



Office of the City Clerk



F2013-14

Office of the City Clerk

City Council Document Tracking Sheet

Meeting Date: 2/13/2013

Sponsor(s): Mendoza, Susana A. (Clerk)

Type: Communication

Title: Ann and Robert H. Lurie Children's Hospital of Chicago
(f/k/a) The Children's Memorial Hospital) Property Tax
Exemption Application (PTAX-300-H)

Committee(s) Assignment:

January 17, 2013

Mary M. Donners
D 312.807.4405
F 312.345.9996
mary.donners@klgates.com

Via Certified Mail

Susana A. Mendoza, City Clerk
Office of the City Clerk
City Hall – Room 107A
121 North LaSalle Street
Chicago, Illinois 60602-1295

Re: Ann & Robert H. Lurie Children’s Hospital of Chicago
(f/k/a The Children’s Memorial Hospital)
Property Tax Exemption Application (PTAX-300-H)
225 East Chicago Avenue, Chicago, Illinois

Dear Clerk Mendoza:

Our firm represents Ann & Robert H. Lurie Children’s Hospital of Chicago in the matter of the property tax exemption application for its new hospital located at 225 E. Chicago Avenue, Chicago, Illinois. We intend to file the application with the Cook County Board of Review today. In accordance with Section 16-130 of the Illinois Property Tax Code, 35 ILCS 200/16-130, you are hereby given notice of the application, a true and correct copy of which is included herewith.

Should you have any questions or comments concerning this application, please do not hesitate to call me.

Very truly yours,


Mary M. Donners

cc: Nancy Borders, Esq.



RECEIVED
CITY COUNCIL DIVISION
2013 JAN 23 AM 8:04
OFFICE OF THE
CITY CLERK



Illinois Department of Revenue

PTAX-300-H

Application for Hospital Property Tax Exemption — County Board of Review Statement of Facts

Complaint no.: _____ Volume no.: _____ IDOR docket number: _____
County use only IDOR use only

Step 1: Identify the property

- 1 Ann & Robert H. Lurie Children's Hospital of Chicago
2 225 E. Chicago Avenue Chicago IL 60611
3 Cook County in which hospital or affiliate is located
4 Dimensions or acreage of this property 1.7147 acres
5 Date of ownership 04/17/2007 Addendum (1)
6 Check the relevant hospital entity: [X] hospital owner - write the license number: 0005843

Step 2: Provide information about exemptions or applications

- 7 For what year is this exemption being sought? 2012
8 If the applicant has an Illinois sales tax exemption number, write it here. E-9989-2820

Step 3: Provide the following about the services and activities for the relevant hospital entity

- 9 Check what the value of services and activities below reflect: [X] hospital year ___ average of 3 fiscal years ending with hospital year
10 What is your fiscal year? 9/1/2011 to 8/31/2012
11 Write the amount of charity care provided. Attach most recently filed Form AG-CBP-I. See Addendum (2) 11 \$ 1,043,036
12 Write the amount of unreimbursed costs for health services provided to low-income and underserved individuals. Attach a list of identifying activities or services provided. See Addendum (3) 12 \$ 387,215
13 If the hospital gives a subsidy to a state or local government, write the total amount. Attach a list identifying each entity and the amount. See Addendum (4) 13 \$ 3,740,129
14 If the hospital gives support for Illinois health care programs to low-income individuals, write the amount. Attach the most recently filed federal Form 990, Schedule H. See Addendum (5) 14 \$73,678,004
15 If the hospital provides a dual-eligible subsidy by treating Medicare/Medicaid patients, multiply
1) the hospital's ratio of dual-eligible patients to the total number of Medicare patients by
2) the total of unreimbursed costs of Medicare.
15 _____
16 If the hospital provided relief for the government as it relates to health care services for low income individuals, write the total low-income portion of unreimbursed costs. Attach Schedule A and a copy of the CMS 2552-10, Worksheet C, Part 1. See Addendum (6) 16 \$15,924,669
17 Other. See instructions and identify: 17 _____

Step 4: Calculate and determine the exemption

- 18 Add Lines 11 through 17 and enter the total amount of services or activities provided. 18 \$94,773,053
19 Has the property been assessed?
[X] Yes. Write the amount of the actual property tax from your property tax bill or the estimated property tax from Schedule E, Line 18, whichever is less. Attach the tax bill. See Addendum (7)
[X] No. Write the estimated property tax amount from Schedule E, Line 18. Attach Schedule E. See Addendum (7) 19 \$19,106,238*
If Line 19 is equal to or less than Line 18, you qualify for this exemption.
If Line 19 is greater than Line 18, you do not qualify for this exemption.
20 Is any part of this property leased? 20 [X] Yes [] No
If "yes", attach a copy of any contracts or leases.
21 If the assessed or estimated assessed value is \$100,000 or more, has the municipality, school district, community college district, and fire protection district in which the property is located been notified that this application has been filed? Attach a copy of the notices and postal return receipts. See Addendum (8) 21 [X] Yes [] No

