,400
Radiological Society of North America	59,000
80th Annual Chicago Boat, RV & Outdoor Show	55,000

Source: "Chicago's Top Trade Shows & Conventions" by BizBash.com; ChicagoTravelers.com; McCormick Place; QualityMagazine.com

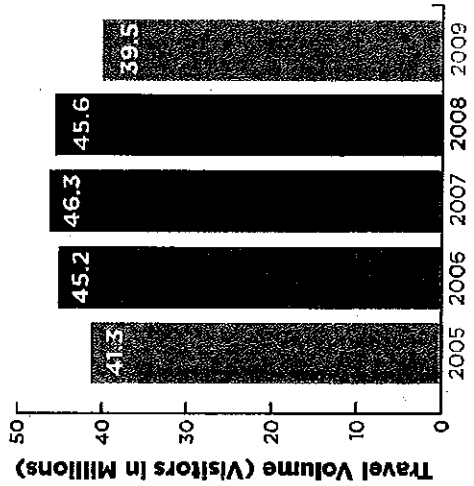
5. HOSPITALITY IN THE LOOP

Loop Hospitality Highlights

- Since 2000, over 2,600 new hotel rooms in 9 properties have been completed or are under construction.
- A new upscale brand run by Carlson Hotel Worldwide, The Radisson Blu, will open as the first in a location near Millennium Park.

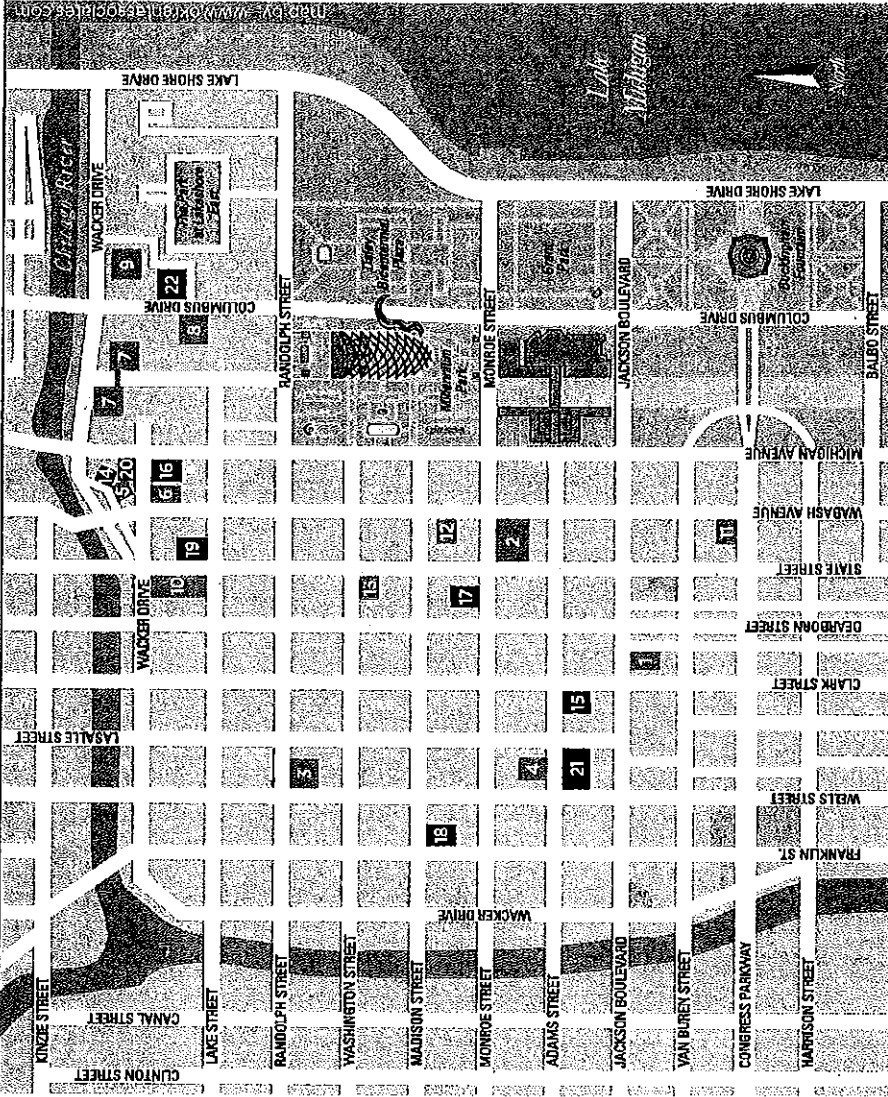
Chicago Travel Market

- Over 215 million domestic and overseas visitors traveled to Chicago between 2005 and 2009.
- In 2009, 73% of all visitors to Chicago were domestic leisure travelers. The top reasons for their leisure visits were: visiting friends and relatives (30%), special events (24%), getaway weekends (16%) and general vacations (9%).



Sources: Chicago Office of Tourism

15 Hospitality in the Loop



Existing Hotels: Before 2000

Hotels	Rooms	Year Open
1. Union League Club (Private Club)	190	1887
2. Palmer House	1,639	1925
3. Allegro, A Kimpton Hotel	483	1926
4. W Chicago - City Center	390	1929
5. Hotel 71	454	1958
6. Monaco, A Kimpton Hotel	192	1958
7. Hyatt Regency	2,019	1974
8. Fairmont Hotel	692	1987
9. Swissotel Chicago	661	1988
10. Renaissance Hotel	553	1991
11. J. Ira & Mildred Harris Family Hostel	500	1996
12. The Silvermith Hotel	143	1998
13. Burnham, A Kimpton Hotel	122	1999
Loop Hotel Rooms in 1999	8,038	

Hotels Opened 2000-2011

Hotels	Rooms	Year Open
14. River Hotel - Club Quarters	243	2000
15. The Central Loop Hotel - Club Quarters	240	2000
16. Hard Rock Hotel	381	2004
17. Hampton Majestic	135	2007
18. La Quinta Inns & Suites	241	2008
19. theWrt Hotel - Doubletree	296	2009
20. Comfort Suites Hotel - Michigan Avenue	119	2009
21. JW Marriott	610	2010
22. Radisson Blu (In the Aquie)	334	2011
Hotel Rooms Added Since 2000	2,601	
Total Loop Hotels Room	10,639	

Sources: Galin's, Chicago Convention and Tourism Bureau

Hotel Development

The Palmer House, which completed a \$170 million renovation in 2008, the Allegro, a Kimpton Hotel, and W Chicago City Center are among the vintage properties that carry on the history of the Loop as a prime hotel location. Development of the 2,138-room Hyatt Regency, Fairmont Hotel, and Swissôtel in the 1970s and 80s created a cluster of new hotels in the East Loop. These three hotels enjoy good access to the Lakefront Busway, a dedicated route through Grant Park that connects the Loop with McCormick Place convention center. The Renaissance Hotel, completed in 1991, anchored the redevelopment of the North Loop and set the stage for the Silversmith Hotel & Suites and Burnham, a Kimpton Hotel, two adaptive reuse projects.

Ten years ago, the Loop was home to 8,038 hotel rooms, and over the last ten years 2,267 hotel rooms have been added. Another 334 Radisson Blu hotel rooms are being built out in the Aqua tower in the East Loop, which will bring the total number of rooms to 10,639.

With the impetus of Millennium Park, hoteliers have taken a fresh look at a Loop location. Proximity to the Theater District

Chicago Hotel Trends¹

Year	Occupancy	Average Daily Rate
2009	67.0%	\$161
2008	72.1%	\$202
2007	75.3%	\$199
2006	75.5%	\$193
2005	72.4%	\$169

¹Includes all Chicago hotels
Source: Chicago Office of Tourism

PROJECT HIGHLIGHT: THE WIT

A Doubletree hotel, the Wit is a recent addition in Chicago's hospitality market, located on the corner of State and Lake Streets. The Wit created a buzz when it opened in May 2009. Designed by Chicago-based architect Jackie Koo, the Wit is a vibrant, multi-brand itself as an experience approaching hospitality with humor and fun.

With a lightning bolt descending along the outer facade, the Wit features 298 guest rooms and suites. The hotel promotes access with state-of-the-art business and meeting facilities. SCREEN, an in-house multimedia theater, two highly regarded restaurants, club motto and State and Lake ROOF is the popular rooftop lounge located on the 27th floor.

Photo courtesy of the Wit Hotel

and more vibrant retail along State Street are other important factors in attracting new hotels. JW Marriott's adaptive reuse of the historic 208 S. LaSalle Building for

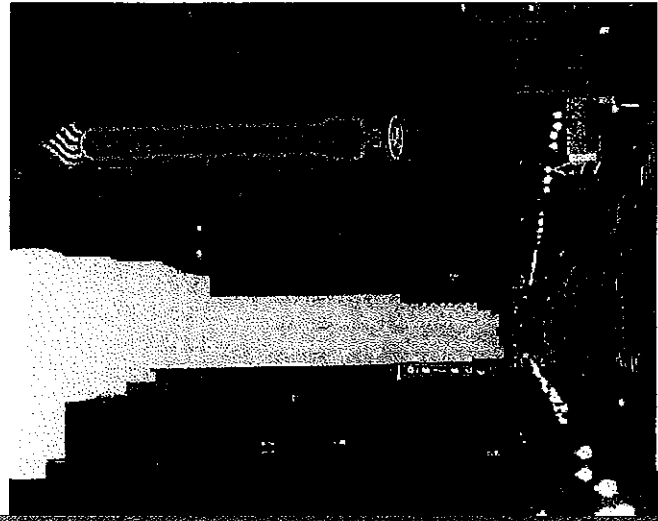
a 610-room hotel opened Fall of 2010 and responds to the high demand generated by Loop businesses as well as growing demand from tourists.

