
2004 Annual Report

40th/State

Redevelopment Project Area



Pursuant to 65 ILCS 5/11-74.4-5(d)

JUNE 30, 2005

June 30, 2005

Ms. Denise Casalino
Commissioner
Department of Planning and Development
121 North LaSalle Street
Chicago, Illinois 60602

Dear Commissioner:

Enclosed is the annual report for the 40th/State Redevelopment Project Area, which we compiled at the direction of the Department of Planning and Development pursuant to Section 5(d) of the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.), as amended. The contents are based on information provided to us by Chicago Departments of Planning and Development, Finance, and Law. We have not audited, verified, or applied agreed upon accounting and testing procedures to the data contained in this report. Therefore, we express no opinion on its accuracy or completeness.

It has been a pleasure to work with representatives from the Department of Planning and Development and other City Departments.

Very truly yours,



Ernst & Young LLP

40th/State Redevelopment Project Area 2004 Annual Report

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City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

Denise M. Casalino, P.E.
Commissioner

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<http://www.cityofchicago.org>

June 30, 2005

The Honorable Daniel Hynes
Comptroller
State of Illinois
Office of the Comptroller
201 Capitol
Springfield, IL 62706

Dear Comptroller Hynes:

We have compiled the attached information for the 40th / State
Redevelopment Project Area (Report) pursuant to 65 ILCS 5/11-
74.6-22(d).

Sincerely,

Denise Casalino
Commissioner

40th/State Redevelopment Project Area 2004 Annual Report

(1) DATE OF DESIGNATION AND TERMINATION - 65 ILCS 5/11-74.4-5(d)(1.5)

The Project Area was designated on March 10, 2004. The Project Area may be terminated no later than March 10, 2027.

Note: Incremental tax revenues levied in the 23rd tax year are collected in the 24th tax year. Although the Project Area will expire in Year 23 in accordance with 65 ILCS 5/11-74.4-3(n)(J)(3), the incremental taxes received in the 24th tax year will be deposited into the Special Tax Allocation Fund.

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(2) AUDITED FINANCIALS - 65 ILCS 5/11-74.4-5(d)(2)

During 2004, no financial activity or cumulative deposits over \$100,000 occurred in the Project Area. Therefore, no audited statements were prepared pertaining to the Special Tax Allocation Fund for the Project Area.

**40th/State Redevelopment Project Area
2004 Annual Report**

(3) MAYOR'S CERTIFICATION - 65 ILCS 5/11-74.4-5(d)(3)

Please see attached.

STATE OF ILLINOIS)
)
COUNTY OF COOK)

CERTIFICATION

TO:

Daniel W. Hynes
Comptroller of the State of Illinois
James R. Thompson Center
100 West Randolph Street, Suite 15-500
Chicago, Illinois 60601
Attention: June Tallamantez, Director of Local
Government

Dolores Javier, Treasurer
City Colleges of Chicago
226 West Jackson Boulevard, Room 1125
Chicago, Illinois 60606

Gwendolyn Clemons, Director
Cook County Department of Planning &
Development
69 West Washington Street, Room 2900
Chicago, Illinois 60602
Attn: Jackie Harder

Dan Donovan, Comptroller
Forest Preserve District of Cook County
69 W. Washington Ave. Suite 2060
Chicago, IL 60602

Martin J. Koldyke, Chairman
Chicago School Finance Authority
135 South LaSalle Street, Suite 3800
Chicago, Illinois 60603

Tim Mitchell, General Superintendent & CEO
Chicago Park District
541 North Fairbanks Court, 7th Floor
Chicago, Illinois 60611

Arne Duncan, Chief Executive Officer
Chicago Board of Education
125 South Clark Street, 5th Floor
Chicago, Illinois 60603
Attn: Linda Wrightsell

Jacqueline Torres, Director of Finance
Metropolitan Water Reclamation District of
Greater Chicago
100 East Erie Street, Room 2429
Chicago, Illinois 60611
Attn: Joe Rose

Wallace Young
South Cook County Mosquito Abatement
District
155th & Dixie Highway
P.O. Box 1030
Harvey, Illinois 60426
Attn: Dr. Khian K. Liem