*Total of Lines 18 from Schedule E - 3 pages

Step 5: Identify the person to contact regarding this application

<p>22 <u>Mary M. Donners K&L Gates LLP</u> 23</p> <p>Name of applicant's representative</p> <p><u>70 W. Madison Street, #3100</u></p> <p>Mailing address</p> <p><u>Chicago</u> <u>IL</u> <u>60602</u></p> <p>City State ZIP</p> <p><u>(312) 807 - 4405</u></p> <p>Phone number</p>	<p>Owner's name (if the applicant is not the owner)</p> <p>Mailing address</p> <p>City State ZIP</p> <p>Phone number</p>
--	--

Step 6: Signature and notarization

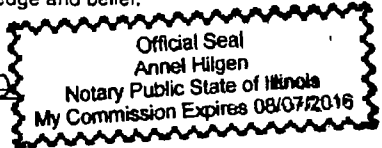
State of Illinois) SS.
 County of Cook)

I, Paula M. Noble, Treasurer & CEO, being duly sworn upon oath, say that I have read the foregoing application and that all of the information is true and correct to the best of my knowledge and belief.

Paula M. Noble
 Applicant's signature

Subscribed and sworn to before me this 27th day of December, 2012

Annel Hilgen
 Notary Public



County official use only. Do not write below this line.

Step 7: County board of review statement of facts

- 1 Current assessment \$ _____ For assessment year 2 _____
- 2 Is this exemption application for a leasehold interest assessed to the applicant? Yes No
 If "Yes", write the Illinois Department of Revenue docket number for the exempt fee interest to the owner, if known. _____
- 3 State all of the facts considered by the county board of review in recommending approval or denial of this exemption application.

- 4 County board of review recommendation
 Full year exemption
 Partial year exemption from ____/____/____ to ____/____/____
 Partial exemption for the following described portion of the property: _____
 Deny exemption
- 5 Date of board's action ____/____/____

Step 8: County board of review certification

I certify this to be a correct statement of all facts arising in connection with proceedings on this exemption application.

 Signature of clerk of county board of review

Mail to: OFFICE OF LOCAL GOVERNMENT SERVICES MC 3-520
 ILLINOIS DEPARTMENT OF REVENUE
 101 WEST JEFFERSON STREET
 SPRINGFIELD IL 62702

This application must be completed in its entirety and all supporting documentation must be attached. All incomplete applications will be returned.

Schedule A Calculation of Low-Income Portion of Unreimbursed Costs

Attach to Form PTAX-300-H

Step 1: Write the total of unreimbursed costs

1	Emergency	\$	_____	
2	Trauma	\$	_____	
3	Burn	\$	_____	
4	Neonatal	\$	_____	
5	Psychiatric	\$	_____	
6	Rehabilitation	\$	_____	
7	Medical education	\$	13,504,855	
8	Research	\$	18,349,770	
9	Other (describe)	\$	_____	
10	Other (describe)	\$	_____	
11	Total. Add Lines 1 through 10.	\$		31,854,625

Step 2: Calculate the low-income ratio

12	Charity	\$	3,208,245	
13	Medicaid	\$	557,203,441	
14	Other means-tested programs	\$	17,713,411	
15	Disabled Medicare for people less than 65 years of age	\$	_____	
16	Dual-eligible	\$	_____	
17	Add gross charges for Lines 12 through 16. This is your numerator.	\$		578,125,097
18	Total gross charges. This is your denominator.	\$		1,156,442,743
19	Multiply Line 17 by cost to charge ratio <u>0.353307</u> =	\$		204,255,644
20	Multiply Line 18 by cost to charge ratio <u>0.353307</u> =	\$		408,579,316
21	Divide Line 19 by Line 20. This is the low-income ratio.			<u>0.499917</u>

Step 3: Determine the low-income portion of unreimbursed costs

22	Multiply Line 11 by Line 21. Write this amount on Form PTAX-300-H, Line 16.	\$		15,924,669
----	---	----	--	------------

General Instructions

The portion of unreimbursed costs of the Relevant Hospital Entity attributable to providing, paying for, or subsidizing goods, activities, or services that relieve the burden of government related to health care for low-income individuals. Examples of these activities or services are:

- providing emergency, trauma, burn, neonatal, psychiatric, rehabilitation, or other special services;
- providing medical education; and
- conducting medical research or training of health care professionals.