6. ARTS AND CULTURE IN THE LOOP

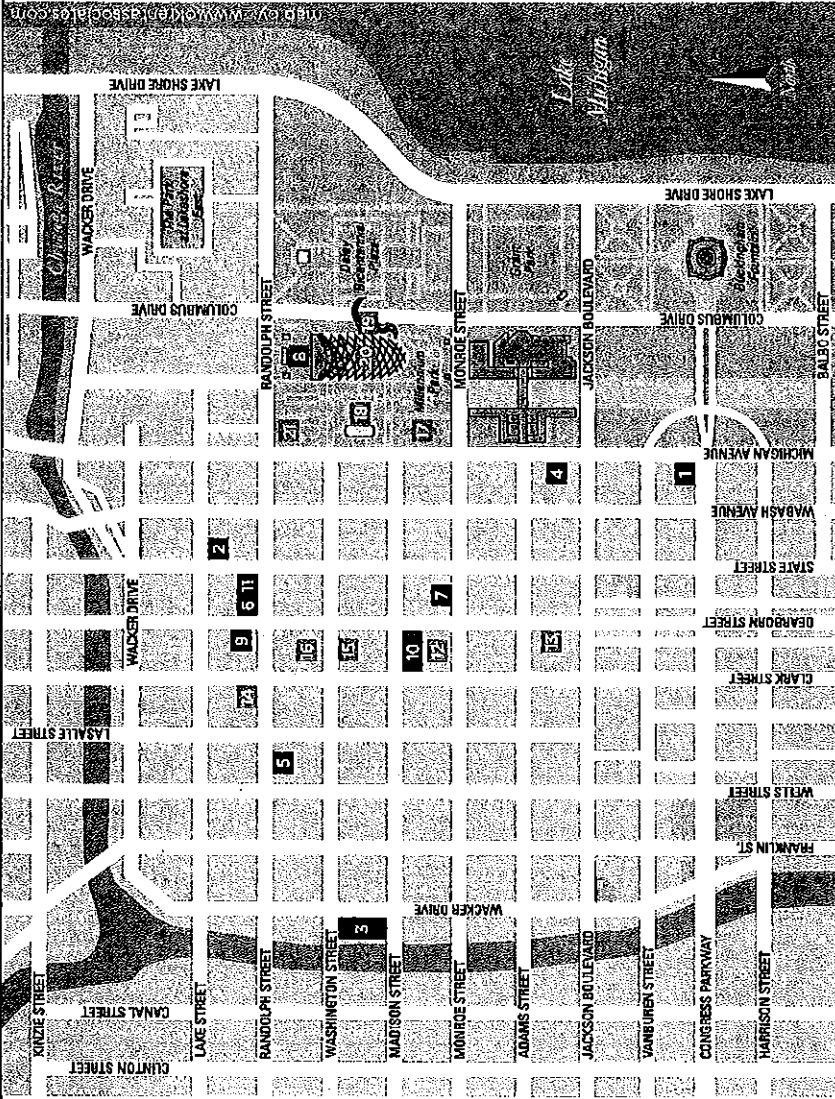
Arts and culture enhance the Loop as a place to visit, live, and work. Many of the artistic and cultural activities that attracted 28.9 million domestic leisure visitors to Chicago in 2009 are concentrated in the Loop. The ability to walk to world-class opera, symphony, dance and theater performances is a primary reason that condominium buyers and renters select a Loop location. Arts and culture contribute to the vibrant 18-hour environment that attracts businesses to Loop office buildings.

As reported by Loop arts and culture organizations:

- Broadway In Chicago drew 1.7 million patrons last year, ranking as the City's



17 Arts & Culture In the Loop



Loop Performance Venues

1. Auditorium Theatre of Roosevelt University
2. Chicago Theatre
3. Lyric Opera of Chicago
4. Chicago Symphony Orchestra Hall
5. Cadillac Palace Theatre
6. Ford Center for the Performing Arts/Oriental Theatre
7. Bank of America Theatre
8. Harris Theater for Music and Dance
9. Goodman Theatre
10. Chase Auditorium
11. Gene Siskel Film Center

- 3,700 seats
- 3,600 seats
- 3,600 seats
- 2,971 seats
- 2,344 seats
- 2,235 seats
- 2,016 seats
- 1,525 seats
- 1,324 seats
- 500 seats
- 450 seats

Major Arts Installations in the Loop

12. The Four Seasons
13. Flamenco
14. Monument with Standing Beast
15. Hiro's Chicago
16. Unnamed
17. Crown Fountain
18. Cloud Gate
19. BP Bridge
20. Jay Pritzker Pavilion
21. Millennium Monument (The Peristyle)

- Marc Chagall
- Alexander Calder
- Jean Dubuffet
- Joan Miro
- Pablo Picasso
- Jaume Plensa
- Anish Kapoor
- Frank Gehry
- OWRP Architects

- Chase Tower
- Federal Plaza
- James R. Thompson Center
- County Administration Building
- Daley Plaza
- Millennium Park
- Millennium Park
- Millennium Park
- Millennium Park
- Millennium Park

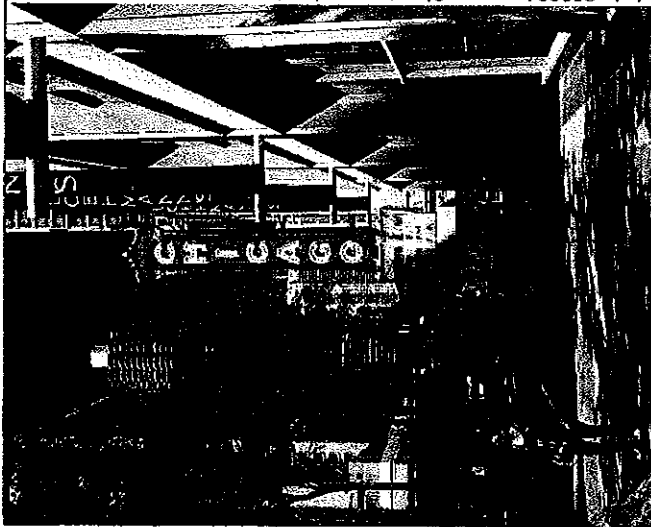


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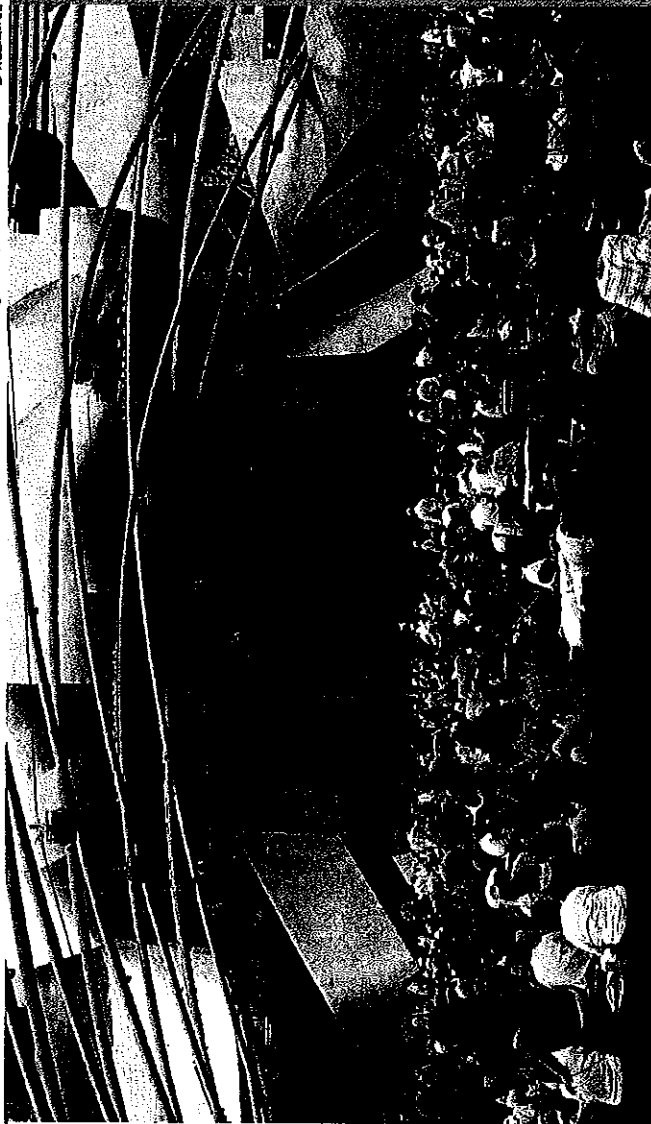


photo ©Lawrence Orent www.lorentassociates.com

fifth most popular tourist attraction.

- Lyric Opera had its third-best year ever in individual ticket sales during the 2009-2010 season. Over 238,000 attendees experienced the season, which comprised 77 performances of eight productions.
- 1.5 million visitors toured the galleries of The Art Institute of Chicago in 2009.
- The Chicago Cultural Center draws over 800,000 visitors each year.
- The Chicago Architecture Foundation

Selected Activities by Chicago Visitors

**Entertainment
Museums and Art Exhibits
Concerts, Plays and Dance**

Source: Chicago Office of Tourism 2009 Statistical Information

has experienced a 24% increase in attendance since 2007, attracting 496,000 visitors to its tours, lectures, exhibitions, and special events in 2009. Volunteer-led tours are by boat, bus, bicycle, and Segway, as well as on foot.

