



Office of the City Clerk

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Legislation Details (With Text)

File #: F2013-14
Type: Communication **Status:** Placed on File
File created: 2/13/2013 **In control:** City Council
Final action: 2/13/2013
Title: Property tax exemption application for Ann and Robert H. Lurie Children's Hospital of Chicago (f.k.a) The Children's Memorial Hospital) (PTAX-300-H)
Sponsors: Dept./Agency
Indexes: Miscellaneous
Attachments: 1. F2013-14.pdf

Date	Ver.	Action By	Action	Result
2/13/2013	1	City Council	Placed on File	

K&L Gates up
70 West Madison Street
Suite 3100
Chicago, IL 60602-4207

t 312.372.1121 . www.klgates.com
<http://www.klgates.com>

Mary M. Donners D 312.807.4405 F 312.345.9996
mary.donnrcs@klgates.com <mailto:mary.donnrcs@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,

Nancy Borders, Esq

C1-9320968 v2

Illinois Department of Revenue
DTA Y-300-H Application for Hospital Property Tax Exemption
County Board of Review Statement of Facts

Complaint no.: County use only volume no.: IDOR docket number: IDOR use only

Step 1: Identify the property

- 1 *Ann f, Robert H. Lurie Children's Hospital*
 1 *Name of hospital or affiliate applying for exemption of Chicago*
 2 **225 E. Chicago Avenue**
 Street address of hospital or affiliate
 Chicago, IL QUO 11
 City ZIP
 3 Cook
 County in which hospital or affiliate is located
- 4 *Dimensions or acreage of this property* 1.7147 acres
 ^ *Attach a plot plan of each building's location on the property*
 n, See
 5 *State of ownership with J± J± H J. Addendum (1)*
W Attach a copy of proof of ownership (deed, contract for deed,
title Insurance policy, condemnation order, and proof of
payment, etc.;
 6 Check the relevant hospital entity:
 X hospital owner - write the license number: 0005843
 hospital affiliate - explain relationship:
 hospital system - explain relationship:

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-jL_-?_ -? 9

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: hospital year average of 3 fiscal years ending with hospital year
 IP 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) n* \$ 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.
 / X \$ =
 1) ratio 2) unreimbursed 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, WorksheetC, Part 1. See Addendum (6)* -16 \$15,924,669
 17 Other. See instructions and identify. 17 1

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?
 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)
 No. Write the estimated property tax amount from Schedule E, Line 1B. Attach Schedule E. 19 \$19,106,238*
 See Addendum (7)

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 SI Yes d No

20 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

21 protection district in which the property is located been notified that this application has been filed? --

21 Attach a copy of the notices and postal return receipts. See Addendum (8) 21 BLI Yes I-I No

***Total of Lines 18 from Schedule E - 3 pages**

PTAX-300-H front (R-08/12)

Step 5: Identify the person to contact regarding this application

Owner's name (if the applicant is not the owner)

22 **Mary M. Donners** K&L Gates LLP 23

Name of applicant's representative

70 W. Madison Street. #1100

Mailing address

60602

IL

State ZIP

City (312

City (

)

Mailing address Chlmg

Phone number

807 _ 4405

Phone number

Step 6: Signature and notarization

State of Illinois

County of Cook

Position

It all of the information is true and correct to the best of my knowledge and belief.

Rant's signature

Subscribed and sworn to before me this

_, being duly sworn upon oath, say that I have read
Official Seal

ijjbed and sworn to before me this<^2_ day of

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2Q / Jt Notary PuWic State of I*noto

County official use only. Do not write below thl» line.

Step 7: County board of review statement of facts

1 Current assessment

For assessment year 2_

☐ Yes ☐ No

2 Is this exemption application for a leasehold interest assessed to the applicant?

2 If "Yes", write the Illinois Department of Revenue docket number for the exempt fee interest to the owner,

2 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.

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.

PTAX-300-H back (R-08/12)

Schedule A

Attach to Form PTAX-300-H

Calculation of Low-Income Portion of Unreimbursed Costs

Step 1: Write the total of unreimbursed costs

- 1 Emergency
 - 2 Trauma
 - 3 Burn
 - 4 Neonatal
 - 5 Psychiatric
 - 6 Rehabilitation
 - 7 Medical education
 - 8 Research
 - 9 Other (describe)
 - 10 Other (describe)
 - 11 Total. Add Lines 1 through 10.
- \$ _ \$ _ \$ _ \$ _ \$ _ \$ _ \$ _ \$ _ \$ _

Medicaid

Other means-tested programs Disabled Medicare for people less than 65 years of age Dual-eligible

Add gross charges for Lines 12 through 16. This is your numerator. Total gross charges. This is your denominator. Multiply Line 17 by cost to charge ratio 0.353307 ss Multiply Line 18 by cost to charge ratio 0.353307 = Divide Line 19 by Line 20. This is the low-income ratio.

\$ 578,125.097
\$ 1,156,442.743 \$ 204,255,644 \$ 408,579,316
0.499917

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.

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.

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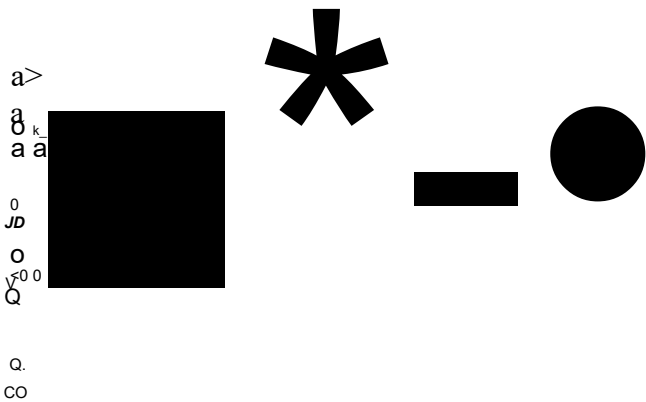
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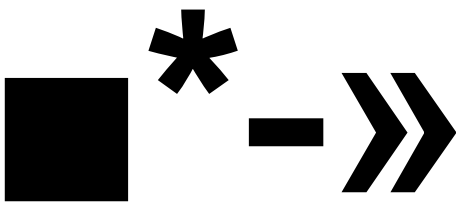
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PTAX-300-H ADDENDUM

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).

CI-9340506 v3

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

CI-9340506v3

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.

CI-9340506 v3

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Sent To: Susana A* Mendoza City Clerk

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

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