

THIS WEEK

Walmart, Sears stores shut for Rita

Walmart closed 117 stores on the Texas and Louisiana coast to prepare for Hurricane Rita. Thirty-two of the Deerfield-based drugstore chain's stores in

AT DEADLINE
MORE ON PAGE 3

the New Orleans area remain shut after Hurricane Katrina. Meanwhile, Hoffman Estates-based Sears Holdings closed 22 Sears stores and six Kmart stores in Texas. About 20 Sears and Kmart stores in Louisiana and Mississippi were damaged by Katrina.

Sandra Jones

Pension costs pinch Sara Lee's cash coffers

PAGE 2

More than name change needed to fix Field's

PAGE 3

Petroleum-loving Pactiv feeling Rita's wrath

MARKETS, PAGE 4

As Nexxus goes retail, salon owners in a lather

PAGE 20

FOCUS



This won't hurt a bit. (We promise.)

A look inside Chicago's health care plans.

Plus: One expert's take on Illinois' Medicaid system.

Flexible spending accounts: Should you use them?

CEO Ray McCaskey eyes mass mergers of the Blues.

Crain's List: The area's largest health insurers.

STARTING ON PAGE 33

BUSINESS OF LIFE

RESIDENTIAL REAL ESTATE

Chicago area's 20 coolest homes

Special section: Striking new designs by local architects.

STARTING ON PAGE 43

CRAIN'S

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GREG HINZ

Mad money

Gov. Blagojevich's war chest is intimidating. Do feds have other ideas for it?
PAGE 2



POWER STRUGGLE

Exelon CEO Rowe in face-off with Blago over profits and pricing in electricity

BY STEVE DANIELS

Exelon Corp. CEO John W. Rowe holds a hot hand in the electric power market, but he'll have to wrestle his winnings away from Gov. Rod Blagojevich.

Mr. Rowe staked Exelon's future on nuclear power plants, a move that proved prescient beginning nearly two years ago when rising natural gas prices pushed up the cost of electricity generated by natural gas-fired plants. The lower cost of nuclear plants positions Mr. Rowe to reap big profits when a freeze on electric rates in Illinois expires two years from now.

But Gov. Blagojevich is taking dramatic steps to stop him. Last month, the governor all but ordered Illinois regulators to reject Exelon's proposal to set electric rates through an auction-based system expected to produce big price hikes. And last week, he appointed consumer advocate and longtime Exelon adversary Martin Cohen to chair the Illinois

See DEREG on Page 8

Charities face cash worries

More than half of the agencies in study deal with budget problems

BY JEREMY MULLMAN

More than half of the state's charitable organizations are having trouble paying bills, forcing many into debt to avoid cutting services, a study to be released this week shows.

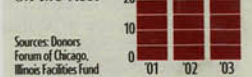
The survey of 257 Illinois groups shows a troubling trend, particularly among non-profit organizations serving the poor, the elderly and the sick. In the study, the number of groups reporting instances where they were unable to meet expenses as they arose jumped from 44% in 2001 to just over half in 2003. While few reported cuts in services, many agencies say they've had to delay payments.

The problem stems from a decreases and delays in government funding as demands for services rise.

"I'm aware of more groups facing really tough financial is-

WOES INCREASING

A survey of Illinois non-profits found their financial troubles on the rise.



Sources: Donors Forum of Chicago, Illinois Facilities Fund

sues right now than at any point I can remember," says Mary Laraia, who runs LaSalle Bank N.A.'s civic and community development group, a major lender and donor to local non-profits.

Despite many non-profits' repeated pledges to operate like businesses, the study shows few agencies responded to financial problems by scaling services to their budgets. In fact, many well-intentioned charities sought to expand their programs by taking on debt and operating with budget deficits.

See CHARITIES on Page 8

Orbitz buyer staffs up locally

Cendant hiring shows buyouts can bring jobs

BY SHRUTI DATE SINGH

Since buying Chicago-based Orbitz Inc. last year, travel and real estate giant Cendant Corp. of New York has hired more than 200 workers here and moved in another 30 from offices around the country, making Chicago the headquarters for its new online travel division.

The added jobs should give a small boost to the city's slowly recovering technology sector and, more important, provide a glimmer of hope to a city that has seen so many homegrown companies acquired, their headquarters transferred away.

"I think what is more damag-

ing (than losing headquarters) is the loss of intellectual talent that may leave the city as a result of an acquisition," says David Weinstein, president of the Chicagoland Entrepreneurial Center. "But that did not happen with Orbitz."