Broadway In Chicago

Over the last ten years, Broadway in Chicago has revitalized Chicago's theater district. A part of the New York-based Nederlander organization, Broadway in Chicago owns or operates four Loop venues: Bank of America Theatre, Ford Center for the Performing Arts, Oriental Theater, and Cadillac Palace Theatre. Broadway in Chicago also stages productions in the Loop at the Auditorium Theatre owned by Roosevelt University. The 2010 Economic and Fiscal Impact Study by Fishkind & Associates reveals the economic benefits of theater operations, much of

which is captured in the Loop, the location of three Broadway in Chicago venues.

- Broadway in Chicago draws 1.7 million theater patrons annually, with 42% coming from out of state.
 - For 88% of those who attended a long-run show such as *Billy Elliot The Musical*, *Disney's The Lion King*, or *Wicked*, the theater experience was the primary purpose of their visit to Chicago.
- Demand for hotel rooms and restaurant meals is significantly enhanced by theater patrons.
- Broadway in Chicago attendees account for over 640,000 hotel room nights each year, representing 7% of all Chicago hotel occupancy.
 - Patrons spend approximately \$90 million at local restaurants.

PROJECT HEIGHTS THE POLIN WING OF THE ADAMS MUSEUM IN CHICAGO

Photo: Lawrence O'Keefe

Photo ©2009 Lawrence O'Keefe www.okeefestudios.com

The Fishkind & Associates study further reported that Broadway in Chicago generates an annual economic impact of \$750 million. The theaters support more than 9,200 local jobs, including performers and stage laborers.

Changes on the Arts and Culture Scene

Over the last decade, artistic and cultural institutions have responded to opportunities presented by a Loop location.

- The School of the Art Institute's Gene Siskel Film Center opened its two-theater modern facility on State Street in 2001 as a showcase for independent, international, and classic cinema. Every year, 80,000 patrons attend approximately 1,500 screenings and 100 guest artist appearances.
- The Joan W. and Irving B. Harris Theater for Music and Dance opened in November 2003 in Millennium Park. The state-of-the-art indoor facility provides performance space for mid-sized arts organizations in its 1,525-seat theater. Programming includes classical ballet, contemporary dance and classical, chamber, opera and folk music.
- National Public Radio (NPR) began taping its weekly news quiz show "Wait Wait... Don't Tell Me!" before a live audience in the 500-seat Chase Auditorium in 2005.
- Madison Square Garden Entertainment acquired the historic Chicago Theatre, with its iconic State Street marquee, enhancing live entertainment offerings in the Loop.
- The Joffrey Ballet moved into its new state-of-the-art rehearsal facilities,

the Joffrey Tower, in 2008. Soon after relocating to its permanent home, the Joffrey Ballet opened its official school, the Academy of Dance, official school of The Joffrey Ballet, offering programming for dancers of all ages.

- The Chicago Public Library's ten-story Harold Washington Library Center created a 5,500-square-foot learning space called YOUmedia in 2009. In addition to housing its vast collections, the library sponsors art exhibits and hosts diverse events in a 385-seat auditorium and meeting rooms, attracting 5,000 patrons to the library each day.
- The Art Institute of Chicago opened the 264,000-square-foot Modern Wing in 2009. In the first two days of its opening, more than 45,000 visitors explored the new building.
- The Pritzker Military Library relocated from Streeterville to 104 S. Michigan Avenue in the Loop. The new space opened in 2011 on three floors of the Monroe Building and showcases their collection of books, posters, photographs and other artifacts and features a lecture hall and broadcast studio.

Movies in Chicago

Loop locations are featured in many major films, television programs and commercials. While *Blues Brothers* may still be the most famous Chicago movie, the list of successful feature films shot in the Loop continues to grow. *The Dark Knight*, which was filmed predominantly in the Loop, generated \$36 million in local spending, and the estimate for *Transformers 3* is a minimum of \$20 million.

MOVIES FILMED IN THE LOOP

2000	What Women Want Hardball
2001	The Road to Perdition Ali Ocean's 11
2002	The Company Spider-Man II
2003	Cheaper by the Dozen Shall We Dance
2004	Ocean's 12 Proof The Weather Man Batman Begins Derailed
2005	The Break-Up The Lake House Stranger than Fiction
2006	The Time Traveler's Wife
2007	The Dark Knight The Express Wanted Eagle Eye
2008	Public Enemies The Informant
2009	Little Fockers A Nightmare on Elm Street
2010	Transformers 3 The Dilemma Contagion The Vow Laugh Out Loud Source Code

Source: Chicago Film Office

7. RETAIL AND RESTAURANTS IN THE LOOP

Loop Retail Sales

Loop retailers and restaurants typically have sales in the range of \$400 to \$800 per square foot, with the estimated average of \$600 per square foot.³ With 3.3 million square feet of space, annual retail sales in the Loop approach \$2 billion.

Loop Workers

Loop Workers spend over a billion dollars a year on lunches, shopping, and food and drink after work.

Loop Residents

Loop households, which have higher income levels and more disposable income than households in Chicago's Central Area or the City of Chicago, spend an estimated \$525 million in retail trade and food and drink categories.

Students

The 65,500 students in the Loop and South

2010 Retail Demand from Loop Residents

2010 Population	21,165
2010 Households	11,730
2010 Median Household Income	\$87,436
2010 Median Disposable Income	\$68,222
Total Retail Trade	\$443,693,566
Total Food & Drink	\$81,658,480

Sources: Income estimates from ESRI. ESRI estimates of expenditure potential have been revised to be consistent with 2010 population and household estimates by Goodman Williams Group.

21 Retail & Restaurants in the Loop

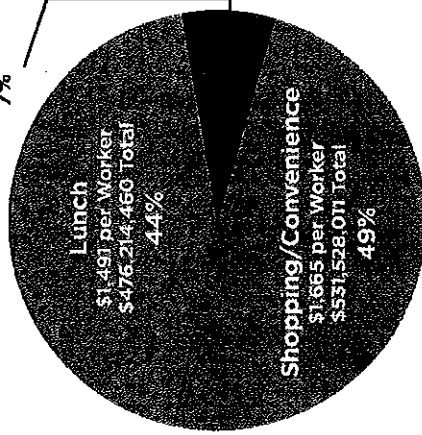
Loop support retail by spending an estimated \$60 million locally each year in apparel stores, food and drink establishments, grocery and convenience stores, and drug stores.

Visitors

Visitors to Millennium Park, The Art Institute of Chicago, Broadway in Chicago theaters, and other Loop attractions are a vital component of retail demand. In 2009, visitors to Chicago spent an estimated \$10.17 billion.

- 17.7% of spending by tourists is for food services and drinking places and 15.8% of spending by tourists is for shopping.⁴
- Using these percentages, Chicago's 39.5 million tourists⁵ spend an estimated \$1.8 billion for food services and drinking places and \$1.6 billion for shopping.

Dinner & Drinks
\$238 per Worker
\$76,148,333 Total
7%



Worker Spending Close to Office¹

¹ Annually, based on 319,307 Loop Workers
Sources: Average Worker Spending updated from Worker Retail Spending Patterns, International Council of Shopping Centers

³ Source: Goodman Williams Group and Mid American Real Estate Corp.

⁴ Source: U.S. Bureau of Economic Analysis and Chicago Office of Tourism

⁵ Source: Chicago Office of Tourism 2009 Statistical Information

As the home to Chicago's cultural and entertainment districts, the Loop captures a high percentage of tourist dollars.

Supply of Retail Space

The Loop contains an estimated 3.3 million square feet of retail space, with State Street as the prime corridor. The largest property is the iconic Marshall Field & Company Building, which provides about 800,000 square feet of selling space for Macy's. Across the street from Macy's, the new-construction Block 37 development welcomed its first retail tenants in 2009. Sullivan Center, an adaptive reuse of the historic Carson Pine Scott department store building for retail and office space, has attracted a multi-level Target store as its anchor tenant.

Retail Development

Over the last decade, 1.3 million square feet of retail space has been developed in the Loop in both new-construction projects and re-purposed properties.

