

**Constantino, Mike**

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**From:** Orth, Bridget [borth@nmh.org]  
**Sent:** Wednesday, February 08, 2012 5:03 PM  
**To:** Avery, Courtney  
**Cc:** Constantino, Mike; Weber, Ralph  
**Subject:** Additional Information 11-107  
**Attachments:** Scanned001.PDF

Dear Ms. Avery,  
Attached please find a letter with additional materials in support of the permit application for the proposed Outpatient Care Pavilion (#11-1107). The letter provides important information related to several points raised in the Letter submitted by McGuireWoods LLC on behalf of 230 East Ontario Condominium Association dated February 3, 2012.

Bridget Orth  
Regulatory Facility Planning  
Northwestern Memorial HealthCare  
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February 8, 2012

Ms. Courtney R. Avery  
Administrator  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street – 2<sup>nd</sup> Floor  
Springfield, Illinois 62761

**RE: CON Additional Information  
Outpatient Care Pavillon Project  
Northwestern Memorial Hospital  
Project #11-107**

Dear Ms. Avery:

This letter transmits additional materials in support of the permit application for the proposed Outpatient Care Pavilion ("OCP") and provides important information related to several of the points raised in the letter submitted by McGuireWoods LLP on behalf of 230 East Ontario Condominium Association dated February 3, 2011 ("the Condo Letter").

**Summary**

***Purpose of the Project***

The OCP is designed to provide a seamless and consistent experience for patients and practitioners. The goal of health care reform is to align hospitals, physicians, and care providers to organize and deliver care that is measured in outcomes; namely, clinical effectiveness and cost control. The OCP, as a change agent, will redefine healthcare delivery at Northwestern Memorial Hospital ("NMH") by addressing both the present and future state of care delivery, not only in the OCP but across NMH's downtown campus and beyond. New operations models for the OCP will align with physician partner, patient, and payer expectations to reduce cost while providing scientifically driven and personalized care.

The OCP project affords a unique opportunity to increase access to outpatient clinical services as well as physician practices. The new building will be an integral part of NMH's response to both the national trend from inpatient care to outpatient care as well as health care reform's increasing focus on lowering health care costs and improving outcomes. It will provide increased capacity in outpatient surgery, diagnostic imaging, and physician office space, as well as efficiencies not captured in older, commercial buildings. Health care reform means that an estimated 1.3 million additional Illinoisans

will have access to health insurance beginning January 2014. New, large outpatient centers like the OCP will play an increasingly important role in the delivery of efficient and effective health care for all patients.

#### *Need for the Project*

Non-clinical projects, including medical office buildings, are not subject to review by the Health Facilities and Services Review Board ("HFSRB"). There are no required review criteria for non-clinical elements. 94% of the OCP project is non-clinical. The two floors of the OCP project planned for NMH clinical services are the reason the project is before the HFSRB for review. As demonstrated in our application, all of the clinical components of the project meet (and in most cases far exceed) the State utilization standards.

Reflective of the fact that the primary uses of the building are medical offices and parking, over the life of the building, the rental and parking income will exceed the cost of the project.

#### *Commitment to the Community*

In keeping with our long history of collaboration with our community and neighbors, we included the residents of 230 East Ontario and their condominium association in the extensive community process leading up to the City Council's unanimous approval of the OCP.

At no time in the process did the condominium board raise the issues of our need for the project, an unnecessary expenditure of health care dollars, or our level of charity care. Rather, their issues were focused on site, zoning, setbacks, and circulation; all of which were addressed through the City approval process. However, because we feel that the information they provided in the Condo Letter does not give the HFSRB adequate information on the subjects they raise, we have taken this opportunity to provide additional information.

#### **Need for the Project**

As described above, non-clinical projects, including medical office buildings, are not subject to review by the HFSRB. 94% of the OCP project is non-clinical.

Two floors of the OCP project will be for NMH clinical services:

- Floor 12 will have outpatient surgery including 8 operating rooms and related support space
- Floor 17 will have outpatient diagnostic imaging with 2 MRIs, 1 CT, 2 X-Rays, 1 Ultrasound (relocated from Feinberg) as well as the Pre-Operative Assessment Clinic and Diagnostic Testing Center.

The clinical areas of the project total 59,978 BGSF which is 6% of the total project.

All of the clinical components of the project meet (and in most cases far exceed) the State utilization standards. For example, the State standard for operating rooms is 1,500 hours per operating room per year. In FY10, the current operating rooms at NMH averaged 1,866 hours per operating room per year. Using historical demand trends, NMH projects a need of 87 operating rooms by FY17. This project will add 8 operating rooms for a total of 62 operating rooms when the OCP opens.

94% of the proposed project is non-clinical and therefore has no required review criteria. Non-clinical uses in this project include physicians' offices, parking, retail, loading docks, and other support space.

As mentioned in our CON application, demand for services at NMH has continued to grow. Accordingly, our medical staff has continued to grow. A study in 2008 demonstrated that even using conservative projections for future medical staff growth, by 2015, NMH would lack appropriate space for medical staff proximate to our medical campus. Specifically, it was determined that by FY15, NMH would need over 600,000 square feet of medical office space in addition to appropriate space that might be available in other commercial buildings near campus.

The project includes 434,296 BGSF (362,696 rentable square feet) of physician office space. In order to give the HFSRB comfort that the building would be sufficiently filled upon opening, NMH included letters of interest from physicians for 88% of the rentable space. Similar letters of interest were submitted as justification for the two floors of physician office space that were originally planned for the new Prentice Women's Hospital, and accepted by the State in that application (CON #02-073).

