

Chicago

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Abu Dhabi Shares Profits From Parking Meters

By DAN MIHALOPOULOS

When Mayor Richard M. Daley traveled to Abu Dhabi in February, his office announced that the trip was intended to sell Chicago as a place to do business. Left unsaid was that that Persian Gulf emirate was about to become one of the biggest investors in a deal to lease Chicago's parking meters for 75 years.

The city signed the now-controversial, \$1.15 billion lease with a new company called Chicago Parking Meters LLC in February, and city officials said two funds of the Morgan Stanley investment fund made up 99 percent of the new company, with "several other entities" sharing the remaining 1 percent.

In fact, a Chicago News Cooperative investigation has found that investment arms of the oil-rich Abu Dhabi government hold more than a 25 percent stake in the company that privatized the city's 36,000 parking meters. German financial company Allianz also has a large minority interest, and the remaining 50.1 percent is held by partnerships assembled by Morgan Stanley.

The participation of Abu Dhabi's sovereign wealth funds and other international investors exposes the level of sophistication of the money behind the city's parking meter deal. Mayor Daley and other proponents of the contract argue that it is too soon to know if the parking investors will enjoy solid returns, but the players in the Chicago parking company are known for their acumen for profitable long-term deals.

Indeed, when the government of Dubai recently encountered economic troubles, the financial markets looked to Dubai's cash-rich neighbors in Abu Dhabi for help. And in the case of the parking contract, the parking meter company projects a net income of about \$58 million in 2010, after this year more than doubling what the meters had brought in for the city.

A year has passed since aldermen hurriedly approved the privatization deal, but the issue remains a hot topic at City Hall. The mayor won City Council backing last week to balance his 2010 budget with almost \$600 million from the upfront parking company payment, meaning al-



JOSÉ MORÉ/CHICAGO NEWS COOPERATIVE

A private company projects a net income of about \$58 million in 2010 from the city's meters.

A large German financial company, Allianz, has a similar stake in the deal.

most all of the windfall will be spent within the first two years of the deal.

Mr. Daley has heatedly disputed the notion that the new company is poised to make big profits that the city should have earned by keeping the meters in public hands. While debate has raged over the deal's true worth, the parking company has sought to keep its shareholders out of the spotlight.

Mayor Daley said Saturday he did not discuss the parking deal with the new shareholders during his meetings with them in Abu Dhabi. "Who owns it, owns it, doesn't matter," he said. "There is no trickery here."

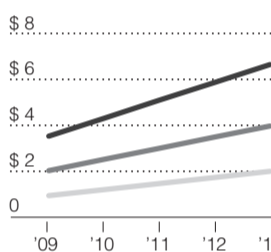
When the city announced the deal, it emphasized the role of Morgan Stanley, an old line Wall Street firm, in putting together the new company. Entities controlled by Morgan Stanley filed more than a dozen economic disclosure statements with the city in the days before the Council's December 2008 vote on the agreement. Those documents did not show the complete ownership picture, but company officials revealed interests held by pension funds and insurance companies in Texas, Australia, France, Denmark and Sweden.

When the deal closed in Febru-

Parking Rates Projected To Rise

Motorists who park at metered spaces in Chicago will continue to feel the impact of rising rates, which the Daley administration agreed to under its \$1.15 billion lease with Chicago Parking Meters LLC.

PARKING RATES PER HOUR



Sources: City of Chicago; Chicago Parking Meters LLC documents



CHICAGO NEWS COOPERATIVE

ary, however, a new batch of disclosure statements was filed with the city. Those documents, obtained by the Chicago News Cooperative last week, provide a significantly different picture.

According to the most recent filings, partnerships assembled by Morgan Stanley have a 50.1 percent stake in the parking company through capital provided by entities like the Teacher Retirement System of Texas, the Victorian Fund Management Corporation of Australia and Danish pension fund company PKA. The other 49.9 percent belongs to a company almost evenly divided between Allianz and Tannadice

Investments LLC.

Tannadice is a "wholly owned subsidiary of the Abu Dhabi Investment Authority, which is a public institution wholly owned by the Government of the Emirate of Abu Dhabi," according to city records. Another fund of the Abu Dhabi government owns an additional 3 percent stake through one of the Morgan partnerships.

The highly publicity-shy Abu Dhabi Investment Authority is among the world's largest sovereign wealth funds, formed to invest the surplus revenues of that

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Proof Is in the Whiskers. Rats Are Sensitive, Too

Bad reputations are hard to lose. Consider subprime mortgage brokers, paparazzi, Washington lobbyists, Chicago aldermen and, finally, rats. The rats may be getting a bum deal.