I, RICHARD M. DALEY, in connection with the annual report (the "Report") of information required by Section 11-74.4-5(d) of the Tax Increment Allocation Redevelopment Act, 65 ILCS5/11-74.4-1 et seq., (the "Act") with regard to the 40th/State Redevelopment Project Area (the "Redevelopment Project Area"), do hereby certify as follows:

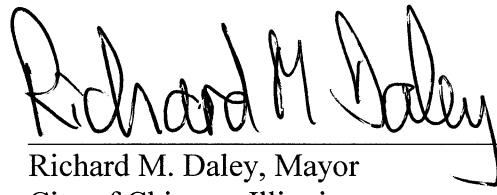
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

2. During the preceding fiscal year of the City, being January 1 through December 31, 2004, the City complied, in all material respects, with the requirements of the Act, as applicable from time to time, regarding the Redevelopment Project Area.

3. In giving this Certification, I have relied on the opinion of the Corporation Counsel of the City furnished in connection with the Report.

4. This Certification may be relied upon only by the addressees hereof.

IN WITNESS WHEREOF, I have hereunto affixed my official signature as of this 30th day of June, 2005.


Richard M. Daley, Mayor
City of Chicago, Illinois

**40th/State Redevelopment Project Area
2004 Annual Report**

(4) OPINION OF LEGAL COUNSEL - 65 ILCS 5/11-74.4-5(d)(4)

Please see attached.



City of Chicago
Richard M. Daley, Mayor

Department of Law

Mara S. Georges
Corporation Counsel

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121 North LaSalle Street
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June 30, 2005

Daniel W. Hynes
Comptroller of the State of Illinois
James R. Thompson Center
100 West Randolph Street, Suite 15-500
Chicago, Illinois 60601
Attention: June Tallamantez, Director of
Local Government

Dolores Javier, Treasurer
City Colleges of Chicago
226 West Jackson Boulevard, Room 1125
Chicago, Illinois 60606

Gwendolyn Clemons, Director
Cook County Department of Planning &
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Attn: Jackie Harder

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Forest Preserve District of Cook County
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Tim Mitchell, General Superintendent &
CEO
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541 North Fairbanks Court, 7th Floor
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Chicago, Illinois 60611
Attn: Joe Rose

Wallace Young
South Cook County Mosquito Abatement
District
155th & Dixie Highway
P.O. Box 1030
Harvey, Illinois 60426
Attn: Dr. Khian K. Liem

Re: 40th/State
Redevelopment Project Area (the "Redevelopment Project
Area")

Dear Addressees:

I am Corporation Counsel of the City of Chicago, Illinois (the "City"). In such capacity, I am providing the opinion required by Section 11-74.4-5(d)(4) of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (the "Act"), in connection with the submission of the report (the "Report") in accordance with, and containing the information required by, Section 11-74.4-5(d) of the Act for the Redevelopment Project Area.



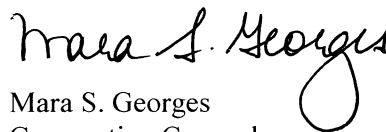
Attorneys, past and present, in the Law Department of the City familiar with the requirements of the Act have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following matters: approval of the redevelopment plan and project for the Redevelopment Project Area, designation of the Redevelopment Project Area as a redevelopment project area and adoption of tax increment allocation financing for the Redevelopment Project Area, all in accordance with the then applicable provisions of the Act. Various departments of the City, including, if applicable, the Law Department, Department of Planning and Development, Department of Housing, Department of Finance and Office of Budget and Management, have personnel responsible for and familiar with the activities in the Redevelopment Project Area affecting such Department(s) and with the requirements of the Act in connection therewith. Such personnel are encouraged to seek and obtain, and do seek and obtain, the legal guidance of the Law Department with respect to issues that may arise from time to time regarding the requirements of, and compliance with, the Act.