There is no requirement for such letters of interest as was confirmed by Mike Constantino in a technical assistance email on August 23, 2010. Mr. Constantino informed us that letters are not required or expected for that space.

#### **Determination of Available Square Footage in the Area**

We do not dispute the Chicago Loop Alliance's report from 14 months ago of over 4 million square feet of office space in River North and the North Michigan Avenue submarkets. However, the Condo Letter's conclusion that this space is the solution to NMH's need for physician office space is incorrect. "Available" on a chart or table does not mean "appropriate" for medical office use. There are several factors that must be taken into consideration when determining if available space is appropriate for medical office use:

- **Proximity to Campus:** very little of the space in River North and North Michigan Avenue is adjacent to NMH's downtown campus. Proximity to the hospital is crucial for accessibility and physician availability. In order to capture efficiencies and provide coordinated care across the downtown campus, offices need to be proximate to NMH's other facilities. Most of the buildings in the Chicago Loop Alliance's report are more than 6 blocks from NMH, not a comfortable distance for patients to walk. Additionally, the proximity of the OCP to the hospital improves physician availability for both inpatients in the hospital and outpatients in the office. Finally, it is intended that most of the tenants in the OCP will be on the NMH medical staff and therefore faculty of Northwestern University Feinberg School of Medicine. This means that proximity to the medical school's facilities and facilities is also important.
- **Amount of Contiguous Space Available:** much of the space available in the buildings in our area is in small increments of under 10,000 square feet. Only 4 of the physician practices who submitted letters of interest for the OCP project need less than 10,000 square feet. Consolidation in health care is not just occurring for hospitals; physician groups are also consolidating in order to

capture cost efficiencies to counterbalance their decreasing reimbursement rates. Contiguous space leads to lower occupancy costs (less duplication of support space: conference rooms, toilets, reception, etc.) and higher productivity (shared resources). NMH would likely need to spread operations across an additional 8-10 properties to meet expected demand.

- **Infrastructure:** many of the buildings in the River North and North Michigan Avenue areas do not have the infrastructure to support medical offices:
  - Floor loads insufficient to handle equipment weights
  - Floor to ceiling heights insufficient for required use
  - Size of floor plate is too small for efficient medical office build-out
  - Elevator age and count is not sufficient to handle patient volumes
    - NMH witnessed this first hand with the incremental conversion of 676 North St Clair to medical offices. The lack of elevators cannot be overcome/retrofitted in a building to sufficiently accommodate the patient volumes.
    - NMH was asked to consider space in Chicago Place, 700 North Michigan Avenue. While the building had available space, it has no elevator core. Patients cannot be expected to take 8 floors of escalators to get to their physician's office.
  - Elevator size is insufficient for outpatients arriving on stretchers or large wheelchairs
  - Physician movement limited by lack of separate patient/physician spaces
  - Medical gas infrastructure unavailable

Additionally, the cost of baseline technology infrastructure upgrades to support connection to NMH's required networks is \$300,000 – 400,000 per building. Scattering physicians' offices across many buildings is not a good use of health care dollars.

- **Willingness to Lease:** many commercial buildings in the area have caps that restrict the amount of space they will lease to medical tenants. Medical offices put a strain on building infrastructures that typical commercial tenants do not. Additionally, some commercial buildings have operating hours that are too restrictive for medical offices which need to stay open later on some days to accommodate patients who work and/or go to school.

Over the years, we have found certain types of medical uses are considered "unattractive" to some commercial buildings and they will turn down certain types of physicians' offices and clinical space because they feel the patients appear too sick or are otherwise inconsistent with the image of the property.

**Access:** some buildings in the area have entrances that require entry up a stairwell before reaching the common elevators for the building and treat ADA access needs as an exception rather than the rule. This does not work for medical offices who have patients either too sick to climb stairs or who arrive by wheelchair.

NMH-owned buildings are all fully occupied. As a result, NMH annually surveys the campus area for available space. Included as Attachment 1 is our 2011 survey with proprietary information redacted. NMH leases a significant amount of space in commercial buildings close to campus. NMH leases a total of more than 300,000 square feet in the area. Demand for space in Streeterville is significant, growing, and is putting upward pressure on the rents in the area. As an example, escalating rents caused the departure of Draft Worldwide, an advertising agency who chose to relocate from our campus to a space on North Michigan Avenue, where lease packages are more competitive. With the move to the campus of the Ann & Robert H. Lurie Children's Hospital of Chicago this June as well as the projected growth of the other area institutions, available space in the neighborhood will become even more limited.

Part of being a good neighbor is fitting into the community by accommodating most of our essential functions in our own buildings. The Outpatient Care Pavilion is needed for that purpose.

#### **Investment of Health Care Dollars**

NMH typically occupies spaces for a long-term horizon. Our plan to occupy the OCP for more than 30 years makes ownership more cost effective than leasing.

#### **NMH's Commitment to the Community<sup>1</sup>**

The purpose of the proposed project is to provide enhanced access to care for all of NMH's patients. Since 2005, the first year that hospitals began reporting their charity care under the Community Benefit Act, NMH's amount of charity care has more than doubled from \$16.1 million to \$38.1 million in FY10. We expect to report charity care in the amount of approximately \$44.6M for FY11. NMH's capital expenditures have been for the purpose of furthering our mission of patient care and meeting the health needs of our community, teaching the next generation of physicians and other caregivers, and investing in research leading to tomorrow's cures. As the increase in our charity care commitment has shown, our capital investments have not been at the expense of providing charity care benefits to patients.