The portion of those unreimbursed costs attributable to benefiting low-income individuals shall be determined using the ratio calculated

by adding the Relevant Hospital Entity's costs attributable to charity care, Medicaid, other means-tested government programs, disabled Medicare patients under age 65, and dual-eligible Medicare/Medicaid patients and dividing that total by the Relevant Hospital Entity's total costs. Costs for the numerator and denominator shall be determined by multiplying gross charges by the cost to charge ratio taken from the most recently filed Medicare cost report (CMS 2552-10 Worksheet C, Part 1). In the case of emergency services, the ratio shall be calculated using costs (gross charges by the cost to charge ratio taken from the most recently filed Medicare cost report (CMS 2552-10 Worksheet C, Part 1)) of patients treated in the Relevant Hospital Entity's emergency department.

Schedule E
Calculation of Estimated Property Tax for Relevant Hospital Entity

Attach to form PTAX-300-H

Step 1: Describe the property

1 Use of property	Pediatric Hospital opened 6/9/2012	Pediatric Hospital until 6/9/2012	Hospital Admin. Building	Ambulatory Outpatient Clinic	Ambulatory Outpatient Clinic Bldg.	Hospital Administration	Patient and Family Housing
2 Address	225 E. Chicago, Chicago	2300 Children's Pl, Chicago	155 E. Superior, Chicago	2515 N. Clark St., Chicago	1970 Clybourn, Chicago	1970 Clybourn, Chicago	2422 N. Orchard, Chicago
3 Property index numbers	17-10-200-014; -015 -030 & -031; 034 to -039; -051 & 052; -058 & 059	14-33-101-001 through -008	17-10-106-002	14-28-319-003 through -007	14-32-305-002; 14-32-305-003; 14-32-305-004	14-32-305-002; 14-32-305-003; 14-32-305-004	14-28-312-069

Step 2: Provide the estimated land value

4 Total assessed land value	5,601,900	2,660,577	2,050,750	294,836	103,833	217,687	42,484
-----------------------------	-----------	-----------	-----------	---------	---------	---------	--------

Step 3: Figure the estimated buildings value

5 Square footage of building	1,256,421	585,174	87,597	205,252	80,877	8,850	7,205
6 Marshall & Swift Cost Manual	322.90	322.90	181.40	202.82	202.82	181.4	236.30
7 Total replacement cost	405,698,341	188,952,685	15,890,096	41,630,237	16,403,877	1,605,390	1,702,549
8 Actual age	0	51	70	17	37	16	40
9 Adjusted remaining life	32	5	5	23	5	24	5
10 Percentage of remaining life	0.8	0.125	0.125	0.575	0.125	0.60	0.125
11 Assessment factor	0.25	0.25	0.25	0.25	0.25	0.25	0.25
12 Assessed buildings value	81,139,668	5,904,771	496,565	5,984,347	512,621	240,808	53,204

Step 4: Figure the total estimated assessed value

13 Land value (Line 4)	5,601,900	2,660,577	2,050,750	294,836	103,833	217,688	42,484
14 Buildings value (Line 12)	81,139,668	5,904,771	496,565	5,984,347	512,621	240,808	53,204
15 Total estimated value	86,741,568	8,565,349	2,547,315	6,279,183	616,454	458,496	95,688

Step 5: Figure the total estimated property tax

16 Add all Line 15 totals together.	2.9706	0.05455	Write this amount on PTAX-300-H, Line 19.	16	105,304,053
17 Multiply Line 16 by the state equalization rate.				17	312,816,219
18 Multiple Line 17 by the applicable tax rate.				18	17,064,125

Schedule E Calculation of Estimated Property Tax for Relevant Hospital Entity

Attach to form PTAX-300-H

Step 1: Describe the property

1 Use of property	Hospital Admin. & Clinic	Hospital Admin. Building	Hospital Admin. Building	Patient and Employee Pking	Lurie Children's * Research Center
2 Address	700 W. Fullerton, Chicago	2356 N. Lincoln, Chicago	2380 N. Lincoln, Chicago	2316 N. Lincoln, Chicago	2430 N. Halsted, Chicago
3 Property index numbers	14-28-312-079	14-33-100-004	14-33-100-001	14-33-100-006 to -009; -025 to -033; & -040	14-29-424-017 & -018; -024 to -030; -032 10 -035

Step 2: Provide the estimated land value

4 Total assessed land value	708,270	168,507	198,257	919,170	648,421
-----------------------------	---------	---------	---------	---------	---------