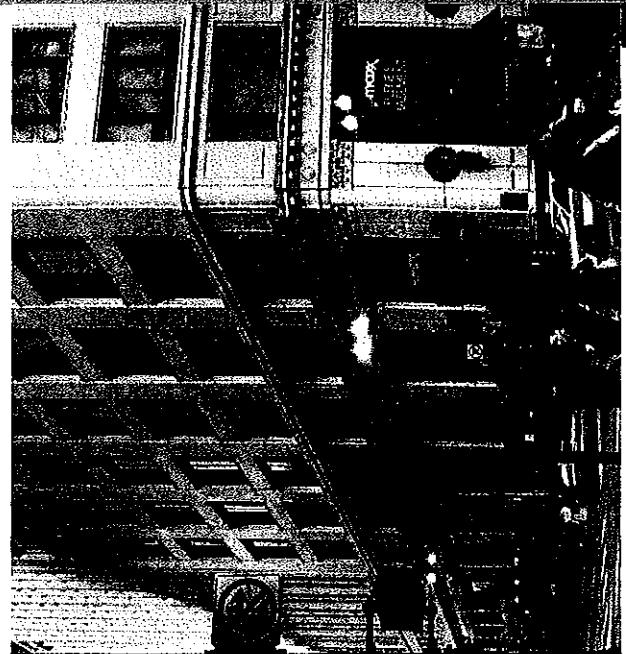
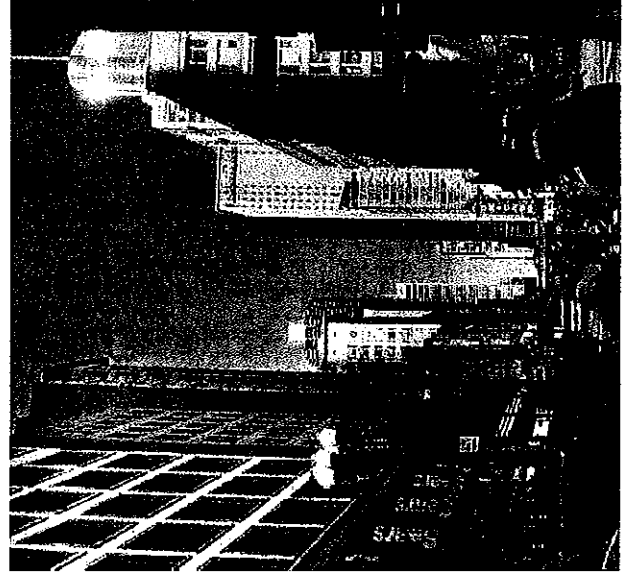
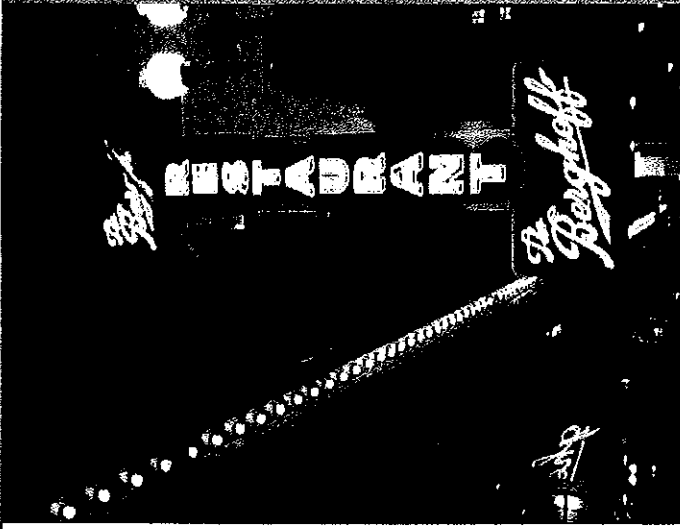
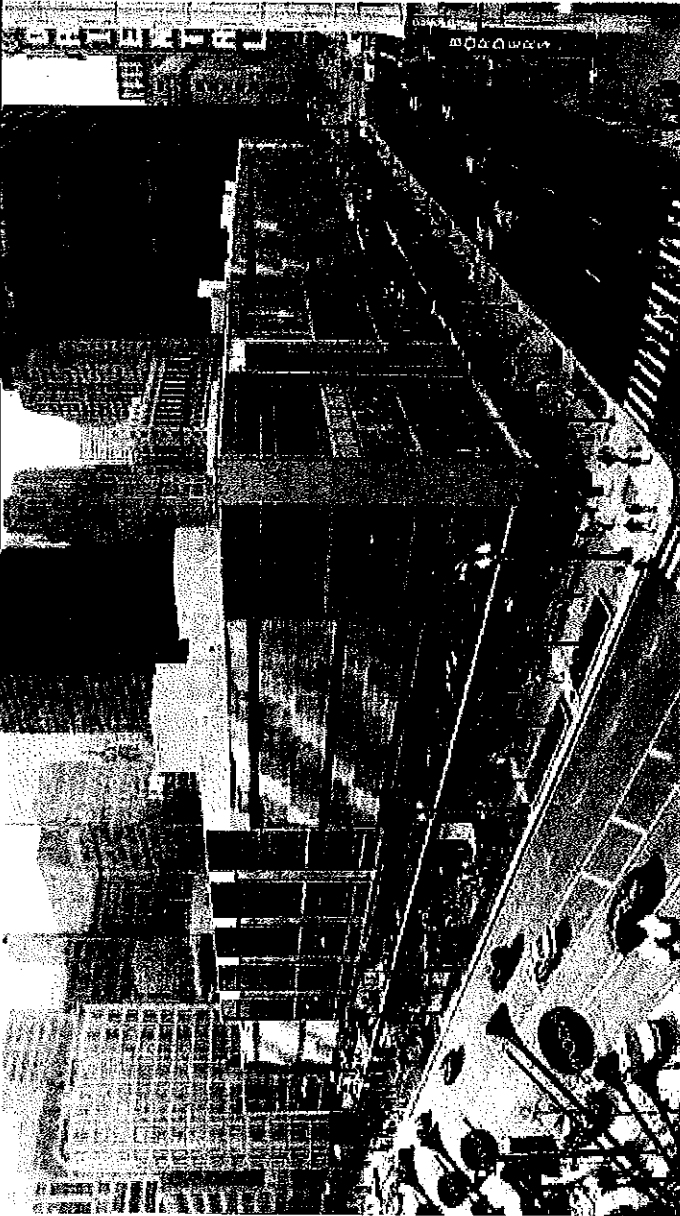
New Faces on State Street

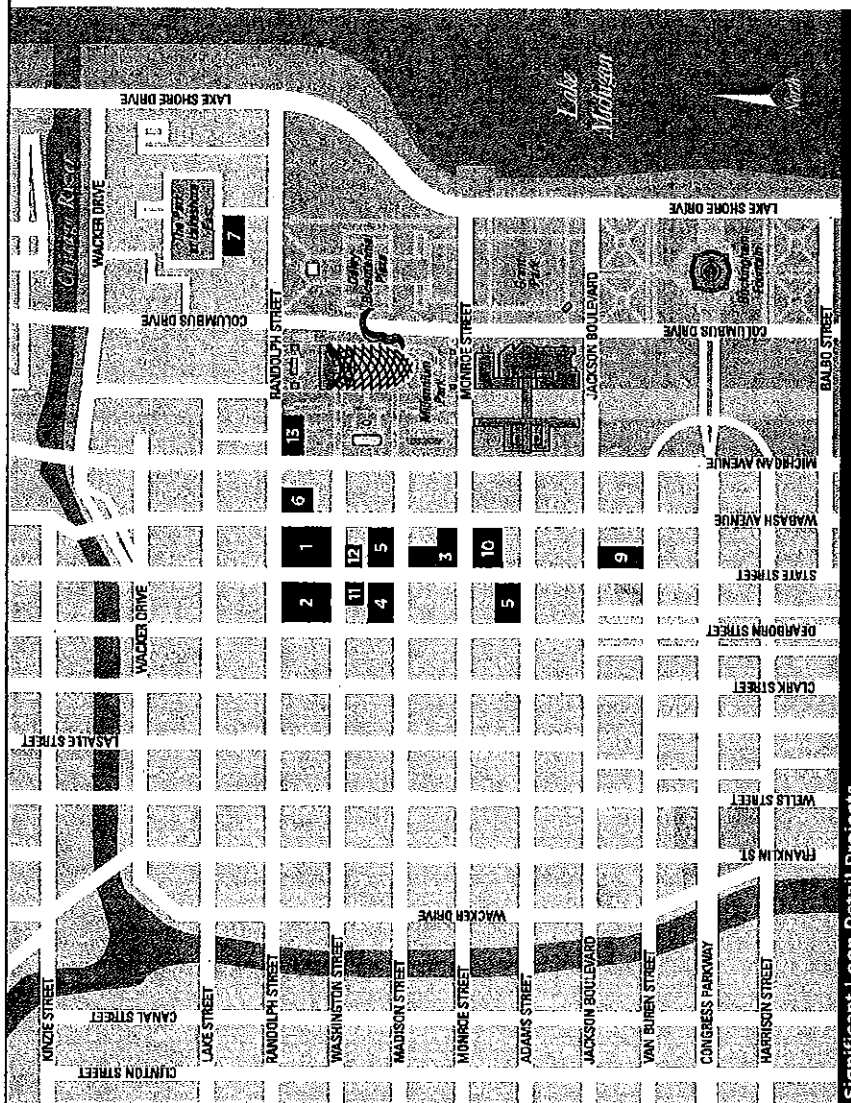
Millennials, young adults born between 1977 and 1994, are a critical market segment driving demand on State Street. "Cheap chic" stores such as Forever 21 and H&M provide the quick merchandise turnover and fresh looks that attract shoppers age 16 to 33. American Apparel, Agaci, Urban Outfitters, and Charlotte Russe are also draws for younger shoppers, while Anthropologie and Nordstrom Rack are among the many State Street retailers that appeal to cross-generational shoppers.

Restaurants

The Berghoff has served German food in the Loop for over 100 years, and Italian Village has provided fine dining since 1927.

2009 Statistical Information





Significant Loop Retail Projects

1. Macy's	800,000 SF	1902	Department store
2. Block 37	285,000 SF	2009	Anthropologie, PUMA, Andy's Frozen Custard, Sephora, Zara, and Disney
3. Sullivan Center	250,000 SF	2010	Target will anchor adaptive re-use project
4. Sears	243,000 SF	2001	Adaptive-reuse development for three-level Sears store
5. One North State	132,000 SF	1988	Filem's Basement, TJ Maxx
6. Heritage Shops	105,000 SF	2005	Ann Taylor Loft, LA Fitness and pedway shops
7. Village Market Center	105,000 SF	2011	To be anchored by 55,000 SF Rounchy's grocery store
8. The Citadel Center	100,000 SF	2003	Retail component of office building: Walgreens, Aldi, Starbucks
9. 333 South State - DePaul Center	90,000 SF	1993	Barnes & Noble
10. The Shops at Palmer House	80,000 SF	2008	Upgraded retail as part of major renovation: Aldo, Crocs, Agisci, Merz
11. 75 North State	75,000 SF	2004	Historic Woolworths Building: Nordstrom Rack, H&M, Walgreens
12. Old Navy	33,000 SF	1997	One of two flagship stores in the country
13. Shops at Millennium Station	17,000 SF	2006	Commuter-oriented retail in Mebra Station concourse

Lloyd's Chicago and Trattoria No. 10 are among the white tablecloth restaurants that have served Loop patrons for decades. Until more recently, however, the Loop offered limited dinner choices outside the hotels.