JAMES WARREN

As I took my 6-year-old to kindergarten on

Thursday, I noticed an ominous red and black sign stapled to an alley light pole: "WARNING. TARGET: RATS. This block has been surveyed and safely baited where needed. We need your help to eliminate the rat problem in this area."

"Stop feeding the rats. Put all garbage securely in containers. Keep your garbage secured. If rats can't feed, rats can't breed. Department of Streets and Sanitation, Bureau of Rodent Control. City of Chicago, Richard M. Daley Mayor."

I'll stipulate that rodents can be hazards. But they do have their good side, as I was reminded at a recent lecture, "Tactile Sensing With Whiskers," at Northwestern's Feinberg School of Medicine. It was about how rats explore and process tactile information — and why we should care.

In fact, this was the first of a six-part series, the "Dean's Grand Challenge Lecture in Medicine and Engineering." With the hope of generating more cooperation between the two schools, a rising biomedical and mechanical engineering star, Mitra Hartmann, was beckoned downtown from the main Evanston campus to deliver the inaugural talk.

Rat whiskers, at their tips, are 10 times smaller than a human hair, move very fast and give the rat an amazing sense of touch. Dr. Hartmann has received attention for her work's potential impact on robotics that, for example, could help create robots to explore other planets. The notion is that the sensors in rat whiskers might be duplicated in what amount to metal whiskers, and could help rovers steer around tricky spots or navigate in bad weather.

Similarly, oil companies could theoretically replicate rat whiskers on pipeline inspection tools as a way to test for holes or corrosion in oil pipelines.

But the real allure for Dr. Hartmann is in using the knowledge about rat whiskers to learn more about the circuitry of the human brain, especially the circuits involved in sensing, movement and perception.

Imagine sitting down at home with your favorite coffee mug, Dr. Hartmann said, and how you can run your fingers around it and lift it, while focusing your

James Warren is a longtime Chicago journalist and the publisher of The Chicago Reader.

attention elsewhere, like on that glorious endangered species, the morning paper.

We simply do not possess a decent "road map," as she puts it, for how signals are transformed as they travel from our fingertips through our brains and how we then grasp that coffee mug handle.

The neural pathways that carry information from the rat's whiskers to its brain are similar to the pathways that carry information from our hands to our brain. Studying the pathways from the whiskers, scientists learn more about our sense of touch. Dr. Hartmann showed the audience slow-motion video of rats' immobilizing the whiskers on one side of their head while the others continued to move, just as humans can independently control their right and left hands.

"Imagine the breakthroughs that could occur in the next 20 or 30 years if we were able to 'unravel' the circuitry of one

Research on the neural pathways could help humans.

complete perceptual-motor pathway," she later wrote to me. "We could then create artificial neural circuits in robots that could autonomously interact with the world around them, shaping their movement to an ever-changing and unstructured environment. These artificial circuits might help replace damaged perceptual and motor circuits in people with brain injury or stroke."

One of her lab's projects that Dr. Hartmann is most excited about is constructing a dynamic model that is essentially an extremely accurate 'video game' of what it is like to be a rat.

She explains: "We want to know what every whisker touches — all of the forces and torques experienced, as the rat explores the world. If we know all the input to the system, we can then start to simulate all of the neural responses to that input, and how those neural responses are transformed as the signals progress along the pathway."

Dr. Hartmann's laboratory is one of about 100 worldwide studying rat whiskers. By her count, there have been over 2,500 academic papers published just on whiskers in rats and mice.

Since 12 Chicago aldermen have been convicted since 1970, imagine if we had similar academic interest in what makes them tick.

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The Pulse

An Anniversary Celebration, With Wigs Optional

In Illinois, the land of many jailed governors, civic do-gooders and others are looking forward to what, unofficially, they call "Blago Busted Day."

Wednesday marks the one-year anniversary of the early morning when federal agents called Gov. Rod R. Blagojevich and told him they were outside his home waiting to arrest him. The former governor — by now familiar to TV watchers and memoir readers as the man who says he did not do it — is awaiting trial on a slew of public corruption charges. A break in at his lawyer's office last week could complicate Mr. Blagojevich's defense.

So why the anniversary celebration among what Chicagoans derisively call "goo goos"? The governor's arrest spurred a push to introduce the state's first campaign spending limits and other

reforms. Gov. Pat Quinn will sign the reform law on the arrest's anniversary. Whether Mr. Blagojevich will be the state's last busted governor remains to be seen.