Step 3: Figure the estimated buildings value

5 Square footage of building	113,862	28,325	20,600	296,392	160,665
6 Marshall & Swift Cost Manual	x 181.40	x 181.40	x 181.47	x 63.35	x 259.09
7 Total replacement cost	= 20,654,567	= 5,138,155	= 3,736,840	= 18,776,433	= 41,626,293
8 Actual age	81	27	92	30	17
9 Adjusted remaining life	5	13	5	10	23
10 Percentage of remaining life	x 0.125	x 0.325	x 0.125	x 0.25	x 0.575
11 Assessment factor	x 0.25	x 0.25	x 0.25	x 0.25	x 0.25
12 Assessed buildings value	= 645,455	= 417,475	= 116,776	= 1,173,527	= 5,983,779

Step 4: Figure the total estimated assessed value

13 Land value (Line 4)	708,270	168,507	198,257	919,170	648,422
14 Buildings value (Line 12)	+ 645,455	+ 417,475	+ 116,776	+ 1,173,527	+ 5,983,779
15 Total estimated value	= 1,353,725	= 585,982	= 315,033	= 2,092,697	= 6,632,201

Step 5: Figure the total estimated property tax

16 Add all Line 15 totals together.					
17 Multiply Line 16 by the state equalization rate:		2.9706			10,979,638
18 Multiple Line 17 by the applicable tax rate:	0.05455	Write this amount on PTAX-300-H, Line 19.			32,616,112
					1,779,209

*Ann & Robert H. Lurie Children's Hospital of Chicago Research Center is an affiliate of the Ann & Robert H. Lurie Children's Hospital of Chicago.

Schedule E Calculation of Estimated Property Tax for Relevant Hospital Entity

Attach to form PTAX-300-H

Step 1: Describe the property

1 Use of property	Surgical Center				
2 Address	2301 Enterprise Drive, Westchester				
3 Property index numbers	15-30-200-040; -041				

Step 2: Provide the estimated land value

4 Total assessed land value	151,747				
-----------------------------	---------	--	--	--	--

Step 3: Figure the estimated buildings value

5 Square footage of building	29,028				
6 Marshall & Swift Cost Manual	311.3				
7 Total replacement cost	9,036,002				
8 Actual age	21				
9 Adjusted remaining life	19				
10 Percentage of remaining life	0.475				
11 Assessment factor	0.25				
12 Assessed buildings value	1,073,025				

Step 4: Figure the total estimated assessed value

13 Land value (Line 4)	151,747				
14 Buildings value (Line 12)	1,073,025				
15 Total estimated value	1,224,772				

Step 5: Figure the total estimated property tax

16 Add all Line 15 totals together.					1,224,772
17 Multiply Line 16 by the state equalization rate:	2.9706				3,638,159
18 Multiple Line 17 by the applicable tax rate:	0.07226				262,904

Write this amount on PTAX-300-H, Line 19.

PTAX-300-H ADDENDUM

Ann & Robert H. Lurie Children's Hospital of Chicago (Lurie Children's)

Permanent Index Numbers:

17-10-200-014 & -015

17-10-200-030 & -031

17-10-200-034 to -039

17-10-200-051 & -052

17-10-200-058 & -059

Overview:

This Form PTAX-300-H is being completed for Ann & Robert H. Lurie Children's Hospital of Chicago ("Lurie Children's") as a hospital owner for hospital it owns at 225 E. Chicago Avenue, Chicago, IL 60611. Lurie Children's owns only one hospital, and several supporting facilities. In preparing this form, Lurie Children's added together all of the qualifying activities and services that it conducts (not including activities or services of hospital affiliates, other than support for state health care programs provided by two physician hospital affiliates as permitted by 35 ILCS 200/15-86(e)(4)), and compared that amount to the aggregate of the estimated property tax liabilities for all of the properties it owns, not just the estimated property tax liability for the hospital. Also included in the total estimated tax liability are projected taxes for Lurie Children's affiliate Ann and Robert H. Lurie Children's Hospital of Chicago Research Center. Please note that the amounts used in this form do not in all instances match amounts on the Forms 990 or AG-CBP-1 due to differences in timing, definitions or includible entities in the underlying statutes. The descriptions below highlight these differences.

(1) Step 1, Line 5

Lurie Children's acquired the subject land site in three transactions.

Dates of Ownership:

April 17, 2007 (12 parcels, 1 deed)

May 9, 2008 (2 parcels, 2 deeds)

(2) Step 3, Line 11:

Attached is Lurie Children's most recent Community Benefit Report filed with the Illinois Attorney General's Office [Form AG-CBP-1]. The Report is for Lurie Children's fiscal year ended August 31, 2011 (fiscal year 2011).