23 Retail & Restaurants in the Loop

brought the Lettuce Entertain You chain to the Loop 10 years ago. Morton's The Steakhouse and McCormick & Schmick's are among the national chains to have opened Loop locations in the last decade.

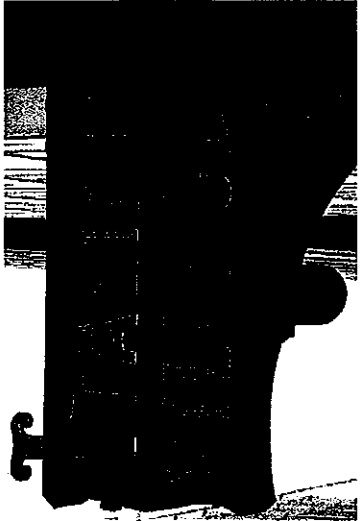
Independent restaurants such as Tavern at the Park and The Gage are among the newest fine-dining venues to join established Loop restaurants such as Rhapsody, Catch 35, Henri, Everest (a Michelin-starred restaurant), and Russian Tea Time.

Additions to casual dining include Pizano's in 2005, Flat Top Grill in 2009, and Sweetwater Tavern & Grill, which also opened in 2009 on Michigan Avenue.

Occupancy

Mid-America Real Estate observes that State Street historically enjoys no street-level vacancies between Lake Street and Madison Street. Along Michigan Avenue, Wabash, and the east-west streets in the Loop, most vacancies represent normal turnover rather than long-standing available space.

Two new properties, Sullivan Center and Block 37, accounted for over 90% of the available retail space in the Loop in 2010. With the commitment of Target, however, the vacancy rate will be minimal.



8. EDUCATION IN THE LOOP

With 65,500 students, the Loop and South Loop constitute the largest college town in Illinois. The Loop is home to 16 institutions of higher education including 15 private non-profit schools, 10 private for-profit schools, and one public institution.

Sponsored by Chicago Loop Alliance, *Update 2009: Higher Education in the Loop and South Loop, An Economic Impact Study*, also reported that higher education institutions employ more than 15,000 workers and spend more than \$857 million on goods and services annually.

Benefits

Other benefits of a large student population are significant:

- Students are a source of part-time and full-time workers. A survey of students for the 2009 impact study revealed that 31.4% work downtown, including on-campus employment.

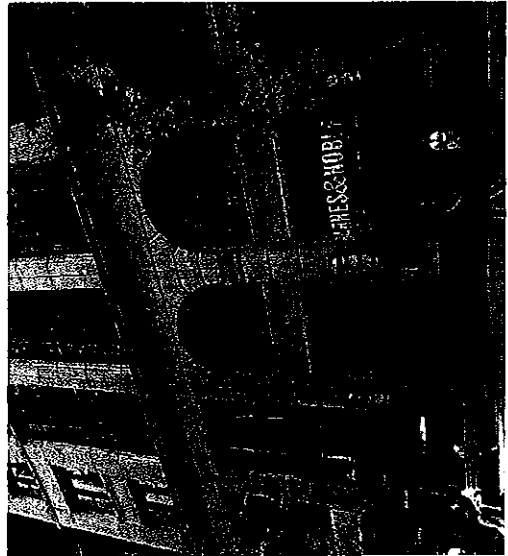
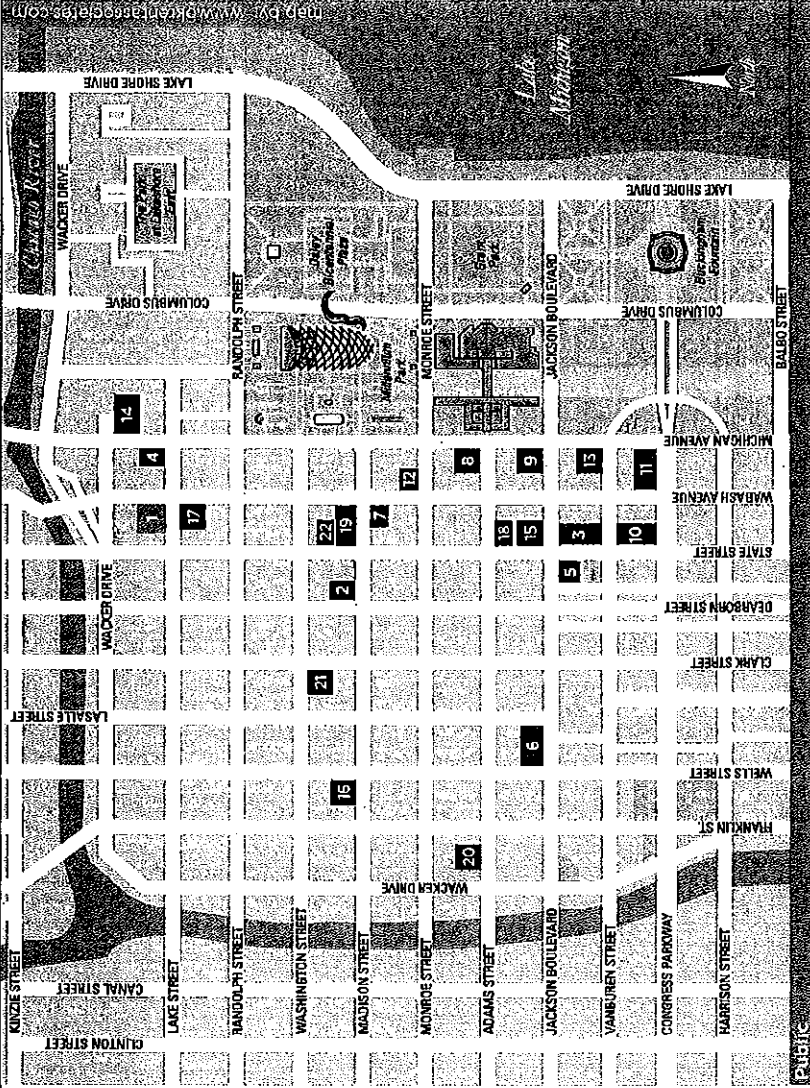


photo courtesy DePaul University



Total Enrollment 10,633

Total Employment 942

Public

	Total Enrollment	Total Employment
1. Harold Washington College 30 E. Lake St.	632	158
Private, Non-Profit		
2. Adler School of Professional Psychology 65 E. Wacker Place	13,205	3,448
3. DePaul University 1 E. Jackson Blvd.	85	55
4. Institute of Clinical Social Work 200 N. Michigan Ave.	1,549	738
5. John Marshall Law School 315 S. Plymouth Ct.	97	4
6. Lake Forest Grad. School of Management 230 S. LaSalle St.	171	38
7. MacCormac College 29 E. Madison St.	3,564	486
8. National-Louis University 122 S. Michigan Ave.	66	7
9. Notre Dame Executive MBA Program 224 S. Michigan Ave.	2,497	475
10. Robert Morris University 401 S. State St.	4,468	1,693
11. Roosevelt University 430 S. Michigan Ave.	3,095	1,064
12. School of the Art Institute of Chicago 37 S. Wabash Ave.		

Private, For-Profit

	Total Enrollment	Total Employment
13. American Academy of Art 332 S. Michigan Ave.	387	97
14. Argosy University, Chicago 225 N. Michigan Ave.	1,237	296
15. Everest College 247 S. State St.	486	98
16. Harrington College of Design 200 W. Madison St.	1,418	213
17. Illinois Institute of Art 180 N. Wabash Ave.	2,867	379
18. Illinois School of Health Careers 11 E. Adams St.	290	50
19. International Academy of Design & Technology 1 N. State St.	2,335	313
20. Taylor Business Institute 318 W. Adams St.	250	45
21. Tribeca Flashpoint Media Arts Academy 28 N. Clark St.	450	39
22. Westwood College 17 N. State St.	831	132

- Students seek internships with Loop businesses, and 11.5% volunteer with service organizations located in downtown Chicago.
 - Conservatively estimated, students spend over \$60 million each year in Loop stores.
- Students add to the vitality of the Loop when the more than 300,000 primarily daytime employees are less likely to be at work. As revealed in the impact study:
- 32% of students attend classes only in the evening, and 30% take both day and evening classes.
 - 11% of students take weekend classes.

An estimated 63% of the 65,500 Loop and South Loop students are under the age of 26, 16% are age 26-30, and 21% are over 30.

New Development

Roosevelt University is constructing a 32-story vertical campus that will be the sixth tallest education building in the world. The 400,000-square-foot, LEED-certified building will provide housing for 600 students, classrooms, and administrative offices. The site on Wabash, behind the historic Michigan Avenue Streetwall, will afford views of Millennium Park, Grant Park, and Lake Michigan. The undulating shape of the new building was designed as a counterpoint to the interconnected Auditorium Building, a national landmark by architect Louis Sullivan.