NMH takes very seriously our responsibility to provide care to our entire community. Although there is no required amount of charity care to be provided by hospitals in Illinois as referenced in Attachment B to the Condo Letter, NMH has consistently been a leader in this area. In FY10, NMH provided more charity care than any other non-governmental hospital, measured in dollars, in the State of Illinois; and, in the top quartile of hospitals in the State when measured as a percent of net patient revenue (2.9%). In addition, NMH was the fifth largest provider of Medicaid in the State in 2010, among acute care hospitals in Illinois based on patient admissions. Northwestern Memorial serves charity care and Medicaid patients from a broad geographic area, all of whom seek access to our services on our campus as shown by the map included as Attachment 2.

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<sup>1</sup> Reference is made in the Condo Letter to the Illinois Department of Revenue having found that "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." This statement is inaccurate. NMH has received a preliminary denial of its exemption application for Prentice Women's Hospital pavillion from the Department for the 2007 tax year. The Cook County Assessor did not rescind the property tax exemption for the Prentice pavillion for 2007, nor was any statement as to the adequacy or amount of charity care provided by NMH included in the denial.

Reference is made in the Condo Letter to the Illinois Department of Revenue having found that "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." This statement is inaccurate. NMH has received a preliminary denial of its exemption application for Prentice Women's Hospital pavillion from the Department for the 2007 tax year. The Cook County Assessor did not rescind the property tax exemption for the Prentice pavillion for 2007, nor was any statement as to the adequacy or amount of charity care provided by NMH included in the denial.

#### **Future Expansion Plans**

The Condo Letter correctly states that neither the Act nor any CON regulations require health care facilities to submit a plan for campus development to the State. Nevertheless, since 2005, NMH has included in all of our CON applications an overview of our campus projects and their interrelationships, as a context for each project submitted to the HFSRB for review. NMH also instituted, along with our campus partners (Northwestern University, Children's Memorial Hospital, and the Rehabilitation Institute of Chicago) and representatives of SOAR and the Alderman's Office, regular "CamPlan" meetings, which have more recently been called Community Dialogue meetings. While foreseeing the future of health care is not easy, we have always stood for productive dialogue with our neighbors and with the HFSRB.

#### **Community Process**

The OCP has amassed support of community groups, such as Streeterville Organization of Active Residents (SOAR) and the Greater North Michigan Avenue Association (GNMAA), the City of Chicago, and State officials.

The HFSRB review of this project will be the last approval required to begin the construction of the OCP. The project has had a very thorough review process through the City of Chicago and was approved unanimously by the Plan Commission, the Committee on Zoning, Landmarks, and Building Standards, and City Council. In November, Mayor Rahm Emanuel held a press conference to announce the project (subject to final State approval), where he cited that OCP project will improve the local economy by providing approximately 700 construction jobs and a net new 700-750 full time employees when fully occupied.

In the spirit of transparency and openness, NMH held several meetings with community groups and adjacent properties in addition to the community meetings required by the City of Chicago. Included as Attachment 3 is a list of the community outreach meetings for the OCP project.

Subsequent to our CON submittal, transcripts from the City of Chicago Committees have become available and are included in this submission for the Board's review (Attachment 4).

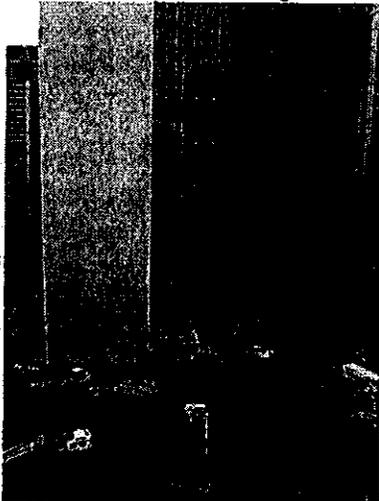
As mentioned above, the project was approved unanimously by the Plan Commission and the Committee on Zoning. In his remarks at the Committee on Zoning meeting (see Attachment 1, pages 146-150), Alderman Reilly complimented NMH on our effort to regularly engage the impacted neighbors and neighborhood organization (SOAR) to address concerns related to the functionality of the site, traffic circulation, loading, aesthetics of the building and pedestrian bridges.

At that meeting, the Alderman also highlighted the key changes that were made to the project in response to community concerns:

- Loading – NMH relocated all loading docks from grade level to below grade. All required truck activity will occur within the property instead of on the surrounding streets.
- Pedestrian bridges – pedestrian bridges to connect the OCP to the main hospital building and parking garage are necessary for patient safety as well as to improve traffic conditions in the neighborhood because people are not crossing the streets at street level. Bridge connection also facilitates emergency response coverage. There were originally 3 bridges proposed for the project but one was eliminated to provide some additional light and openness.
- Height of building – one floor of medical office space was removed from the original plan to decrease the overall height of the building.
- Building materials – the concrete material used for the exterior of the building was changed to the lightest possible shade on the west facade of the building that will be adjacent to the east side face of 230 East Ontario. This change enhances sun reflection on their pool deck.
- Traffic – NMH is contributing pedestrian countdown signals at some high traffic intersections on the campus.

These modifications compliment other planned community-friendly features of the building: widening of Fairbanks Court right of way and ground level drive-through so that all patient and visitor drop-offs and pick-ups occur within the site.

Because of these changes and the overall flexibility shown by NMH to the community, the project received support from SOAR, GNMAA, and all but one neighboring condominium building.



Below is a picture of the proposed site taken 2/7/12.

The site of the OCP project is in the foreground.

On the far (west) side of the site are the eastern walls of 230 East Ontario (left) and 233 East Erie (right). The solid walls of both buildings are evidence that development on the OCP site was anticipated with these buildings were constructed.