In my capacity as Corporation Counsel, I have relied on the general knowledge and actions of the appropriately designated and trained staff of the Law Department and other applicable City Departments involved with the activities affecting the Redevelopment Project Area. In addition, I have caused to be examined or reviewed by members of the Law Department of the City the certified audit report, to the extent required to be obtained by Section 11-74.4-5(d)(9) of the Act and submitted as part of the Report, which is required to review compliance with the Act in certain respects, to determine if such audit report contains information that might affect my opinion. I have also caused to be examined or reviewed such other documents and records as were deemed necessary to enable me to render this opinion. Nothing has come to my attention that would result in my need to qualify the opinion hereinafter expressed, subject to the limitations hereinafter set forth, unless and except to the extent set forth in an Exception Schedule attached hereto as Schedule 1.

Based on the foregoing, I am of the opinion that, in all material respects, the City is in compliance with the provisions and requirements of the Act in effect and then applicable at the time actions were taken from time to time with respect to the Redevelopment Project Area.

This opinion is given in an official capacity and not personally and no personal liability shall derive herefrom. Furthermore, the only opinion that is expressed is the opinion specifically set forth herein, and no opinion is implied or should be inferred as to any other matter. Further, this opinion may be relied upon only by the addressees hereof and the Mayor of the City in providing his required certification in connection with the Report, and not by any other party.

Very truly yours,



Mara S. Georges
Corporation Counsel

SCHEDULE 1

(Exception Schedule)

No Exceptions

Note the following Exceptions:

**40th/State Redevelopment Project Area
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(5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND - 65 ILCS 5/11-74.4-5(d)(5)

During 2004, there was no financial activity in the Special Tax Allocation Fund.

**40th/State Redevelopment Project Area
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(6) DESCRIPTION OF PROPERTY - 65 ILCS 5/11-74.4-5(d)(6)

During 2004, the City did not purchase any property in the Project Area.

**40th/State Redevelopment Project Area
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(7) STATEMENT OF ACTIVITIES - 65 ILCS 5/11-74.4-5(d)(7)

- (A)** Projects implemented in the preceding fiscal year.
- (B)** A description of the redevelopment activities undertaken.
- (C)** Agreements entered into by the City with regard to disposition or redevelopment of any property within the Project Area.
- (D)** Additional information on the use of all Funds received by the Project Area and steps taken by the City to achieve the objectives of the Redevelopment Plan.
- (E)** Information on contracts that the City's consultants have entered into with parties that have received, or are receiving, payments financed by tax increment revenues produced by the Project Area.
- (F)** Joint Review Board reports submitted to the City.
- (G)** Project-by-project review of public and private investment undertaken from 11/1/99 to 12/31/04, and of such investments expected to be undertaken in year 2005; also, a project-by-project ratio of private investment to public investment from 11/1/99 to 12/31/04, and an estimated ratio of such investments as of the completion of each project and as estimated to the completion of the redevelopment project.

SEE TABLES AND/OR DISCUSSIONS ON FOLLOWING PAGES.

40th/State Redevelopment Project Area 2004 Annual Report

(7)(A) - 65 ILCS 5/11-74.4-5(d)(7)(A)

During 2004, no projects were implemented.

(7)(B) - 65 ILCS 5/11-74.4-5(d)(7)(B)

Redevelopment activities undertaken within this Project Area during the year 2004, if any, have been made pursuant to i) the Redevelopment Plan for the Project Area, and ii) any Redevelopment Agreements affecting the Project Area, and are set forth on Table 5 herein by TIF-eligible expenditure category.

(7)(C) - 65 ILCS 5/11-74.4-5(d)(7)(C)

During 2004, no agreements were entered into with regard to the disposition or redevelopment of any property within the Project Area.

**40th/State Redevelopment Project Area
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(7)(D) - 65 ILCS 5/11-74.4-5(d)(7)(D)

The Project Area has not yet received any increment.

(7)(E) - 65 ILCS 5/11-74.4-5(d)(7)(E)

During 2004, no contracts were entered into by the City's tax increment advisors or consultants with entities or persons that have received, or are receiving, payments financed by tax increment revenues produced by the Project Area.

**40th/State Redevelopment Project Area
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(7)(F) - 65 ILCS 5/11-74.4-5(d)(7)(F)

Joint Review Board Reports were submitted to the City. See attached.