John Marshall Law School is investing about \$10 million in its Loop Campus. The Walgreens that occupies the ground-level space of John Marshall's property at 304-308 S. State, the historic

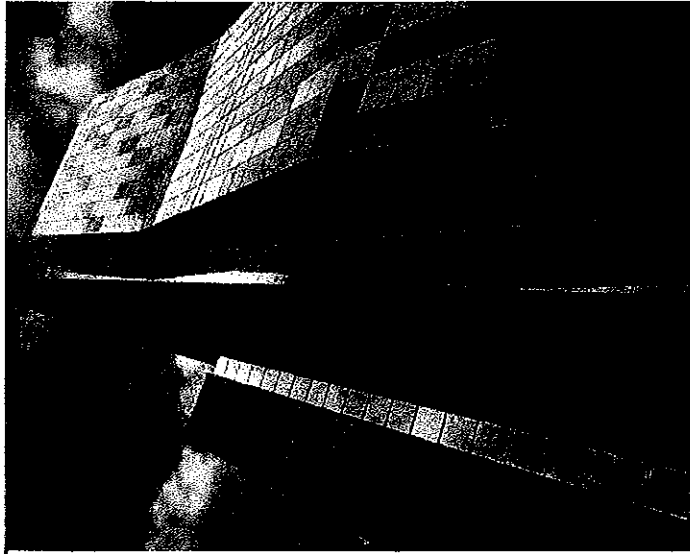
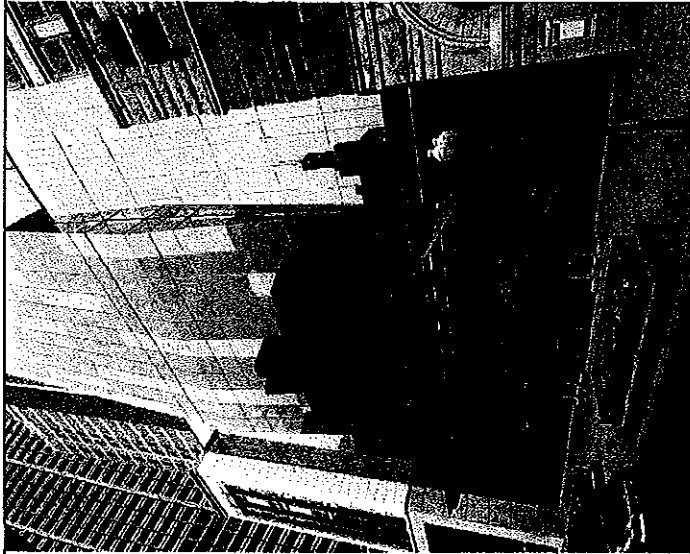


photo courtesy DePaul University

Rothschild building, will be re-purposed as a new entrance and student commons. The 1,549-student law school recently acquired the adjacent three-story building at 19 W. Jackson, adding about 50,000 square feet to their facilities and consolidating the footprint of their campus.

Sustainability

DePaul University, one of the ten largest private universities in the country, has a growing Loop Campus. After acquiring the historic Lytton building at 14 E. Jackson Boulevard (now called the Richard M. and Maggie C. Daley Building) in June of 2008, DePaul's Loop Campus consisted of seven buildings between Michigan Avenue and State Street. As the campus expands its footprint in the Loop, the university is making an effort to decrease the overall carbon footprint by implementing sustainable improvements.

9. TRANSPORTATION AND ACCESS IN THE LOOP

With direct access to O'Hare International Airport and Midway Airport, the Loop is the most accessible location in the Chicago region.

CTA Bus Ridership

32 CTA bus routes serve the core study area on a daily basis. Six of those routes had over 5 million riders in 2010, and 9 routes carried between 3 and 6 million riders.

Rail Ridership

The Loop is served by 12 CTA rail stations and 5 Metra commuter stations. The busiest is Union Station, the terminus for seven rail lines, with 108,680 riders on an average weekday. Two CTA stations have average weekday ridership over 16,000: the State/Lake subway station and the Clark/Lake elevated station.

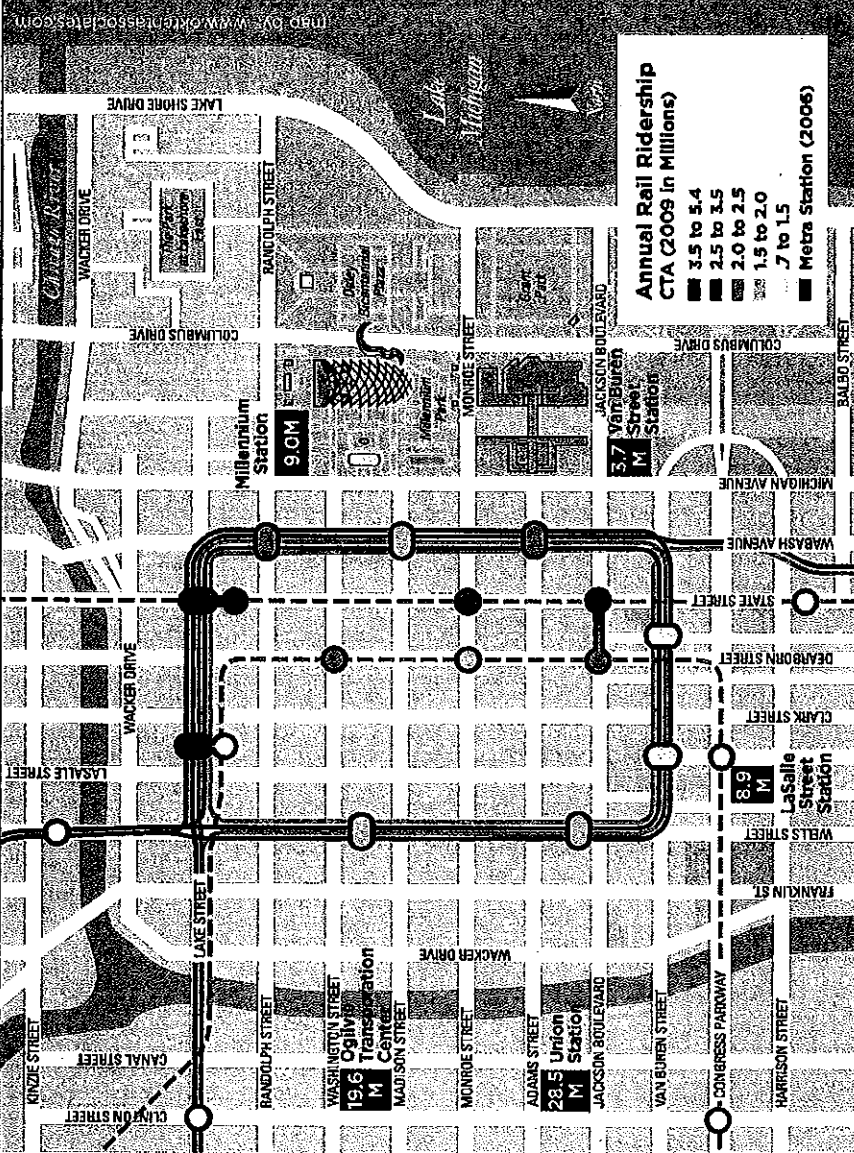
Parking Spaces in Loop

Over 60 parking garages and lots in the Loop create more than 31,000 parking spaces. Directly serving the Loop, the four Millennium Garages with 9,126 spaces comprise 28% of the total spaces in the Loop.

Pedestrian Counts⁶

State Street carries a weekday average of 224,700 pedestrians between Wacker Dr. and Congress Parkway. The busiest block is the north-south corridor between Washington and Madison Streets with 37,900. On an average weekday, 246,400 pedestrians cross the bridges that connect the Loop to the adjacent River North and West Loop neighborhoods in the Central Area. The heaviest foot traffic, on the Madison Street

⁶ Source: "Pedestrian Traffic on Chicago's State Street", TransSystems and TransInfo LLC 2010 (Funded by CDOT)



Annual Rail Ridership CTA (2009 in Millions)

- 3.5 to 3.4
- 2.5 to 3.5
- 2.0 to 2.5
- 1.5 to 2.0
- .7 to 1.5
- Metra Station (2006)

Line	Avg. Weekday	Avg. Saturday	Avg. Sunday	2010 Total
Washington/Wells	6,586	1,281	850	1,803,416
Quincy/Wells	7,145	1,706	1,439	1,969,507
State/Lake	17,060	10,855	7,122	5,334,069
Clark/Lake	9,081	5,650	3,980	2,839,457
Washington	18,064	5,710	4,331	5,186,698
Randolph/Wabash	7,890	3,290	2,102	2,933,025
Madison/Wabash	6,878	3,830	2,405	2,084,868
Monroe	6,008	3,198	1,869	1,814,813
Adams/Wabash	4,474	4,586	2,874	2,823,518
Jackson	5,778	1,805	1,194	1,647,469
LaSalle/Van Buren	7,571	3,385	2,351	2,231,828
Library	11,985	5,228	3,602	3,543,704
Metra Stations ¹	2,964	3,162	2,326	2,234,313
Ogilvie Station	4,188	509	354	784,830
Chicago Union Station	75,347	2,055	1,454	1,256,159
Millennium Station	108,680			19,990,220
Van Buren St.	34,567			28,256,800
LaSalle St. Station	14,357			8,987,420
	34,184			3,732,820
				8,882,640

2006 Total

¹ 2006 data is the latest data available. 2010 numbers will be available in 2011. Source: rams.org; Metra Boarding and Alighting Counts 2006

CTA Bus Ridership of Primary Routes Servicing the Loop

Route Name	Route	Avg. Weekday	Avg. Saturday	Avg. Sunday	2010 Total
King Drive	3	21,916	15,836	10,145	7,006,605
Cottage Grove	4	23,497	16,113	11,231	7,488,455
Jackson Park Express	6	11,226	10,128	6,805	3,785,187
Jeffery Express	14	12,669	6,206	3,522	3,764,150
Madison	20	21,577	13,331	9,118	6,732,488
Clark	22	22,102	18,466	13,574	7,387,279
State	29	14,045	10,962	7,711	4,601,904
Broadway	36	16,612	16,511	12,440	5,816,271
Milwaukee	56	11,433	7,562	4,994	3,602,159
Blue Island/26th	60	12,511	7,487	5,542	3,916,411
Archer	62	12,180	7,567	5,544	3,825,508
Inner Drive/Michigan Express	146	9,768	8,911	6,784	3,348,621
Outer Drive Express	147	14,916	11,255	7,665	4,837,086
Sheridan	151	21,038	18,383	13,610	7,112,520
LaSalle	156	8,588	NA	NA	2,198,547

