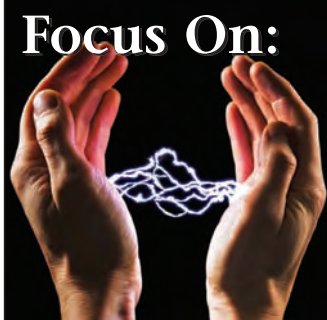




Common Goals – Will We Turn the Corner in 2011?



Focus On:

Energy Management Systems

Commercial buildings in the U.S. are estimated to total over 70 billion square feet and represent over 40% of the energy consumed annually within the United States. Over the past few years, the McShane organization has recognized the growth of Energy Management Systems (EMS) that better support the nation's interest in a 24/7 society and provide a highly cost-effective solution for energy efficiencies and reduced operating costs.

Saving Energy

EMS systems are single-source control arrangements that allow changes in energy utilization throughout a facility depending on space uses. These systems are primarily focused on heating, cooling, ventilation and lighting – components that represent the majority of the energy consumed within a commercial building. The new generation of EMS systems is a combination of building management systems and advanced software

It's officially over – the National Bureau of Economic Research (NBER) recently declared that the Great Recession that began in December 2007 formally ended in June 2009. The proclamation was based upon a close examination of the gross domestic product, employment, and personal income. Unfortunately, we're not celebrating yet.

However, as reported by *FMI's Construction Outlook* at mid-year, we may experience a slight increase in construction within certain markets in 2011.

Residential

Although the single-family market is still depressed, sizable investments from government funding programs such as ARRA and HUD 221(d)(4) have provided a stronger outlook for the affordable and market rate multi-family sectors.



Jeff Raday, President
McShane Construction

Hospitality

Since business and leisure travel has been hard hit by the recession, new hotel construction has slowed considerably. However, there is some activity in the upscale market and with upgrades at many popular hotel brands.

Office

Since office construction is dependent upon employment, this segment has endured a significant slowdown. The few build-to-suits are driven by long-term growth objectives and the re-engineering of operations to prepare for future business.

Retail

The National Retail Federation anticipates a 2.3% increase in 2010 holiday spending. In addition, increasing Internet sales have resulted in absorbed distribution space, helping to reduce existing warehouse inventory.

Healthcare

Due to the changes underway with the national healthcare program, construction is predicted to remain

flat in the future with only new hospitals and special care facilities driving future growth.

Educational

Throughout 2010, K-12 construction was negatively impacted by state budget reductions. Higher education construction has also been subdued. It's anticipated that a slight improvement in construction activity will take place in this sector in 2011.

Manufacturing

This segment has enjoyed six years of continued growth, nearly doubling its former size. U.S. manufacturing has shifted from textiles and autos to refinery projects, materials and electronics manufacturing and is anticipated to remain at positive levels.

As we look ahead to 2011, we welcome the opportunity to discuss new construction or renovation plans and ways that our experienced team can add value to your real estate investment. Please visit our updated website at www.mcshane-construction.com to learn more about the benefits we can offer. □

solutions working together to manage the facility in a more energy efficient manner. The variety of energy efficiency applications and the integration of EMS systems into existing buildings is also growing at a remarkable pace, representing a market estimated to reach over \$6.3 billion by 2020.

System Features

The recent advances in EMS systems have opened these advantages to a wide variety of users. Energy-savings features often include timed lighting controls throughout the building, tracking of overall energy consumption, controlling programmable

CONTINUED ON BACK PAGE

In This Issue:
Instituto Health Science Career Academy Award
West Yard Lofts Begins for The Landmark Group
SCF Arizona's Two Office Assignments
Springs at Jordan Creek Underway in Iowa
New CVS/pharmacy in Helena, Montana
Randhurst Village Hotel and Parking Deck

Phillips Development Selects McShane Construction for New 196-Unit Rental Complex in North Carolina

McShane Construction continues to broaden its geographic scope with its recent award of the fully-featured 196-unit Phillips Swift Creek multi-family assignment in Cary, North Carolina. The 239,196 square foot assignment is being completed on behalf of developer Phillips Development & Realty. The developer utilized financing through the HUD 221(d)(4) program in order to develop this market-rate, Class A apartment community. This large-scale rental development will include seven three-story buildings and one split-level building, offering one-, two- and three-bedroom apartments in a variety of configurations. Each building will feature an attractively-constructed masonry and fiber cement siding exterior and will incorporate a patio or balcony. Additional amenities include laundry facilities, enclosed garages, car wash, outdoor grilling area and abundant walking and biking trails. This apartment complex will also include a swimming pool and a clubhouse. The Preston Partnership, LLC is providing the architectural services for the project, which will be completed in July 2011. □