(7)(G) - 65 ILCS 5/11-74.4-5(d)(7)(G)

Since November 1, 1999, no public investment was undertaken in the Project Area. As of December 31, 2004, no public investment is estimated to be undertaken for 2005.

CITY OF CHICAGO
JOINT REVIEW BOARD

RE: 80TH & STEWART TIF DISTRICT

Report of proceedings of a hearing
before the City of Chicago, Joint Review
Board held on December 5, 2003, at 10:09 a.m.
City Hall, Room 1003, Chicago, Illinois, and
presided over by Mr. Dennis Kelleher-Hernandez.

PRESENT:

MR. DENNIS KELLEHER-HERNANDEZ, CHAIRMAN
MR. JOHN McCORMICK
MS. KAY KOSMAL
MR. PETER SKOSEY
MS. SUSAN MAREK
MS. CORBIN ZIMMER

REPORTED BY: Accurate Reporting Service
200 N. LaSalle Street
Chicago, Illinois
By: Jack Artstein, C.S.R.

1 MR. KELLEHER-HERNANDEZ: Good
2 morning. I'm Dennis Kelleher-Hernandez,
3 Chicago Park District Representative. I'd
4 like to start with introductions as people
5 for the record would state their name and who
6 they represent.

7 MR. MCCORMICK: John McCormick, City
8 of Chicago.

9 MS. KOSMAL: Kay Kosmal, Cook County.

10 MS. MAREK: Susan Marek, Chicago
11 Board of Education.

12 MR. SKOSEY: Peter Skosey, Public
13 Member for the 83rd and Stewart TIF District.

14 MR. KELLEHER-HERNANDEZ: As I said,
15 my name is Dennis Kelleher-Hernandez. I am
16 the Representative of the Chicago Park
17 District of which under Section 11-74.4-5 of
18 the Tax Increment Allocation Redevelopment
19 Act, as one of the statutory designated
20 members of the Joint Review Board.

21 Until election of a Chairperson,
22 I will moderate the Joint Review Board
23 meetings. For the record there will be three
24 meetings today of the Joint Review Board.

1 One to review the proposed 83rd and Stewart
2 Tax Increment Financing District and one to
3 review the 40th and State Tax Increment
4 Financing District and one to review the
5 Devon and Sheridan Tax Increment Financing
6 District.

7 The first meeting this morning
8 will be the 83rd and Stewart Tax Increment
9 Financing District. The date of the 83rd
10 Street and Stewart meeting was announced and
11 set by the Community Development Commission
12 of the City of Chicago and meeting, let's see,
13 I want to make sure I have the correct date.

14 MR. SKOSEY: I have it on my docket.

15 MR. KELLEHER-HERNANDEZ: I'm sorry,
16 it's November 4, 2003. If everyone can
17 concur with that? So yes, November 4, 2003.
18 Notice of the 83rd and Stewart meeting of the
19 Joint Review Board was also provided by
20 certified mail of each taxing district
21 represented on the Board which includes the
22 Chicago Board of Education, the Chicago
23 Community Colleges District 508, Chicago
24 Park District, Cook County and the City of

1 Chicago and the public member.

2 Public notice of this meeting was
3 also posted as of Wednesday, December 3, 2003
4 at various locations throughout City Hall.

5 Our first order of business is to select a
6 Chairperson for the Joint Review Board. Are
7 there any nominations?

8 MR. MCCORMICK: I nominate the Park
9 District member.

10 MS. KOSMAL: Second.

11 MR. KELLEHER-HERNANDEZ: Are there
12 any other nominations? Let the record
13 reflect there are no other nominations. All
14 in favor of the nomination please vote by
15 saying aye?

16 (Chorus of ayes.)

17 MR. KELLEHER-HERNANDEZ: All opposed,
18 say nay? Let the record reflect that Dennis
19 Kelleher-Hernandez has been elected as
20 Chairperson and will now serve as
21 Chairperson for the remainder of the meeting
22 today.

23 As I mentioned at the beginning
24 of this meeting, we will be reviewing a plan

1 for the 83rd Street Stewart Tax Increment
2 Financing District proposed by the City of
3 Chicago. The staff of the city's Department
4 of Planning and Development and Law and other
5 departments have reviewed this plan that was
6 introduced to the city's Community
7 Development Commission on November 4, 2003.
8 This morning we will listen to a
9 presentation by the consultant on the plan.
10 Following the presentation we can address
11 any questions that the members might have
12 with the consultant or city staff.