Source: CTA Ridership Report December 2009

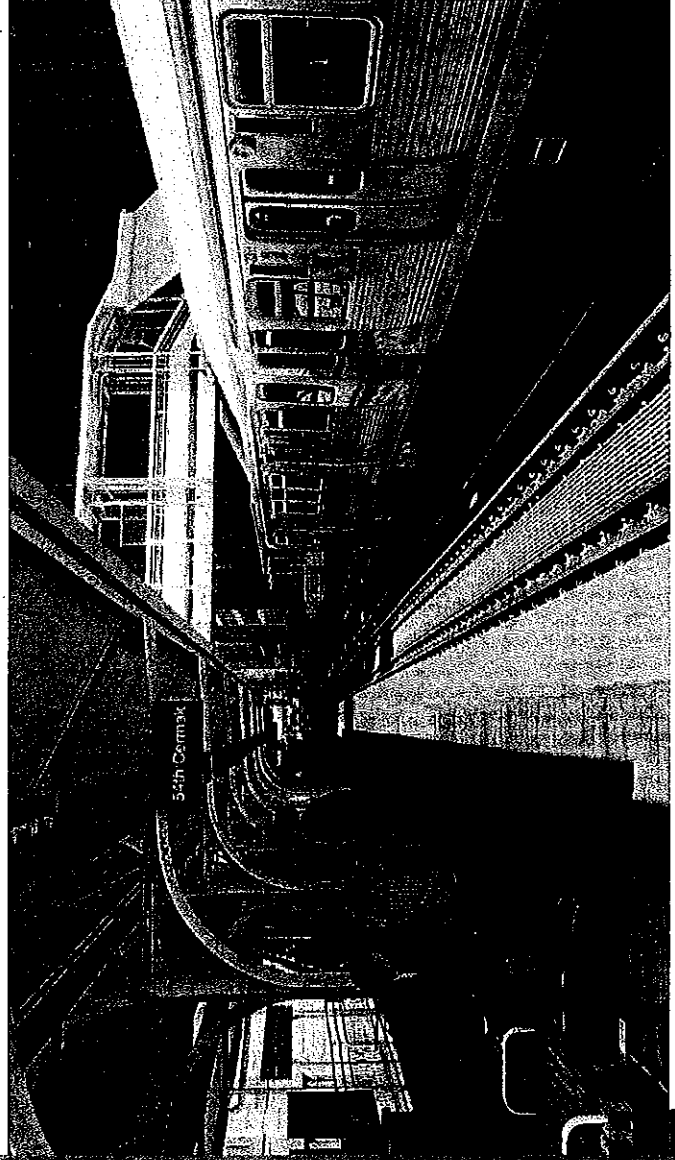


photo ©2009 Lawrence Okrent www.okrentassociates.com

The Loop is the most accessible location in the Chicago region.

and Adams Street bridges, is generated by the commuter train stations that bring workers to their jobs in the Loop. The Michigan Avenue Bridge carries an average of 36,700 pedestrians each day.

Despite construction at various locations on State Street, this north-south corridor between Washington and Madison Street had one of the highest pedestrian counts with 36,600 (see page 28 for more information on pedestrian counts).

Alternative Modes of Transportation

Chicago Water Taxi, Bike N' Roll Chicago, B-cycle and I-Go are alternative modes of transportation in the Loop.

Chicago Water Taxi

Over 4 million commuters a year use the water taxis operated by Wendella Sightseeing Company. The Chicago River water taxis run a closed loop route from the Michigan Avenue Bridge down to 18th Street in Chinatown, stopping at 4 locations, including the commuter train stations.

B-cycle

Chicago B-cycle, a bike sharing program, allows city residents and guests to make short trips around the city. The City of Chicago partnered with Bike and Roll Chicago to launch a pilot program in July 2010. Members can rent a bike from any one of the six pick-up stations and drop it off at any of the nine drop-off stations. Loop pick-up stations are located at Buckingham Fountain and Daley Center Plaza, and Millennium Park is one of the drop-off only locations.

community identifiers, street resurfacing, and interconnected traffic signals. The Bridge rehabilitation project is expected to be completed by Fall 2011 while the corridor project has a Summer 2012 end date.

The development of Block 37 brought a newly renovated connection between the Red and Blue Line subways. The old narrow, low-ceiling tunnel closed in 2005. The new connection opened in November 2009 as part of the Pedway system, fully integrated into the lower level of the Block 37 mixed-use development. The center section opens to the atrium above, allowing natural light into the walkway. Block 37 retailers along the Pedway include Au Bon Pain, Andy's Frozen Custard, GNC, Starfruit, Auntie Anne's Pretzels, Beard Papa's, Which Wich?, a newsstand, and other restaurants and specialty food stores.

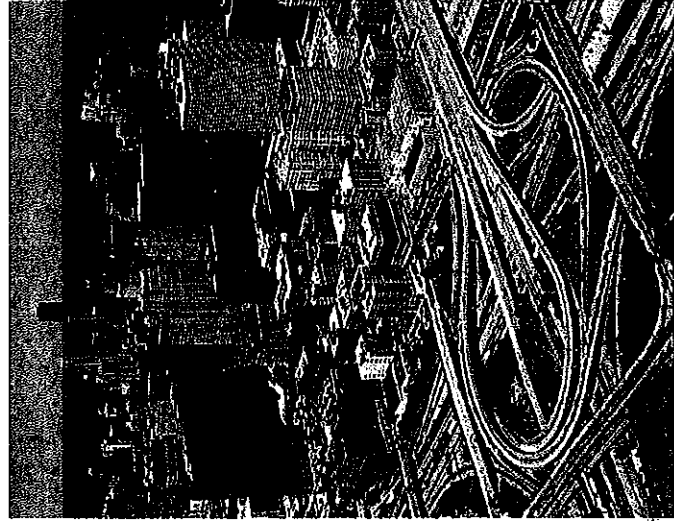
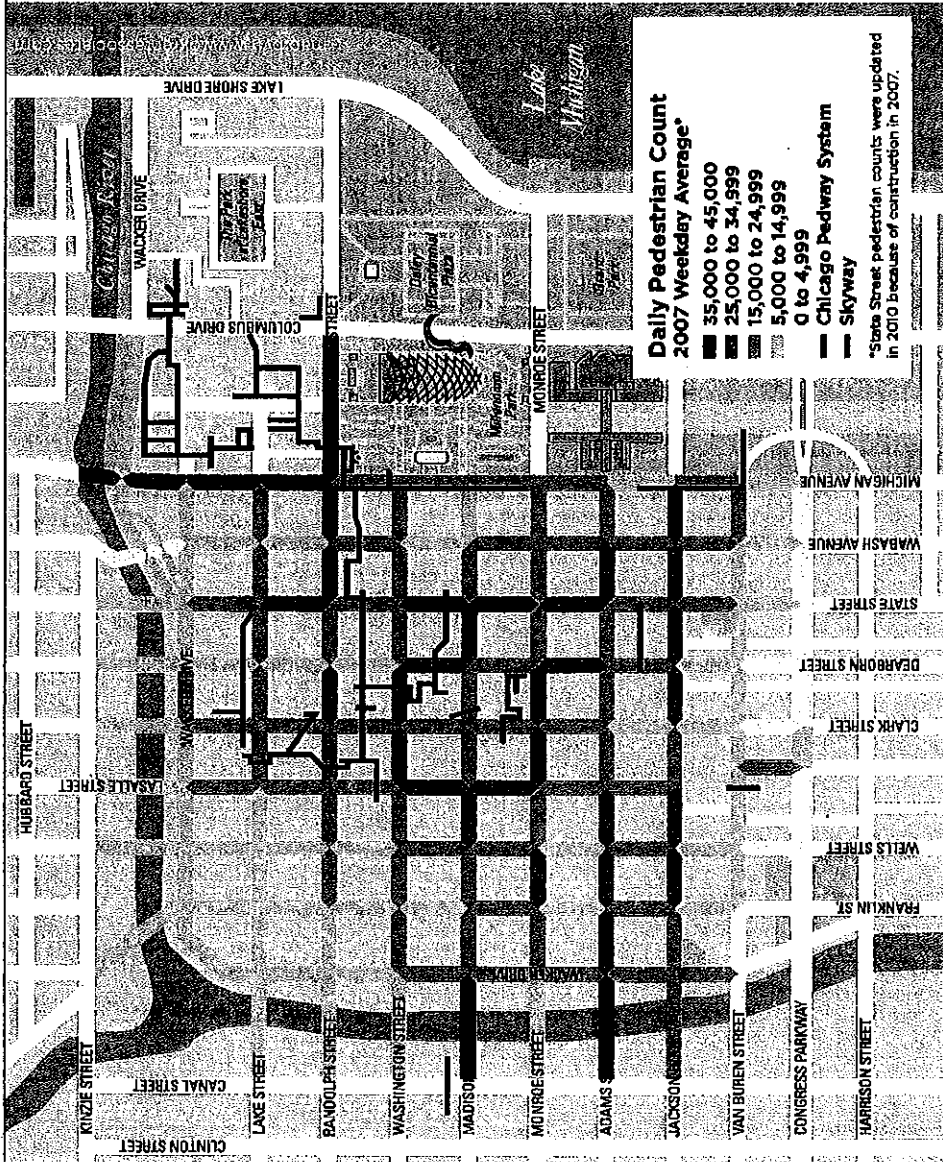