The charity care amount on the Report is the sum of fiscal year 2011 cost of free or discounted services provided by Lurie Children's and two of its affiliates that are physician entities. The amount listed on Line 11 of PTAX-300-H is the cost of free and discounted services provided by Lurie Children's (only) in its fiscal year ended August 31, 2012 (fiscal year 2012). When Lurie Children's reports charity care on its fiscal year 2012 Community Benefit Report, it will also include the charity care from its two physician hospital affiliates for total charity care of \$1,166,832 in fiscal year 2012.

(3) Step 3, Line 12: While the definition for this Line item is broad, Lurie Children's has only included two activities benefiting low-income, underserved populations, a primary care pediatrics clinic for complex chronic children located in the Uptown neighborhood of Chicago and a primary care dentistry clinic. The amount listed on Line 12 of PTAX-300-H is composed of unreimbursed costs associated with these two activities in fiscal year 2012. The amount on Line 12 has been reduced to reflect only the portion of unreimbursed costs related to health care for low-income or under-served individuals. Because the statute does not prescribe a methodology for effecting such reduction, the amount on Line 12 was reduced using the percentage methodology prescribed in Schedule A for Line 16, but using actual 2012 numbers.

(4) Step 3, Line 13: While the definition for this line item is broad, Lurie Children's has only included the cost of activities for family and patient support services, such as case workers, interpreters and housing for transplant patients and their families. The amount listed on Line 13 of PTAX-300-H is composed of costs associated with these family and patient support services activities for fiscal year 2012. The amount on Line 13 has been reduced to reflect only the portion of unreimbursed costs related to health care for low-income or under-served individuals. Because the statute does not prescribe a methodology for effecting such reduction, the amount on Line 13 was reduced using the percentage methodology prescribed in Schedule A for Line 16, but using actual 2012 numbers.

(5) Step 3, Line 14: The amount listed on Line 14 of PTAX-300-H is the cost incurred by Lurie Children's and its two physician entity affiliates of providing services to Medicaid and ALL KIDS Health Insurance patients less all reimbursement received by them from the State of Illinois, calculated in the same

manner as detailed in IRS Form 990. The attached IRS Form 990, Schedule H is for fiscal year 2011 and includes only the amount calculated for Lurie Children's. The amount listed on Line 14 of PTAX-300-H is for the fiscal year 2012 and also includes the fiscal year 2012 amounts for Lurie Children's two physician entity affiliates.

- (6) Step 3, Line 16: While the definition for this line item is broad, Lurie Children's has only included the cost of subsidies for medical education and research. Medical education costs include salary and administrative costs for faculty, interns, residents and fellows less payments received from the Federal government. Research costs are offset by any State or Federal funding. As required by the applicable statute, the amount on Line 16 has been reduced to reflect only the portion of unreimbursed costs related to health care for low-income individuals. Please note that pursuant to the new hospital exemption legislation, the Line 16 figure is for fiscal year 2011. All other data provided on this PTAX -300-H application covers fiscal year 2012 (see Lines 11 through 14.)
- (7) Step 4, Line 19 Several parcels had tax bills in 2011 (the latest year available). Since the bills for these parcels represent partial exemptions and vacant land under development, the actual tax figures were not used. Estimated taxes for all properties were calculated based on statutory methodology and are listed on Schedule E.
- (8) Step 4, Line 21 Notices have been sent to the City of Chicago, Chicago Public Schools, and City Colleges of Chicago. The Chicago Fire Department is a department of the government of the City of Chicago and not a separate fire protection district. No notice, therefore, was sent to the City's fire department.

FIRST CLASS FIRST CLASS FIRST CLASS FIRST CLASS FIRST CLASS

US Postal Service

Certified Mail Receipt

Domestic Mail Only
No Insurance
Coverage Provided

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark Here



7160 3901 9841 7473 2374
RETURN RECEIPT REQUESTED

CERTIFIED MAIL

42E2 E242 T495 T06 09TL

Sent To:
Susana A. Mendoza
City Clerk
Office of the City Clerk
City Hall - Room 107A
121 North LaSalle Street
Chicago, Illinois 60602-1295

PS Form 3800, September 2002 US Postal Service
Mary M. Donners /

Certified Mail Receipt

3

FIRST CLASS

FIRST CLASS

FIRST CLASS

Mary M. Donners

K&L GATES

70 West Madison Street
Suite 3100
Chicago, IL 60602-4207

CERTIFIED MAIL

Susana A. Mendoza
City Clerk
Office of the City Clerk
City Hall - Room 107A
121 North LaSalle Street
Chicago, Illinois 60602-1295

First Class Mail