Given the rigorous community process that the OCP project has undergone, NMH was surprised to learn of opposition as stated in the Condo Letter. NMH and the Alderman worked with the Condo board of that building to develop compromises to their concerns raised in our meetings and at the Plan Commission meeting. The one remaining concern of the 230 East Ontario Condo Board was related to a requested 15 foot setback on Ontario Street. The Alderman confirmed that no building setback was required to preserve views—in general and for 230 East Ontario residents. He stated that with the constructive concessions already made by NMH, the project should proceed.

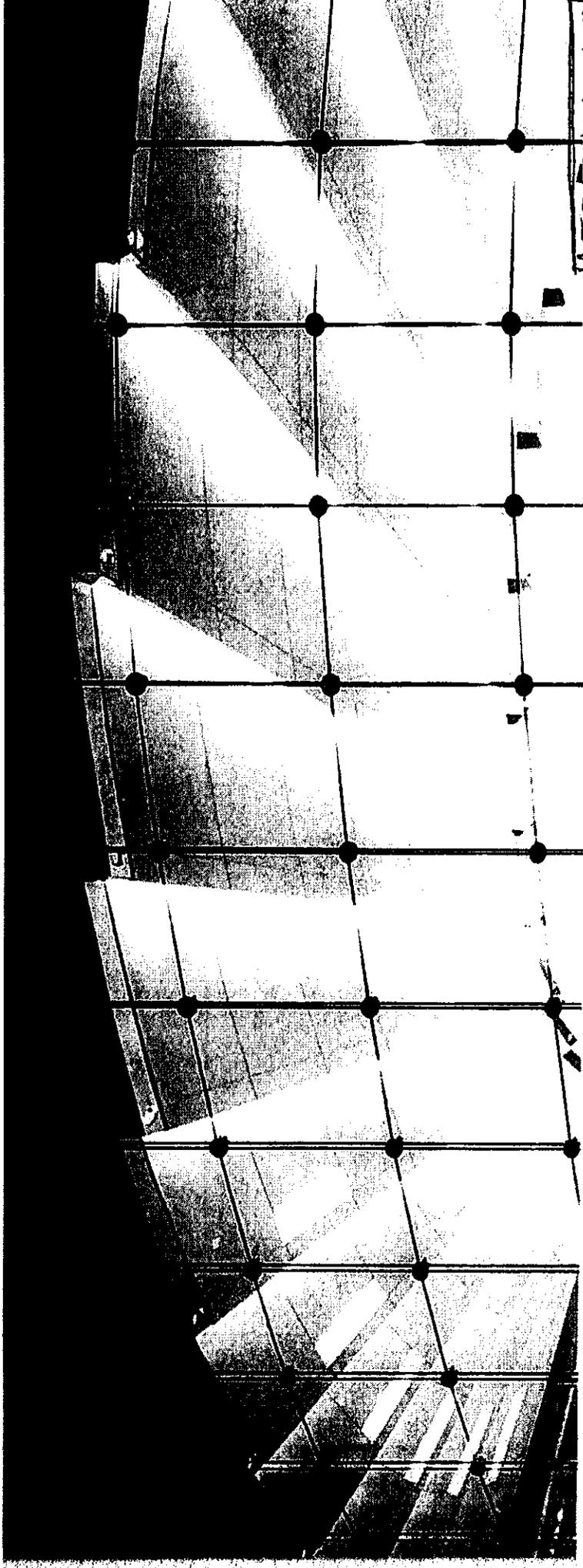
The 230 East Ontario Condo Board raised no opposition at the Committee on Zoning meeting held December 13, 2011. Additionally, no public hearing was called through the CON process. At no time during the process did the condo board raise concerns about NMH's need for the OCP, our use of health care dollars, or our levels of charity care.

We hope that this additional information is helpful to you. If you have any questions/comments, please contact me at (312) 926-2296.

Sincerely,

A handwritten signature in black ink that reads "Ralph M. Weber". The signature is written in a cursive, flowing style.

Ralph M. Weber  
Director, Regulatory Facility Planning



ATTACHMENT

# North Michigan Avenue Market Update

**M** Northwestern Memorial<sup>®</sup>  
Hospital

March 2011

THE JOHN BUCK COMPANY

# Table of Contents

I. Market Rent Summary and Gross Rent Equalizer

II. Recent Lease Comparables

III. Stacking Plans (Medical Office Only)

- 142 E. Ontario
- 150 E. Huron
- 211 E. Chicago
- 625 N. Michigan
- 645 N. Michigan
- 680 N. Lake Shore
- 737 N. Michigan
- 444 N. Michigan
- 500 N. Michigan

Building	% Occupancy	Largest Contiguous Block Available	Gross Rent	Rent Quoted in Gross or Net	Operating Expenses (2011 Est.)	Real Estate Taxes (2011 Est.)	TI Offered (10 Year Term)	Lease to Physicians?
142 E. Ontario	85%	7,510 SF						Yes
150 E. Huron	83%	5,024 SF						Yes
211 E. Chicago	100%	26,526 SF (sublease)						Yes
625 N. Michigan	75%	26,632 SF						Yes
645 N. Michigan	84%	10,174 SF						Yes
680 N. Lake Shore	92%	95,000 SF (sublease)						Yes
737 N. Michigan	87%	12,440 SF						Yes
444 N. Michigan	85%	31,064 SF						Yes - but no existing infrastructure (i.e. plumbing)
500 N. Michigan	87%	3,694 SF						Yes - small practices only
Total (Gross Rent/Available)								