Project Profile

McShane Awarded Instituto Health Science Career Academy

It's back to school for McShane Construction. The firm recently received a design/build award for the Instituto Health Science Career Academy on behalf of Instituto del Progreso Latino. This extensive renovation and new construction assignment is located at 2520 S. Western Avenue in Chicago's Pilsen neighborhood. This three-story, 100,890 square foot high school will be constructed by McShane to meet LEED™-Silver standards. The assignment includes the demolition of a free standing building to the north of the property, as well as the partial interior demolition and reconstruction of this existing 77,280 square foot former industrial facility, in addition to 23,610 square feet of new construction. The educational facility will feature a glass, stained masonry and metal panel exterior. The interior will offer nine science labs, individual classrooms, group learning environments, library, cafeteria, office space and common areas. McShane will incorporate sustainable features such as natural day lighting and ventilation, low VOC materials, energy efficient heating and cooling systems, Energy Star appliances, low-E glass and low-flow plumbing fixtures, among others. The Resurrection Project, a community-based non-profit organization, is serving as the owner's representative. Ghafari Associates is providing the architectural services for the new school, scheduled for completion in August 2011.



McShane Construction and architect, Ghafari Associates, have been selected to complete the new three-story, 100,890 square foot, LEED™-Silver Instituto Health Science Career Academy located in Chicago's Pilsen neighborhood for owner, Instituto del Progreso Latino with The Resurrection Project serving as owner's representative.

The Landmark Group Selects McShane for West Yard Lofts Assignment

McShane Construction continues its performance within the affordable housing market with its recent selection by developer, The Landmark Group, to construct the new 60-unit West Yard Lofts in North Charleston, South



The Landmark Group has selected McShane Construction's Auburn office to complete the new 60-unit West Yard Lofts affordable housing development located at the former Charleston Naval Base in North Charleston, South Carolina.

Carolina. The developer received a Low Income Housing Tax Credit (LIHTC) from the South Carolina Housing Finance and Development Authority in order to launch this sizable neighborhood apartment complex. The new construction of West Yard Lofts is part of a comprehensive revitalization plan of 340 acres at the former Charleston Naval Base, closed in 1995. 'The Navy Yard at Noisette' mixed-use development will offer commercial, retail, restaurant, office and residential

opportunities. The 75,982 square foot West Yard Lofts residential complex will feature a variety of one-, two- and three-bedroom affordable rental units. The exterior is being constructed of attractively-designed and contemporary corrugated metal siding, cast stone, brick and decorative awnings. The development's amenities include a multi-purpose room, fitness center, community laundry, computer room and leasing office. Martin Riley Associates Architects, PC is providing the architectural services for this assignment, scheduled for a December 2010 completion.

SCF Arizona Selects McShane for Two Office Assignments

SCF Arizona has retained the Phoenix office of McShane Construction to complete two new regional office assignments. The first assignment consists of an 18,000 square foot office and lobby improvement for SCF Arizona's headquarters located at 3030 N. Third Street in Phoenix, Arizona. The new Class A tenant space will include private offices, conference rooms, open workstations, storage, a kitchen/breakroom and a dedicated lobby/reception space. McShane Construction will also renovate the building's four-story atrium lobby. MRT Design is providing the architectural services for the SCF Arizona office space. The second assignment includes a 20,000 square foot tenant improvement for Valley Metro, the regional transit system authority that will be located within the SCF-owned 4600 East Washington office property at 44th and

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Washington Streets in Phoenix, Arizona, that was also constructed by McShane. The Valley Metro suite will include 9,200 square feet of call center and office functions, while 10,800 square feet will feature an ADA mobility assessment center. This mobility center will include a detailed course closely mirroring realistic road conditions including a full-size bus and artificial grass that will be placed within the building. Its purpose is to assist disabled transit users with their transportation requirements and provide a testing environment for users who wish to obtain specific transportation passes. Dick & Fritsche Design Group is serving as project architect for this unique assignment. □

Springs at Jordan Creek Apartment Complex Underway in Iowa

Developer Continental Properties, Inc. has selected McShane Construction to complete the Springs at Jordan Creek, a new 120-unit apartment complex in West Des Moines, Iowa, featuring seven two-story buildings. The new 169,700 square foot,



McShane Construction has been awarded the new Springs at Jordan Creek apartment complex assignment that includes seven two-story residential buildings featuring 120 rental units together with a fully-featured clubhouse located in West Des Moines, Iowa.

conventionally financed market-rate apartment complex has been planned as a 'smart' project that features energy-efficient and cost-effective materials. Efficient space planning will also contribute to the sustainability of the multi-phase project. The interior of each residence will incorporate hardwood floors, a washer/dryer and modern finishes. Several units will feature additional upgrades, including granite counters and vaulted ceilings. The complex will also include amenities such as a swimming pool, walking and biking trails, a clubhouse featuring a fitness center and Internet café and numerous attached and detached garage structures,

offering covered parking for 54 vehicles. Charlan, Brock and Associates is providing the architectural services for the Springs at Jordan Creek, which is scheduled for an April 2011 completion. The project marks McShane's fifth construction assignment with Continental Properties. □