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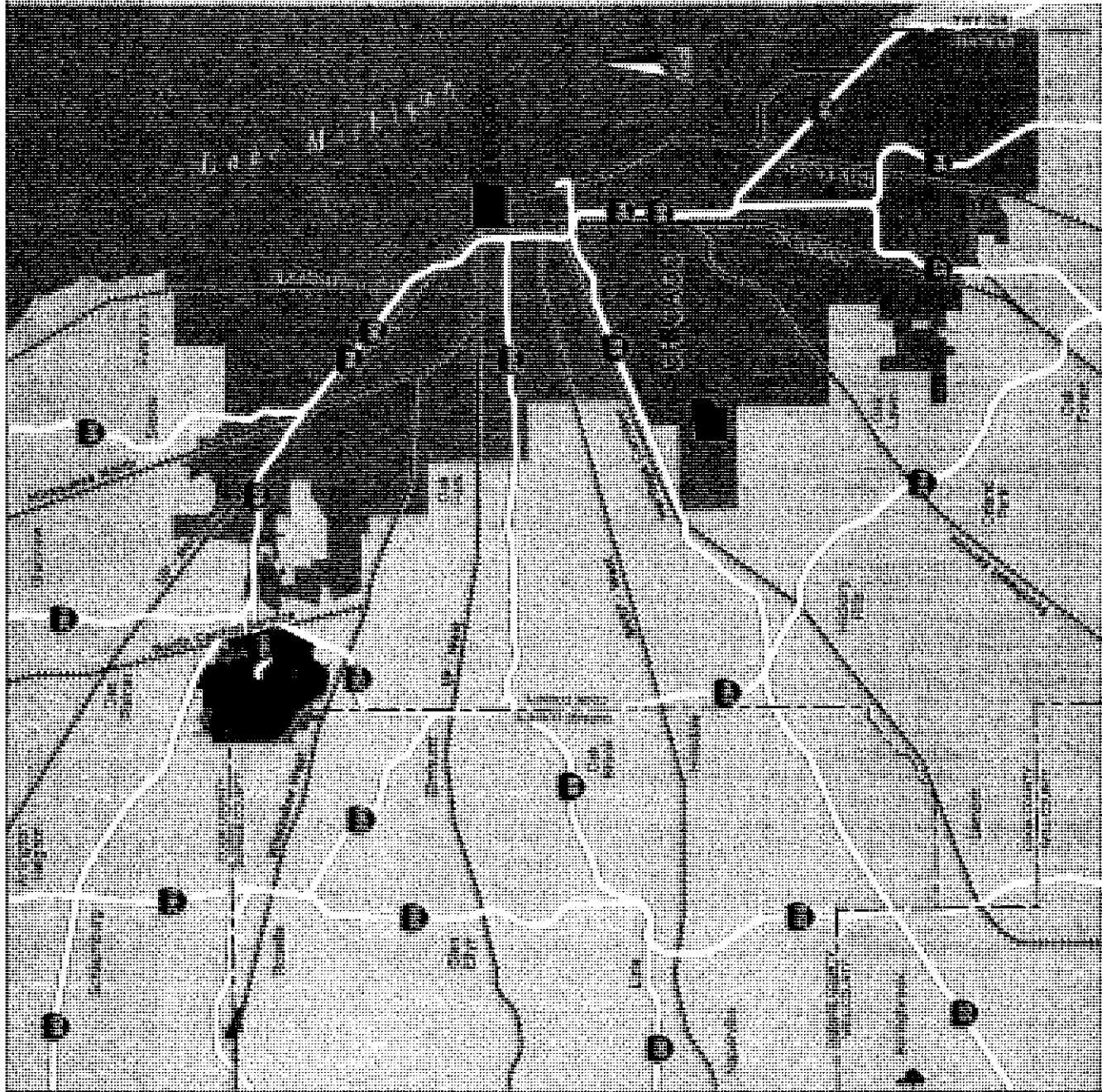


Transportation Improvement Projects

Two current projects will enhance Congress Parkway, a gateway to the Loop. The Congress Parkway Bridge, which connects the Loop to the Kennedy and Eisenhower Expressways and was last rehabbed in 1981, will receive structural repairs to improve its durability. The Congress Parkway Streetscape project, beginning at Wells Street and ending at Michigan Avenue, includes new sidewalks, irrigated medians, tree grates, planters, decorative LED lighting,

I-Go Car Sharing

I-Go Car Sharing, a non-profit car sharing organization, gives its members 24-hour access to cars in reserved parking spots located throughout the city and suburbs. In 2009, I-Go partnered with the Chicago Transit Authority to create a joint smart card, allowing dual-account holders to access CTA buses and trains as well as every car in the I-Go fleet. Six of the over 100 I-Go locations in the Chicago area are in the Loop.



The Loop is served by 12 CTA rail stations and 5 Metra stations routing 11 different commuter rail lines. The busiest is Union Station, the terminus for seven rail lines, with 106,680 riders on an average weekday. Union Station also serves as Chicago's Amtrak station. Loop travelers have direct access via the CTA train to O'Hare International Airport (4 Loop stations) and Midway Airport (9 Loop stations).



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The research information contained in this report was collected from sources deemed to be reliable, or when information was not available, represents Chicago Loop Alliance's (CLA) estimates. In some instances, the report contains original research conducted by other parties who are cited both in the copy and its corresponding annotations. No warranty or representation, express or implied, is made by CLA, its officers, directors, or staff as to the accuracy of any of the information contained herein, and same is submitted subject to errors, omissions, changes of terms or other conditions.

ATTACHMENT B

Chicago Tribune Article:

See Attached

Chicago Tribune

Breaking News, Since 1847

Hospitals fight for tax breaks while state wrestles with rules

Advocates for poor say more free care should be provided

October 16, 2011|By Robert McCoppin, Tribune reporter

When state Sen. Iris Martinez proposed that nonprofit hospitals should provide a minimum amount of charity health care in order to keep their tax-free status, she didn't win friends in the industry.

Many hospital officials, she said, wouldn't discuss the idea, and once "I was told to my face (the bill) needs to go away."

But with recent rulings by courts and the state that have forced some hospitals to start paying millions of dollars in property taxes, "now these hospitals are beginning to see we need to do something about this," said Martinez, a Chicago Democrat.

For more than a century, nonprofit hospitals in Illinois generally have not had to pay property, income and sales taxes. In exchange, the hospitals individually grant millions of dollars in free or reduced-cost care to patients who qualify because they are poor or uninsured. Many Chicago-area medical centers say they provide millions more in community benefits in the form of research, education and free walk-in care clinics.

Now, battle lines are being drawn between hospital officials who would like a blanket tax exemption and taxpayer and health advocates who say it's high time that medical facilities provide more charity care or pay their share of taxes. Last month, Gov. Pat Quinn declared a moratorium on hospital tax rulings while the stakeholders try to negotiate a resolution of the issue by March 1.

Central to the issue is that — although charity care is among the factors that determine a hospital's tax status — there is no minimum charity care threshold that a hospital must meet to be tax-free. There's also disagreement on the extent to which community benefits should count.

If nonprofit hospitals were required to pay property taxes like their for-profit counterparts, that could generate hundreds of millions of dollars annually in the Chicago area alone to help schools, parks and police and fire departments. Hospital executives counter that they would have to cut services or — in the case of one northwest Illinois medical center — shut down.

Midwest Medical Center in Galena was assessed property taxes for the first time after it opened a new hospital in 2007. Ensuing financial difficulties have left it unable to cover a tax debt that has reached \$2.4 million.

If it must pay, CEO Tracy Bauer said, "it would be devastating to us. The hospital would close."

Many nonprofit medical centers first saw a potential threat to their tax-exempt status last year when the Illinois Supreme Court ruled that Provena Covenant Medical Center in Urbana should pay taxes because it had not fulfilled its charitable duties.

Then in August, the Illinois Department of Revenue cited that ruling when it yanked tax-exempt status from Northwestern Memorial Hospital's Prentice Women's Hospital in Chicago, Edward Hospital in Naperville and Decatur Memorial Hospital.

In each case, state records showed, the hospitals contributed less than 2 percent of their net patient revenue to charity care — defined as free or reduced-cost medical services — for the year under review.

University of Illinois tax law professor John Colombo is among those who believe a stricter standard should be applied to nonprofit hospitals who want to remain off the tax rolls.

"Are you running a business or are you running a charity?" Colombo said. "Telling me you provide a valuable service to the community — I'm sorry, that's not enough to provide a tax exemption. What do you do that's charitable?"

Hospitals have managed to escape earlier attempts to apply a charity care threshold. In 2006, Attorney General Lisa Madigan proposed that hospitals be required to donate 8 percent of their revenue to charity care to justify their exemptions, but lawmakers did not approve the proposal.

In a state where the biggest hospitals gross more than \$1 billion every year and where others struggle to survive and average only five patients at a given time, according to state records, applying a single standard to every facility would be difficult.

The Illinois Hospital Association argues that taxing hospitals will make it only harder for them to serve patients, including those who need charity care.

"This approach of taxing hospitals is bad for Illinois, bad for communities and bad for our hospitals," President Maryjane Wurth said. "We need to appreciate the broad benefit our hospitals offer and work on a reasonable, responsible solution."

Wurth said she believes that hospitals should be given credit for the community benefits they provide, including essential but money-losing services like emergency and burn units, education and research, and expenses not covered by Medicaid and Medicare. In fiscal year 2009, Illinois hospitals reported they provided a total of \$4.9 billion in such benefits, according to the hospital association.

Yet many advocates for health care for the poor say hospitals don't do nearly enough.