\*Sublease Space - No direct space available

Building	Gross Rent	TI Offered (10 Year Term)	TI Offered Above / Amortized Over 10 Years : 8%	\$40 PSF, Amortized II from Gross Rent)	Equalized Gross Rent (Subtract Amortized II from Gross Rent)
142 E. Ontario					
150 E. Huron					
211 E. Chicago					
625 N. Michigan					
645 N. Michigan					
680 N. Lake Shore					
737 N. Michigan					
444 N. Michigan					
500 N. Michigan					
<div style="display: flex; justify-content: space-between;"> <span>TI Offered</span> <span>TI Offered Above /</span> <span>\$40 PSF,</span> <span>Equalized Gross Rent (Subtract</span> </div> <div style="display: flex; justify-content: space-between;"> <span>(10 Year Term)</span> <span>Amortized Over 10 Years : 8%</span> <span>Amortized II from Gross Rent)</span> <span>Amortized II from Gross Rent)</span> </div>					

RENDERING

\*Sublease Space - No direct space available



Floor	Available
16	
17	
18	3,317
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21	4,144
22	3,353
23	
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26	
27	1,790
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29	7,510
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31	

**Building Information**

Rentable Square Feet: 132,622

Quoted Rent:

Owner: American Osteopathic Association

Class: 6

Year Built / Renovated: 1986

Number of Floors: 18

Average Floor Plate: 7,510

Parking: No

Major Tenants: AOA

Amenities: Retail, Suite Balconies

Physicians Accepted?: Yes





Floor	Available
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Available

Building Information

Rentable Square Feet: 276,326

Quoted Rent:

Owner: American Dental Association

Class: B

Year Built / Renovated: 1966/1992

Number of Floors: 23

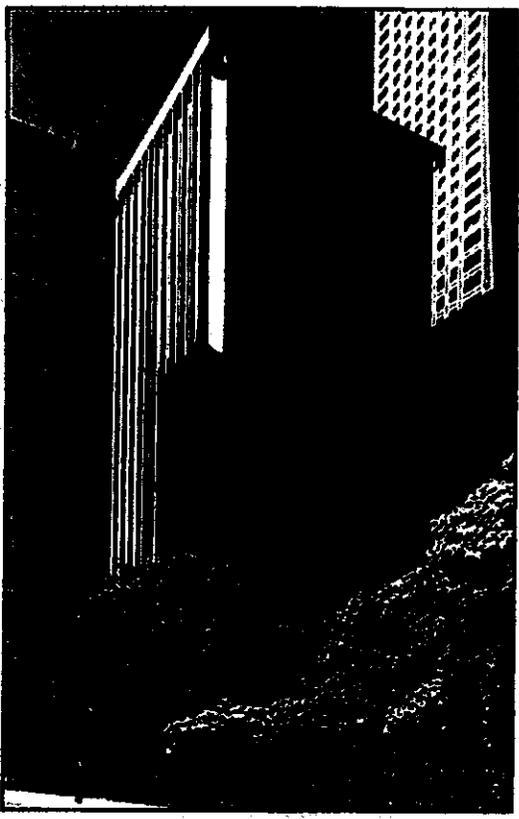
Average Floor Plate: 13,000

Parking: No

Major Tenants: ADA

Amenities: Corbett Healthcare Group  
Conference Center

Physicians Accepted?: Yes

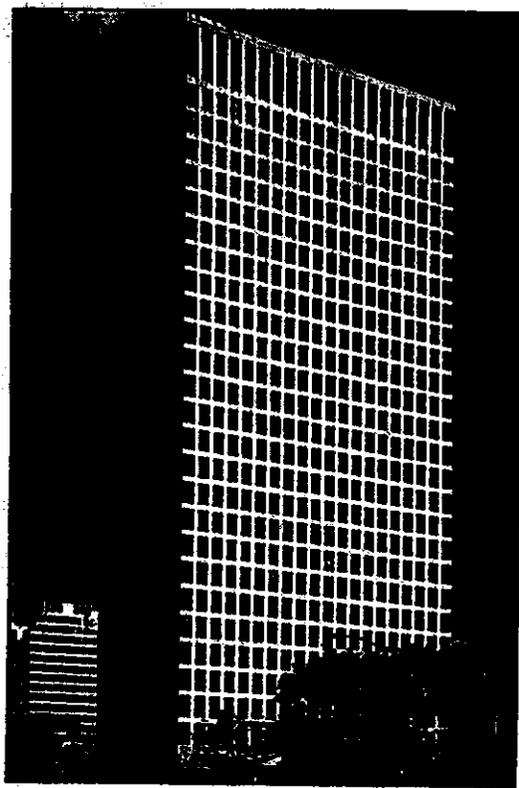


13.316	Available Building #
8.725	Available Building #
13.316	Available Building #
13.316	Available Building #
4.171	Available Building #
2.327	Available Building #
2.549	Available Building #
2.621	Available Building #
6.430	Available Building #
3.401	Available Building #
6.391	Available Building #

**Available**

**Building Information**

Rentable Square Foot:	350,000
Quoted Rent:	
Owner:	Berwind Property Group/Golub & Co
Class:	B
Year Built / Renovated:	1970/2000
Number of Floors:	26 (no 13th floor)
Average Floor Plate:	13,316
Parking:	NA
Major Tenants:	SBC
Amenities:	Conferencing, Retail Food Service
Physicians Accepted?	Yes