13 A previous amendment to the TIF
14 Act requires us to base our recommendations
15 to approve or disapprove the plan and the
16 designation of the 83rd and Stewart TIF area
17 on the basis of the area in the plan
18 satisfying the plan requirements. The
19 eligibility criteria defined in the TIF Act
20 and the objectives of the TIF Act.

21 If the Board approves the plan
22 and designation of the area, the Board will
23 then issue an advisory non-binding
24 recommendation by the vote of the majority of

1 those members present and voting. Such
2 recommendation shall be submitted to the
3 city within thirty days after the Board
4 meeting.

5 Failure to submit such
6 recommendation shall be deemed to constitute
7 approval by the Board. If the Board
8 disapproves the plan and designation of the
9 area, the Board must issue a written report
10 describing why the plan and area failed to
11 meet one or more of the objectives of the TIF
12 Act on both the plan requirements and the
13 eligibility criteria of the TIF Act.

14 The city will then have thirty
15 days to resubmit a revised plan. The Board
16 and city must also confer during this time to
17 try and resolve the issues that led to the
18 Board's disapproval. If such issues cannot
19 be resolved or the revised plan is
20 disapproved, the city may proceed with the
21 plan. But the plan can be approved only with
22 three-fifths vote of the City Council,
23 excluding the positions of members that are
24 vacant, those members that are ineligible to

1 vote because of their conflicts of interest.

2 So this morning let's start with
3 the presentation of the 83rd and Stewart TIF.
4 And that will be presented by the consultant
5 for that TIF District. It's Johnson Research
6 Group, Inc. and Ernest R. Sawyer
7 Enterprises, Inc. Gentlemen?

8 MR. SAWYER: Good morning. My name is
9 Ernest Sawyer representing Ernest R. Sawyer
10 Enterprises, Inc. this morning in
11 association with Johnson Research Group who
12 is represented by Mr. Ken Busse this morning.

13 In terms of the eligibility
14 study, it was primarily Mike Burns
15 responsibility and Sawyer Enterprises.
16 Briefly then we'll get into the project in
17 terms of our findings and show you basically
18 the current land uses and the proposed land
19 uses for this particular location.

20 You will see the hard, dark black
21 line that outlines the generalized
22 boundaries of the area that we were
23 considering to determine the eligibility and
24 qualifying factors for this particular

1 project. Basically this project is the
2 former site of what was known as the Risen
3 Steel Manufacturing Company who is since in
4 the process of abandoning this particular
5 site and relocating to another location.

6 We were asked to address the
7 qualifying factors. We performed surveys to
8 determine if the site meets the statutory
9 requirements for TIF funding. Our findings
10 are that to our analysis of exterior
11 surveying conditions of all buildings within
12 the area, the primary site redevelopment
13 occupying the Risen Steel site lies within
14 this area, 83rd Street generally, bounded on
15 Stewart Avenue on the west and Wentworth to
16 the east primarily the Risen Steel site.
17 There's a little piece that extends down to
18 an outer drive in this area.

19 Other areas extended the TIF
20 based upon research and analysis was to bring
21 it over closer to the Dan Ryan Expressway.
22 This would include these boundaries here
23 between 84th and roughly this is about 86th
24 Street here and coming up to where the

1 Johnson Products factory is if you're
2 familiar with that area.

3 So that's giving you a search of
4 the boundaries and what area was surveyed.
5 We find that all the conditions exist in that
6 area. The qualifying factors and the
7 dilapidation of the plant which is abandoned
8 and has not been used for quite some time.

9 Opposite Risen, deterioration,
10 excessive vagrance, land uses, a layout and
11 the need for environmental clean up which is
12 being addressed due to the fact that there
13 are chemicals in the steel plant that's
14 there. And also it showed that there's a
15 decline at a lesser rate because it's been
16 under utilized for quite some time.