DAVID GREISING

Truffles and Grass-Fed Beef, With a Side of Crafts

It has happened to all of us. You've turned in another long day, and you're about to step onto the train when it suddenly hits you: You completely forgot to pick up six live lobsters, two pounds of hand-crafted truffles and a giant wheel of brie. If your office is located anywhere near the Ogilvie Metra station, rest assured that it never needs to happen again.

The French Market has arrived, and its wares — including organic produce, locally made soaps, bags and crafts, artisan chocolates and grass-fed beef —



JOSÉ MORÉ/CHICAGO NEWS COOPERATIVE

are diverse enough to satisfy nearly every taste.

"I think it's great they finally filled this empty space," Linda Vara, a commuter from Arlington Heights, said as she surveyed the shea butter lip balms at Deborah Kraemer's Abbey Brown Soaps.

The year-round indoor market, the

first of its kind in Chicago, is reminiscent of Philadelphia's Reading Terminal Market — except smaller and with less ambient grease. And it doesn't sell cheesesteaks.

JESSICA REAVES

It's Beginning to Look a Lot Like a Student Protest

"Jingle Bells, Hear Our Yells . . ." The dozen or so student activists belted out their newly-minted lyrics to holiday classics as they marched across the University of Chicago quadrangle on Thursday in the first snowfall of the season.

Protests at the university are a dime a dozen, so if you want your cause to get noticed, you have to do something different. This was the thinking behind the carol protest organized by the campus group Students Organizing United with Labor.

"We thought we'd spruce things up, given the time of year," said Marybeth Tamborra, the spokeswoman and a fourth-year student whose deadpan delivery made it impossible to gauge whether her puns were intentional. She continued, "You know, add a bit of a jingle."

The songs (including "O U. of C.," sung to "O Christmas Tree") were directed at the university's administration, protesting continued shortened workweeks for hourly workers in the residence halls and engineering offices. The group is also outraged that Robert Zimmer, the university president, who makes about \$1 million per year, refuses to cut administration or faculty pay, despite budget shortfalls.

The students' choral retort (think "Jingle Bells"): "The economy is bad, something we all know. You say you're cutting costs right now, but you're paid like a C.E.O."

JESSICA REAVES

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Digital Age Creates Bumpy Nights at a Video Store

By JESSICA REAVES

When Milos Stehlik and Nicole Dreiske opened Facets Multi-Media in 1975, they ran their company on what could charitably be called a shoestring budget. Every month they survived was a reason to celebrate. Thirty-four years later, everything — and nothing — has changed.

Today, Facets is a giant in the rarefied world of art-house films and cultural education. Its archives of more than 65,000 titles house what Mr. Stehlik claims is the world's largest collection of art films, including some last-existing copies. Its ongoing film series exposes cineastes of every age to experimental works alongside beloved classics.

Its staff of film enthusiasts delightedly recommends movies — from mainstream new releases to esoteric fare — to anyone who walks in off the street or uses their pioneering home-delivery rental system.

The film critic Roger Ebert has called Facets “a temple to great cinema.” It is a cultural treasure trove and invaluable resource for movie lovers. Yet every month is still a struggle to survive.

“Look, when we started, we had a typewriter and a few dollars,” Mr. Stehlik said. “Of course, those were difficult times. But in the early days it's just you and your energy, and your delusions and your sacrifices.”

As the director of Facets, Mr. Stehlik faces a mounting pile of bills, including ever-escalating property taxes on the organization's modest building on Fullerton Avenue, and a payroll of 33 people, down from 50 a year and a half ago. Like most employers now, he is constrained by a reduced annual budget of \$3.5 million, cut from \$7 million in 2007.

And while 70 percent of that money is earned income — from Facets' retail operations and fees from its 1,600 members — for the remaining 30 percent, Mr. Stehlik is dependent on donors and grants, which are harder to come by in this economy. Unlike the city's larger institutions, like the Field Museum or the Museum of Science and Industry, Facets cannot depend on an interest-generating endowment to help shield it from grim fiscal realities.

Yet, Mr. Stehlik seems comfortable with the idea of imminent financial disaster. “We've been on that precipice many times in the last few years,” he said. “We live paycheck to paycheck, like most



Anna Ha catalogs videos at Facets Multi-Media, which has archives of more than 65,000 titles.



A customer waited to rent a movie at Facets, which carries mainstream new releases and esoteric fare.

Americans.”

But Facets' quandary is not just about money. While an infusion of cash would allow Mr. Stehlik and his staff to expand their educational offerings and to carry out desperately needed outreach and marketing programs, their long-term survival is tied to broader, more nebulous questions.

How does his business survive in a world of mergers and corporate conglomerates? And if it does survive, can it compete in the modern marketplace, where digital content is replacing film?