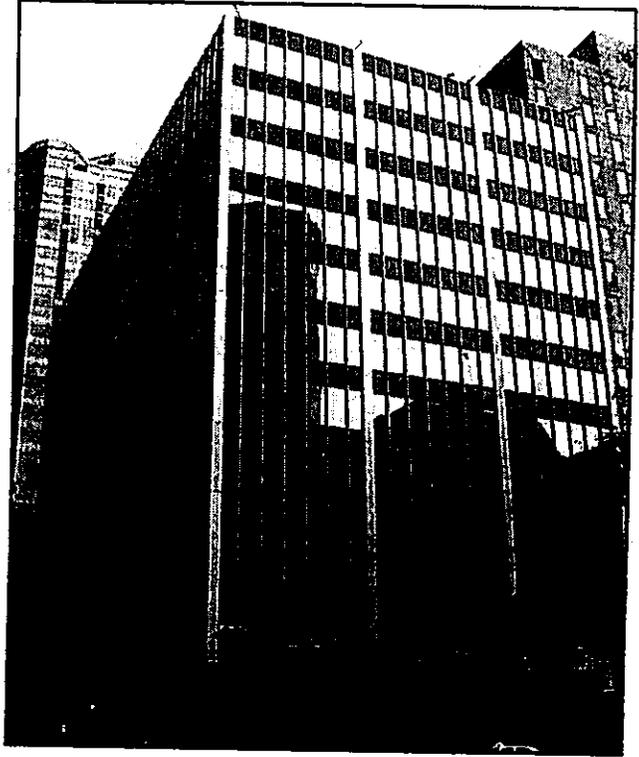
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11	Availability 11/15/07	
12	Availability 11/15/07	
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14	Availability 11/15/07	
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16	Availability 11/15/07	
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29	Availability 11/15/07	
30	Availability 11/15/07	
31	Availability 11/15/07	

Available

Building Information

4,388	Rentable Square Feet:	200,000
5.083	Quoted Rent:	
10,174	Owner:	Fell Organization
	Class:	B
	Year Built / Renovated:	1962
1,408	Number of Floors:	11
3,461	Average Floor Plate:	18,500
6,935	Parking:	No
5,964	Major Tenants:	Northwestern University
	Amenities:	Retail, Renovated Lobby
	Physicians Accepted?:	Yes



# 680 North Lake Shore Drive

Available  
(Direct)

## Building Information

Rentable Square Feet: 450,000 (Office Portion)

Quoted Rent:

Owner: Golub & Co.

Management / Leasing: Golub & Co.

Class: B

Year Built / Renovated: 1923/1989

Number of Floors: 29

Average Floor Plate: 50,000

Parking: Covered

Major Tenants: NMFF

Playboy

Amenities: 24/7 Building Access, Retail

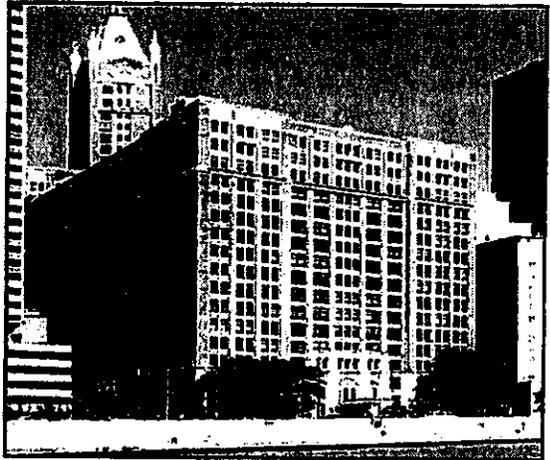
Food Service

Physicians Accepted? Yes

14,148

12,874

827



# 2011 North Building

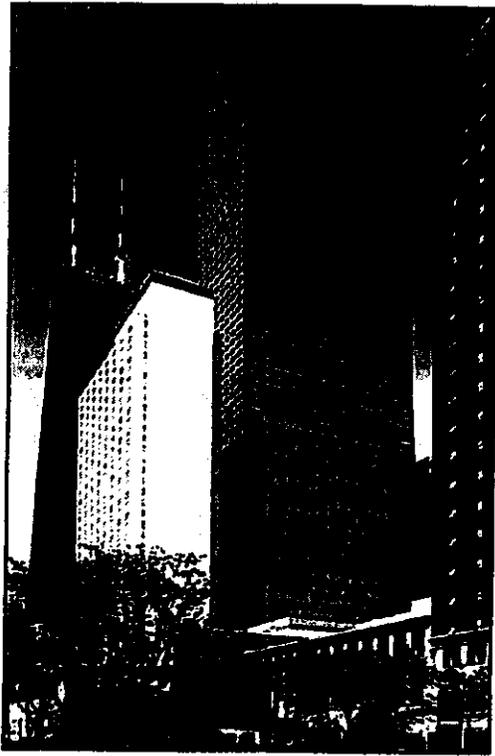
Floor	Available
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## Available

2,690  
5,231  
12,440  
1,209  
6,556  
8,307  
3,223  
2,417

## Building Information

Rentable Square Feet: 335,000 (Office Only)  
 Quoted Rent:  
 Owner: UBS  
 Management / Leasing: U.S. Equities Realty  
 Class: A  
 Year Built / Renovated: 1985/2008  
 Number of Floors: 63 (18 for Office Space)  
 Average Floor Plate: 18,500  
 Parking: Yes- 435 Spaces Underground  
 Major Tenants: Consulate General of Japan  
 Henderson Global Investors  
 Amenities: 24/7 Building Access.  
 Conference Center, Food Service  
 Physicians Accepted?: Yes



Floor	Available (Direct)	Available
36		
35		
34	Available 2,340 sf	2,340
33		
32	Available 3,276 sf Available 4,546 sf	7,822
31		
30	Available 15,645 sf	15,645
29	Available 7,417 sf Available 3,655 sf	11,272
28		
27		
26		
25	Available 15,532 sf	15,532
24	Available 15,532 sf  Connected by Medical Skyway	15,532
23		
22	MECHANICAL	
21		
20		
19		
18	Available	15,532
17		
16		
15		
14	Available 15,096 sf	15,096
12	Available 8,133 sf	8,133
11	Available 1,846 sf	1,846
10	Available 3,775 sf	3,775
9		
8		
7	Available 7,335 sf	7,335
6	Available 6,709 sf	6,709
5	Available 3,478 sf Available 2,594 sf	6,059
4	Available 1,678 sf Available 6,410 sf	8,288
3		
2		
1		
L		