17 Also it's showing the adjacent
18 TIF in the blue and you'll notice that the
19 Chatham Ridge TIF borders this particular
20 TIF which is where the major shopping complex
21 is down here at this time now. And moving
22 right along, this map right here shows you
23 basically the various land use. The blue is
24 commercial office institutions which

1 predominantly dominates this area. A little
2 bit to the north here we have some commercial
3 uses along 83rd Street.

4 The Park District has a small
5 park right here that's toward the back of
6 Simeon High School which is over this way and
7 this particular park is called West Chatham
8 Park which fronts and sides on 83rd Street.
9 And there are a few businesses in operation,
10 all up and running along this area.

11 And over here, this area in the
12 purple here, is an area where there are a
13 number of various commercial uses exist in
14 this area that are operating. Some are
15 vacant, some are existing operations. And in
16 the red is basically also existing factories
17 and plants are along this area and some are
18 vacant and some are occupied as well.

19 And basically what we are
20 proposing here in terms of a new land use
21 would be commercial, office, institutional
22 and we show a mixture of residential and
23 commercial uses here. And this is a strip of
24 land that is vacant and during our search the

1 plan calls for addressing this particular
2 land use here for potential residential
3 sites that would be adjacent to the shopping
4 complex.

5 Basically this street here would
6 call for some improvements, Wentworth Street
7 in that area. And that's basically the plan
8 in a nutshell. Any questions?

9 MR. MCCORMICK: Yes. Do you know what
10 the current EAV is?

11 MR. BUSSE: Yes. Eleven million.

12 MR. SKOSEY: Mr. Chairman, a couple of
13 questions. Mr. Sawyer, can you describe the
14 nature and the type of commercial that exists
15 in the pink area?

16 MR. SAWYER: You have a couple. You
17 have one company called Midway Wholesalers
18 who occupies primarily most of the site
19 there, wholesale distribution. I think
20 liquor distributors and other wholesale
21 products in the area. And there's another
22 tenant here who's got framing. I don't know
23 if it's window frames or door frames,
24 something in that area right around here,

1 these two. The others are vacant and they're
2 just not being utilized at all.

3 MR. SKOSEY: So they're not
4 necessarily retail commercial uses?

5 MR. SAWYER: No. They're not retail
6 or commercial uses.

7 MR. SKOSEY: Let me just follow that
8 up. What's the rationale then for the land
9 use plan calling for residential within that
10 area? According to the text you were saying,
11 you know, in the pink area? That you would
12 be supporting the existing commercial and
13 industrial uses within that area and would be
14 encouraging them to stay and providing them
15 with TIF assistance as necessary or
16 applicable.

17 Then why would we want to
18 encourage residential to come nearby that?
19 Wouldn't we just be setting those businesses
20 up for some future conflict?

21 MR. SAWYER: Well, basically the
22 discussion of, this is all residential here
23 and through discussions with the Plan
24 Department and the Alderman's Office, this

1 interest, particularly the Alderman's
2 interest, is in keeping this area, this body
3 here, residential going back up to 83rd
4 Street.

5 If you look at the larger map,
6 particularly here, you can see all these
7 parcels heavily residential.

8 MR. SKOSEY: I'm speaking
9 specifically about the pink area though
10 which calls for residential as well.

11 MR. BUSSE: I can address some of that
12 as well. There's at least one business in
13 there that may be either closing or
14 relocating or selling. With this being
15 commercial, being converted from industrial
16 to commercial, and this being hard
17 residential and then this was originally
18 platted for manufacturing, I mean
19 residential but it's zoned manufacturing.

20 So we're going to just convert
21 that or change that to residential. The
22 Alderman had indicated that he'd like to see
23 more options or more opportunities for
24 residential in the area. And that a large

1 part of this area is in fact vacant, this
2 area down and around here. And one of these,
3 somebody who's up north, is planning on
4 relocating.

5 So the market is stronger right
6 now for residential versus manufacturing and
7 industrial. And so to give the marketplace
8 an opportunity to --

9 MR. SKOSEY: All of that makes perfect
10 sense but why would we want to, particularly
11 looking at that existing land use where you
12 have the vacant parcels on the south portion,
13 again just speaking of this pink piece, if
14 you would then develop residential on 85th
15 Street, wouldn't that just conflict with
16 those two businesses previously mentioned as
17 well as whichever one of those top two red
18 ones is staying? Why would we want to split
19 that parcel say in half and encourage
20 residential maybe on the northern portion?