McShane to Construct CVS/pharmacy in Helena, Montana

A new CVS/pharmacy to be constructed in Helena, Montana will mark the

second retail store that McShane will have completed for developers of this popular retail chain. McShane was awarded the 14,700 square foot CVS/pharmacy construction assignment from Velmeir Companies, a large full-service national retail developer. The exterior of the store will be constructed of an attractive masonry finish. The interior will offer retail space, professional one-hour photo, a self-service photo processing kiosk and a freezer/cooler area that will accommodate liquor and soft drink sales, in addition to a fully-operational pharmacy featuring a convenient double drive-thru. CVS/pharmacy is respected as an industry-leader in clinical and health management programs, specialty pharmacy expertise, retail clinics and customer service. Detroit, Michigan-based NORR Architects, Engineers and Planners is providing architectural services for this retail assignment, which will be completed in February 2011. □

McShane Construction Selected for New Hotel and Parking Structure at Randhurst Village

McShane Construction will play a key role in the redevelopment of Randhurst Village, a 100-acre mixed-use center positioned within Mount Prospect, Illinois, as the firm begins two new major construction assignments on behalf of master developer, Casto Lifestyle Properties. McShane has been selected to complete a four-story Hampton Inn & Suites that will feature 120 guest rooms, generous conference areas, fitness center, swimming pool and ground floor retail space. This hospitality project will include several sustainable features, including energy efficient HVAC and water systems, the utilization of natural light and a construction waste recycling program. Casto Lifestyle Properties has also selected McShane for the construction of a three-story parking deck offering 586 parking spaces. The exterior of the garage will utilize a combination of precast concrete and architectural screen materials to blend seamlessly with the new AMC Theater and will be highlighted by two glass elevators enclosed in a single glass tower element. Both projects are scheduled for Spring 2011 completions. □



Casto Lifestyle Properties has selected McShane Construction to complete two new projects at the redeveloped Randhurst Village in Mount Prospect, Illinois that include a new four-story, 120-room Hampton Inn & Suites and a three-story parking deck featuring 586 parking spaces.

Feature Department

Recently Completed Projects



CASA MORELOS AND CASA MARAVILLA – CHICAGO, IL



DOUGLAS OTTO MIDDLE SCHOOL – PLANO, TX



OAKBEND DOCTORS CENTER – SW FREEWAY – RICHMOND, TX



NORTH AMERICAN SPINE – DALLAS, TX

Pictured are recently completed projects by McShane Construction and Cadence McShane that include build-to-suit, design/build and general construction projects for the affordable housing, senior housing, healthcare, educational, office, industrial and retail markets.



TRANSACT COMMERCIAL FURNISHINGS, INC. – PHOENIX, AZ



SENIOR STAR AT WEBER PLACE – ROMEOVILLE, IL



CVS/PHARMACY – OLATHE, KS



XL PARTS – HOUSTON, TX

CONTINUED FROM FRONT PAGE Energy Management Systems

heating and cooling schedules, monitoring HVAC temperature and humidity room-by-room and integrating the fire alarm system to promote greater building safety.

Cutting Costs

Additionally, government programs, such as the Energy Policy Act of 2005, support the greening of office buildings through the Act's Energy Efficient Commercial Buildings Tax Deduction (CBTD). This provision allows building owners or tenants to

upgrade indoor lighting, HVAC/hot water and the building envelope with the help of a tax credit of up to \$1.80 per square foot. The owner can also choose to upgrade one of the above systems to earn a tax credit of up to \$.60 per square foot. The CBTD expiration date has been extended twice, most recently by the Energy Independence and Security Act of 2007 (EISA). With this extension, the CBTD can be claimed for qualifying projects completed before January 1, 2014.

Recent Projects

Several recent McShane and Cadence McShane assignments

have incorporated EMS systems including the 340,000 square foot Red Oak High School in Red Oak, Texas; the 89,383 square foot Robert Lee Frost Elementary School in Houston, Texas; and the 104,000 square foot build-to-suit for Mori Seiki U.S.A., Inc. in Hoffman Estates, Illinois.

The ability to manage the variable costs associated with building energy, coupled with the advantage of recouping a portion of the start-up costs of installation, make EMS systems an attractive energy savings solution for building owners and tenants.

The professionals at McShane Construction and Cadence

McShane can assist owners in developing an Energy Management Systems plan that will yield cost savings and provide an efficient centralized control of all building functions.

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