**Building Information**

Rentable Square Feet: 506,883  
 Quoted Rent: 2,340  
 Owner: GLL Real Estate Partners  
 Class: B  
 Year Built / Renovated: 1975 / 2000  
 Number of Floors: 36 (with no 13th floor)  
 Average Floor Plate: 15,500  
 Parking: No  
 Major Tenants: TMP Worldwide  
 Shared Marketing Services  
 Amenities: Restaurant  
 Physicians Accepted?: Yes - but due to no existing infrastructure usually too costly to accommodate a physician







## **ATTACHMENT 3**

### **Community Meetings**

- April 26, 2011 Preliminary Informational meeting with Residents of 230 East Ontario (adjacent property)
- o Concerns raised:
    - Property value
    - Pool deck
    - Suggestion that NMH consider purchasing 230 East Ontario building
- July 22, 2011 Project Review Committee meeting with Greater North Michigan Avenue Association (GNMAA)
- July 26, 2011 Informational meeting with NMH Faculty, Staff, Volunteers
- July 26, 2011 Informational meeting with Residents of 680 North Lake Shore Drive
- July 26, 2011 2<sup>nd</sup> Informational meeting with Residents of 230 East Ontario (adjacent property)
- July 27, 2011 Community Meeting with Streeterville Organization of Active Residents (SOAR)
- August 9, 2011 Informational meeting with Residents of 233 East Erie (the other adjacent property)
- August 9, 2011 Project Review Committee Follow-up meeting with GNMAA
- September 12, 2011 Information meeting with Residents of 600 North Fairbanks
- September 13, 2011 1<sup>st</sup> Community Meeting sponsored by Alderman Brendan Reilly (42<sup>nd</sup> Ward) and SOAR (City of Chicago Ordinance requires notification to property owners within 250 feet of the proposed site. NMH notified all property owners within 500 feet. This equated to approximately 15,000 letters).
- October 18, 2011 2<sup>nd</sup> Community Meeting sponsored by Alderman Brendan Reilly and SOAR (approximately 15,000 additional letters were mailed).
- November 15, 2011 Meeting with Alderman Reilly and 230 East Ontario to discuss:
- o Views/light
  - o 15 foot setback on Ontario Street
- November 17, 2011 City of Chicago Plan Commission meeting
- o Residents of 230 East Ontario spoke in opposition to the project due views/light issues
  - o SOAR and three neighborhood residents spoke in support of the project
  - o Project was unanimously approved

- December 13, 2011 City of Chicago Committee on Zoning, Landmarks, and Building Standards meeting
- No opposition
  - Project was unanimously approved
- December 14, 2011 City Council meeting
- No opposition
  - Project was unanimously approved
- January 3, 2012 Follow-up meeting with Condo Board and Committee of 230 East Ontario to discuss:
- Installation of vibration monitor during demolition and construction
  - West-side wall of OCP regarding reflective light
  - South-side (Ontario) set back

**LO VERDE**  
**Reporting Service**

CITY COUNCIL OF CHICAGO  
COMMITTEE ON ZONING  
LANDMARKS and BUILDING STANDARDS

PRESENT:

ALDERMAN DANIEL S. SOLIS, CHAIRMAN  
ALDERMAN ROBERT W. FIORETTI  
ALDERMAN MICHELLE HARRIS  
ALDERMAN EDWARD M. BURKE  
ALDERMAN RAY SUAREZ  
ALDERMAN RICHARD F. MELL  
ALDERMAN REY COLON  
ALDERMAN TIMOTHY M. CULLERTON  
ALDERMAN MARGARET LAURINO  
ALDERMAN BRENDAN REILLY  
ALDERMAN THOMAS TUNNEY

ALSO PRESENT:

MS. PATRICIA SCUDIERO  
Zoning Administrator  
Department of Zoning and Land Use Planning

MR. STEVEN VALENZIANO  
Coordinating Planner I  
Department of Zoning and Land Use Planning

DECEMBER 13, 2011  
10:00 A.M.  
COUNCIL CHAMBERS  
CITY HALL

1 that I'm very interested in, and that is  
2 Application 17318 in the 42nd Ward. The ordinance  
3 was referred 7-28-11. The common address is 237-259  
4 East Erie Street; 628-648 North Fairbanks Court;  
5 238-258 East Ontario Street; and Institutional  
6 Planned Development No. 3, as amended.

7 the Change request is an Institutional Planned  
8 Development No. 3 and DX-12 Downtown Mixed Use  
9 District to Institutional Planned Development No. 3,  
10 as amended.

11 Counselor, are you ready?

12 MS. STUBBLEFIELD: We are, Mr. Chairman.

13 CHAIRMAN SOLIS: All right. Thank you.

14 MS. STUBBLEFIELD: We are setting up our  
15 boards here, but I'll get started.

16 Good morning. For the record, Carol  
17 Stubblefield with Neal and Leroy with offices at 203  
18 North LaSalle. I'm here today on behalf of the  
19 developer Northwestern Memorial Hospital, which I'll  
20 refer to as NMH.

21 To my right, my immediate right, is Mr.  
22 Mladucky, the director of planning and design with

1 NMH. To his right Rob Christie, vice president  
2 external affairs NMH. To his right is our traffic  
3 consultant with traffic analysis and design is Peter  
4 Lennon. And to Peter's right is Sarah Burke,  
5 director of external affairs from NMH.