21 Just think if they're doing a TIF
22 plan and setting up future land uses, you'd
23 want to avoid creating any conflicts and it
24 looks like this is going to be a built in

1 conflict if we follow the plan.

2 MR. BUSSE: Certainly any development
3 that occurs in this area will be done on its
4 own merits and within the contracts of this
5 area. So I can see your point where you
6 would be concerned that a residential pocket
7 might develop here. You've got industrial
8 there and industrial here. From what we've
9 discussed with park land and with the
10 Alderman's office, that is not likely to be a
11 scenario and they would plan for that and be
12 very cautious about how that develops in the
13 area.

14 The intent is that if this were
15 to develop as residential, it would develop
16 on a more comprehensive basis. And if one
17 relocates, maybe another one might relocate
18 as well. And then if you get enough land
19 assemblage and products to do so, then it
20 could be converted but there are other goals
21 and objectives in the plan that guard against
22 incompatible uses in case of land uses.

23 And so certainly those would --
24 overall redevelopment within this pocket.

1 MR. SKOSEY: I would just encourage
2 some greater clarity in the plan on that and
3 possibly subdividing that site to reflect
4 that. Let's just look at which site we want
5 as most prime for the market and which would
6 be least conflicting with the existing
7 industrial and put it on land use map as
8 residential. That would be my
9 recommendation. Just a thought.

10 MR. BUSSE: Okay.

11 MS. KOSMAL: I just have a question.
12 The environmental clean-up. Is Risen paying
13 for that?

14 MR. BUSSE: Within the purchase
15 agreement between Risen and the owner, there
16 is a stipulation that a certain amount be
17 reimbursed, the purchaser for the amount not
18 to exceed. And that number is still
19 negotiable but had been set at about three
20 and a half million dollars. But that would
21 go against some of the costs of cleaning up
22 the site.

23 MR. KELLEHER-HERNANDEZ: Any other
24 questions?

1 MR. SKOSEY: Do you have a section on
2 redevelopment project costs. Have you
3 provided a possible budget for this?

4 MR. BUSSE: Yes, we have. It's in
5 Exhibit C before the eligibility report.
6 There's Exhibit A, B, C, D, E.

7 MR. SKOSEY: Thank you very much.

8 MR. BUSSE: And the total project
9 budget is sixty-two and half million dollars
10 and it's largely between property assembly
11 and other works. Infrastructure
12 improvements, utilities, engineered
13 barriers. I might just speak on that twenty-
14 six million five hundred number.

15 In redeveloping this site, in
16 order to secure a no further remediation
17 letter from Illinois EPA, they have to
18 encapsulate or create an environmental
19 barrier for every square foot of this
20 property. Whether there's some lead base
21 soils to haul off and some oil based
22 decontaminants which they have to haul off
23 but everything that they don't haul off
24 remains on the site and even that is

1 contaminated and has to be encapsulated.

2 So the foundations will serve as
3 environmental barriers. The parking lots,
4 even the landscape medians will have a three
5 foot plate cap to guard against leakage or
6 permeation of water into the underground
7 water supply. And there is a lot of public
8 infrastructure occurring on the site there.

9 There's several railroad
10 overpasses at 87th. One has to be removed.
11 And then what is proposed by the current
12 purchaser is to extend what now exists as
13 Holland, it's just a little tiny short strip.
14 Extend that north to 83rd creating a
15 north/south access. But to do that there has
16 to be access roadways here, signalization.
17 85th Street will be extended from Wentworth,
18 actually 85th Street stops about here so it
19 would be extended from this point all the way
20 to the newly extended Holland Avenue.

21 There would be signalization
22 program improvements up here at 83rd as well
23 as by Wentworth.

24 MR. SKOSEY: Would Wentworth be

1 extended, sir?

2 MR. BUSSE: No. Wentworth would exist
3 as it is. There is no plan yet to extend
4 Wentworth. In fact in the land use, we
5 proposed that even this small little strip
6 which is Wentworth vacated and should be
7 converted to taxable. Then that would become
8 part of the overall planned development
9 within this area.