It has happened, in spectacular fashion, several times in recent years. The city lost hundreds of jobs in the months after London-based BP PLC acquired Amoco in 1998. California-based Safeway Inc. left 241 employees at the Oak Brook headquarters of Dominick's Finer Foods after acquiring the Chicago grocer in 1998, down from 400 employees at the time of the acquisition.

Instead of pulling up stakes,

See CENDANT on Page 9

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ZOKA SKORUP ARCHITECTS
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ON THE CLOCK



HOWARD CHEN

Clutter buster

Cynthia Ivie, 50, owner of White Space, Chicago

Years on the job: Seven

Salary: \$65 to \$85 an hour; \$1,500 to \$8,500 for staging, in which a house is decluttered before being put up for sale.

Duties: Making a home look "vanilla" so potential buyers can see it as their own.

Official qualifications: "The ability to go into a space and make it functional and fashionable." She has bachelor's degrees in social work and political science from the University of Iowa.

Unofficial qualifications: Downsized her own life after years in corporate world. "I sold off fur, furniture, things like that, to sort of fund the sabbatical. I had a much higher level of satisfaction; I had a greater ability to focus."

Perks: "We're in vintage homes, new construction—homes that I could certainly never afford to live in myself."

Downsides: People's emotional connections to Homer Simpson kitch and Merchant Marine memorabilia. "You have to have a bit of a social work-er in you."

Darci Smith

EXPERT OPINION



How can you find an architect who "gets" you?

Check an architect's portfolio for a variety of styles; if it's page after page of similar-looking projects, chances are the architect is more interested in designing for their portfolio than their client, says Nathan Kipnis, principal at Evanston-based Nathan Kipnis Architects Inc. An architect should take copious notes during the initial meeting, offer more than one design option and be able to represent schematics in a non-technical way, like 3-D imaging.

Darci Smith

THE BUSINESS OF LIFE

e-mail: life@chicagobusiness.com

Pick your vice

When only too-hip will do, which best fills the bill: Motel bar or pastry haven? Hot Chocolate? Dining Page 72



RESIDENTIAL REAL ESTATE: ARCHITECTURE & DESIGN



COOLEST HOMES

Look at THAT! Chicago architects transform spaces to create clever designs for living

A mod seat by the fire
Page 56



Client's orders: 'Make it cool'
Page 60



Top bottom: a leather floor
Page 68



Chicago architecture hasn't lacked for attention of late, but the headline-grabbers have been commercial buildings designed by out-of-towners: Californian Frank Gehry's Pritzker Pavilion in Millennium Park, Dutchman Rem Koolhaas' campus center at the Illinois Institute of Technology, New Yorker Harry Cobb's Hyatt Center.

Culling from the work of more than four dozen architects and 100 individual projects, we sought 20 outstanding new residences in the city and suburbs. Some of the designers are famous here and abroad; others are just working their way up in the profession. Each aspires to the rich legacy that is Chicago's architectural history.

Peeking behind the curtains of these head-turners, we found a few surprises. A seemingly traditional Chicago two-flat with an old-looking facade is actually new, concealing a single-family residence with an open floor plan. An apartment in one of the city's less

attractive, 1960s-era brick apartment buildings has been transformed into a sleek loft—albeit with only an 8-foot ceiling.

We also got a peek at some homes designed by architects for themselves. A Bucktown house for two architects slips a small courtyard between an old candy store and a worker flat while radically transforming the interior into a continuous light-filled space. Another pair of architects are still completing a live-work unit with a hilly backyard created by recycling the rubble from a building they demolished on the site.

Every building has a story to tell. But when it comes to residences, the stories multiply. While looks matter, good residential design also has to shelter the intimate lives of its inhabitants. Thus, we tried to tell each individual's story as personally as possible.

Some patrons of good design, though, are a bit reluctant to bare all about their most private spaces in print. So when requested, we've maintained homeowners' anonymity.

SEEN & NOTED

New condos in the city: X marks spot

Chicago's busy construction season has meant open season for vandals, who greet pristine new surfaces with cans of spray paint—or worse.

"Some of them are using these new markers, and it soaks right into the stone. It's much harder to get out than regular paint," says Michael Barker, owner of Master Blaster pressure-washing service in Chicago. He says about 20% of his business is devoted to removing graffiti.

"As soon as a building is on its way up, they're spray-painting it," he says. "We get calls all the time from places under construction, pretty much everywhere in the city."