6 NMH is seeking to rezone the property  
7 commonly known as 259 East Erie and 240 East Ontario  
8 from its current zoning of DX-12 Downtown Mixed Use  
9 District to Institutional Planned Development No. 3,  
10 and then amend the boundaries of IPD No. 3 to add the  
11 approximately 46,000 square foot site and establish a  
12 new sub area within the planned development.

13 This matter was heard and unanimously  
14 approved at the November 17th Chicago Plan  
15 Commission. And we ask that the findings and  
16 conclusions of the Plan Commission and all documents  
17 given to the Department of Housing and Economic  
18 Development be adopted into today's record.

19 ALDERMAN REILLY: So move.

20 CHAIRMAN SOLIS: Do I hear a motion to  
21 incorporate the records?

22 ALDERMAN REILLY: So move.

1           CHAIRMAN SOLIS: Alderman Reilly moves to  
2 incorporate the records. All those in favor signify  
3 by saying aye.

4   (Chorus of ayes.)

5           CHAIRMAN SOLIS: All those opposed.

6   (No audible response.)

7           CHAIRMAN SOLIS: The records are  
8 incorporated. Alderman Reilly.

9           ALDERMAN REILLY: Thank you, Mr. Chairman.  
10 Good afternoon. I wanted to just briefly speak to  
11 this project. I can tell you a tremendous amount of  
12 hard work has gone into making this, what I think is  
13 a wonderful proposal for the neighborhood. As my  
14 colleagues know, most of the major zoning items we  
15 review downtown are particularly massive and have  
16 large, institutional footprints. And this is no  
17 different.

18                                       But I wanted to compliment the applicant  
19 for making a good faith effort to regularly engage  
20 with impacted neighborhoods and the neighborhood  
21 organization of record, SOAR, to address concerns  
22 related to the functionality of the site, traffic

1 circulation, loading, the aesthetics of the building,  
2 the number of pedestrian bridges. The list was  
3 rather long.

4                   And we've heard a lot about zoning  
5 process and community process here today,  
6 Mr. Chairman. I can tell you the process we have  
7 been administering downtown has been wholly  
8 transparent and we have multiple community meetings  
9 to make sure we nail down these issues so that when a  
10 project is built, it's a success and a great story  
11 for everyone involved. I'm very proud of the work  
12 that's gone into this.

13                   I'd like to highlight a few of the key  
14 changes that were made to this proposal that  
15 ultimately won support from the neighborhood  
16 association of record. There was a tremendous amount  
17 of concern about how the loading would be handled for  
18 this site. As you know, this is going to be a busy  
19 site. It's in the middle of the medical campus. And  
20 in response to neighborhood concerns, which I felt  
21 were legitimate, at substantial expense, the  
22 institution agreed to submerge all loading to below

1 grade, allowing for all of the required turning  
2 movements to occur within the property so that there  
3 isn't any dangerous or disruptive backing in and  
4 pulling out of large trucks to serve the facility.

5 We also, through the process, determined  
6 it would be best to eliminate one of the originally  
7 three proposed pedestrian bridges for the purpose of  
8 providing some additional light and air in the area.  
9 Again, we were able to accomplish that working with  
10 the institution so that the functionality of their  
11 site is not compromised, but neighborhood aesthetic  
12 standards are upheld.

13 Further, the height of the structure was  
14 reduced from 25 stories to 24.

15 Also in working with the adjacent  
16 neighbors at 230 East Ontario, a tremendous amount of  
17 care has been taken to try and provide the lightest  
18 shade of building material on that elevation that  
19 they share with their neighbors to allow for some sun  
20 reflection on their pool deck, etc.

21 The applicant is also contributing  
22 pedestrian countdown signals at some dangerous

1 intersections in the area. And there will also be --  
2 There are commitments to improve an undeveloped lot  
3 nearby to make it more aesthetically pleasing for the  
4 neighbors, some open green space, and to address some  
5 safety concerns about the vacant lot.

6 In sum, the applicant I think has  
7 demonstrated a strong interest in being a good  
8 neighbor in Streeterville. I think that's why at the  
9 end of this open process, many of the folks had very  
10 favorable remarks about the new revised proposal.  
11 And invariably in the downtown development process,  
12 Mr. Chairman, we found that the initial proposal that  
13 we first vet and review with the neighbors, changes  
14 by the end of that process, and almost always for the  
15 better, and unusually embraced by both the  
16 institution and the neighborhood.

17 So, that said, I fully support the  
18 project. I want to thank the neighborhood residents  
19 and the neighborhood association in Streeterville for  
20 being such an active partner in getting this right.  
21 And, of course, my extreme thanks to Northwestern  
22 Memorial Hospital for all of their flexibility and

## Constantino, Mike

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**From:** Lori Wright [Lori.Wright@fmc-na.com]  
**Sent:** Wednesday, February 08, 2012 6:21 PM  
**To:** Constantino, Mike  
**Cc:** clare.ranalli@hklaw.com  
**Subject:** #11-120, Opposition Response  
**Attachments:** #11-120 Response to Opposition.pdf; #11-120 - Opposition Response.doc; Attachment - Patient List.pdf

Mike,

Attached please find our response to opposition to project #11-120, Fresenius Medical Care East Aurora. Hard copy will be sent overnight.

Thank you,  
Lori Wright  
Senior CON Specialist

Phone: 708-498-9121  
Fax: 708-498-9334

Fresenius Medical Care  
One Westbrook Corporate Center  
Tower One, Suite 1000  
Westchester, IL 60154