Put another way: Is there a place for 16-millimeter film in a world of streaming video?

Mr. Stehlik, unsurprisingly, believes there is. So does Eric Holst, Facets' operations manager, who, like his boss, talks about film's capacity for forging “emotional connections” and fostering “spiritual enrichment.”

Mr. Holst said there were plans to address one of Facets' perennial weaknesses: a distaste for self-promotion. Many people in Chicago simply are not aware of “what we do and what we can offer,” Mr. Holst said. He is confi-

At treasure trove, every month is a struggle to survive.

dent that increased awareness will translate into expanded membership rolls and a healthier bottom line.

A first step, quite literally, is planned for spring. Mr. Holst will kick off a shoe-leather, political-style campaign, sending volunteers across the city on a door-to-door mission to spread the gospel of film — and of Facets.

Other plans for 2010 include a film series featuring restored, remastered editions of documentaries about and made in Chicago, as well as programs like a Latino film festival, which will showcase the depth of Facets' catalog while targeting as-yet untapped communities of potential new members.

Meanwhile, Facets has plenty of stalwart fans, including Judy Hoffman, a veteran filmmaker and faculty member in the department of cinema and media studies at the University of Chicago. She calls Facets' collection “breath-taking,” and also praises its education and distribution programs.

“The scope of their outreach is phenomenal,” Ms. Hoffman said.

Abu Dhabi Shares Profits From Parking Meters Deal

From Preceding Page

Persian Gulf emirate's government. The chairman of Abu Dhabi Investment Authority's board of directors is Sheik Khalifa bin Zayed al-Nahyan, the president of the United Arab Emirates and ruler of Abu Dhabi, the U.A.E. capital, according to the fund's Web site.

Besides the interests of investors from the United States, Australia, and Europe, Morgan Stanley reported a stake in the parking meter company held by an entity called Cavendish Limited. The documents listed Cavendish at an address at the high-rise Silver Tower, near the waterfront of Abu Dhabi.

Cavendish is a subsidiary of a government fund called the Abu Dhabi Investment Council, according to corporate records filed with the Hong Kong government by a Chinese company that received a \$50 million investment from Cavendish last year.

Ever since the 2006 controversy surrounding the proposed sale of management operations at six American ports to a company based in the U.A.E., funds like the Abu Dhabi Investment Council have become even more eager to avoid attention on their foreign investments, said Patrick Flaherty, managing director of Amadan International, a firm based in Washington that researches sovereign wealth funds.

Mr. Flaherty said he was not surprised to see the Abu Dhabi Investment Council do business under monikers like Cavendish and Tannadice. “They tend to pick a lot of Western names for their subsidiaries,” he said. “They are trying to stay under the radar.”

When Cavendish made a huge investment in a joint real estate venture in Britain, its partners declined to make the connection to Abu Dhabi, announcing merely that as much as \$396 million would be invested by “a wholly owned subsidiary of a major gulf institution.”

The deal for the parking meter system closed on Feb. 13, the same month Mr. Daley visited Abu Dhabi with a delegation from Chicago. According to a news release from World Business Chicago, which organized the trip, the mayor's delegation met with officials of the Abu Dhabi Investment Council, who “expressed

strong interest in Chicago and its investment opportunities.”

In its news release on the trip, World Business Chicago quoted Mr. Daley as saying, “We have a lot to gain by strengthening our ties with the United Arab Emirates.” Officials with the Abu Dhabi Investment Council did not return calls, while the Abu Dhabi Investment Authority spokesman, Erik Portanger, declined comment.

At Allianz Capital Partners, the spokeswoman, Petra Kruehl, confirmed the firm as an investor in the parking company. But Ms. Kruehl added, “We are not in charge of operations.”

Investors in the parking company are known for their financial agility.

Morgan Stanley officials declined comment, referring all questions to Avis LaVelle, the former press secretary for Mr. Daley who was hired by the parking company.

“Chicago Parking Meters LLC has many minority investors who have no controlling interest in the company nor any authority or responsibility for the day-to-day operations,” Ms. LaVelle said.

Minutes from a recent Chicago Parking Meters LLC board meeting show that one Abu Dhabi Investment Authority executive and two Allianz officials were among the board members present when officials discussed revenue figures from the meters and expressed a desire to increase enforcement against parking scofflaws.

Also at the meeting were five board members from Morgan Stanley as well as observers from Abu Dhabi Investment Authority and Allianz.

Correction

Because of an editing error, an article on Sunday misstated the closest budget vote in Chicago during Mayor Richard M. Daley's tenure, in 2007. It was 29-21, not 24-21.

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