New construction represents a blank canvas for vandals to make their mark. Gangs especially like to mark their territory. And the as-yet-uninhabited buildings are easier to creep up on.

Condos seem to be the most popular targets, though new homes are not immune. Vandals paint names of gangs, shapes, slogans, names of friends and phrases that make no sense to anyone but themselves.

"They may think it's all fun and games and cute, but to us, it's serious vandalism," says Dan Chambers, owner of Lake Zurich-based Chambers Construction Inc. Two of its condo buildings on North Sheffield Avenue near Wellington Avenue in Chicago were defaced this summer.

The cost of removal: Mr. Barker charges a minimum of about \$400 per call, but the cost can stretch to \$1,200.

Kevin Davis



CORBIS

ARCHITECTURE & DESIGN 20 COOLEST HOMES

'Green' living meets upscale design

Project: Zero-energy house ■ **Location:** Near West Side ■ **Architect:** Zoka Zola of Zoka Zola Architecture & Urban Planning, Chicago ■ **Floors:** 3 ■ **Square feet:** 2,500 ■ **Bedrooms:** 3 ■ **Baths:** 2½

Construction is set to begin on a home intended to show that "green" ideas and high-end design are not mutually exclusive.

"I was always a fan of the international style," says computer programmer James Glass of the architectural style he chose for the house he's building on the city's West Side. Ironically, the style is known for glass walls that consume large levels of energy.

Mr. Glass "wanted a building that was connected to the community," explains Ms. Zola. She accomplished this, while maintaining the clean modern aesthetic the client also desired, by designing a U-shaped house of precast concrete panels and large windows that places most of its bulk near the sidewalk. The concrete will help repel heat in the summer and retain warmth

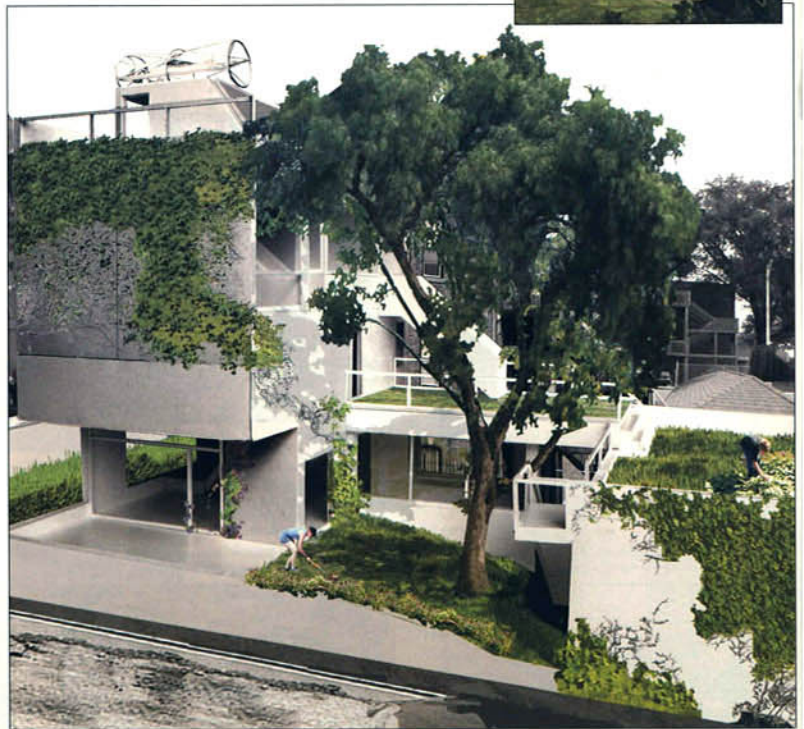
during the winter.

The first-floor entrance, dining room and terrace will face the street on the north side of the site. The kitchen will be located along the east edge; the south will contain a garden room. Each space opens to a courtyard dominated by a large tree for shade. The east and south wings will be single-story structures with grass roofs. The north building has bedrooms on the second and third floors with the living room on the top—cantilevered over the first floor terrace to provide open space with protection from the elements.

The rooftop will feature a turbine to generate electricity. "It's totally silent; it responds very well to the turbulent air of the city and it starts to spin at a low wind velocity," Ms. Zola says. The house won't initially have solar panels, but, within 10 years, Ms. Zola expects to combine them with the geothermal heating and cooling and turbine to produce all the power it needs—rendering it the zero-energy house, as she calls it.



Striking glass walls, shown in this model, also transmit energy; solar panels will be added over time.



RENDERINGS COURTESY OF ZOKA ZOLA