10 MR. KELLEHER-HERNANDEZ: Any other
11 questions? If there are no further
12 questions, I'll entertain a motion that this
13 Joint Review Board find the proposed
14 redevelopment plan for 83rd and Stewart tax
15 increment planning for the redevelopment
16 project the area satisfies the redevelopment
17 plan requirements under the TIF Act, the
18 eligibility criteria defined in the Section
19 11-74.4-3 of the TIF Act and the objectives
20 of the TIF Act.

21 And that based on such findings,
22 proof that such proposed plan and
23 designation of such areas and redevelopment
24 project area under the TIF Act. Do I hear

1 such a motion?

2 MR. MCCORMICK: I move.

3 MR. KELLEHER-HERNANDEZ: Is there a
4 second to that motion?

5 MS. MAREK: Second.

6 MR. KELLEHER-HERNANDEZ: Is there any
7 further discussion? If not, all in favor of
8 the vote of the proposed motion please vote
9 by saying aye.

10 (Chorus of ayes.)

11 MR. KELLEHER-HERNANDEZ: All opposed
12 please vote by saying no. Let the record
13 reflect that the Joint Review Board's
14 approval of the proposed 83rd Street
15 redevelopment and Stewart redevelopment plan
16 designation of the 83rd Street tax increment
17 finance and redevelopment project area as a
18 redevelopment project area under the TIF
19 Act.

20 Do I have a motion to adjourn the
21 Joint Review Board meeting?

22 MS. MAREK: So moved.

23 MS. KOSMAL: Second.

24 MR. KELLEHER-HERNANDEZ: All in

1 favor?

2 (Chorus of ayes.)

3 MR. KELLEHER-HERNANDEZ: That
4 concludes our meeting for the 83rd and
5 Stewart TIF.

6 (Whereupon the above matter was
7 concluded at 10:32 a.m.)

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CITY OF CHICAGO
JOINT REVIEW BOARD

RE: 40TH & STATE TIF DISTRICT

Report of proceedings of a hearing
before the City of Chicago, Joint Review
Board held on December 5, 2003, at 10:09 a.m.
City Hall, Room 1003, Chicago, Illinois, and
presided over by Mr. Dennis Kelleher-
Hernandez.

PRESENT:

MR. DENNIS KELLEHER-HERNANDEZ, CHAIRMAN
MR. JOHN McCORMICK
MS. KAY KOSMAL
MR. PETER SKOSEY
MS. SUSAN MAREK
MS. CORBIN ZIMMER

REPORTED BY: Accurate Reporting Service
200 N. LaSalle Street
Chicago, Illinois
By: Jack Artstein, C.S.R.

1 MS. MAREK: Susan Marek, Chicago
2 Board of Education.

3 MS. KOSMAL; Kay Kosmal, Cook County.

4 MR. MCCORMICK: John McCormick, City
5 of Chicago.

6 MR. KELLEHER-HERNANDEZ: For the
7 record, my name is Dennis Kelleher-
8 Hernandez. I'm the representative of the
9 Chicago Park District which under Section
10 11-74.4-5 of the Tax Increment Allocation
11 Redevelopment Act is one of the statutory
12 designating members of the Joint Review
13 Board.

14 Selection of a Chairperson, I
15 will moderate the Joint Review Board
16 meetings. For the record, there will be two
17 more meetings of the Joint Review Board. One
18 to review the proposed 40th and State tax
19 increment financing district and one to
20 review the proposed Devon Sheridan tax
21 increment financing districts.

22 The first meeting will be the
23 40th and State. The date of the 40th and
24 State meeting was announced and set by the

1 Community Development Commission City of
2 Chicago at its meeting on November 4, 2003.
3 Notice of the 40th and State meeting of the
4 Joint Review Board was also provided by
5 certified mail to the taxing district
6 represented on the Board which includes the
7 Chicago Board of Education, the Chicago
8 Community Colleges District 508, Chicago
9 Park District, Cook County and the City of
10 Chicago and the public member.

11 Public notice of this meeting was
12 also posted as of Wednesday, December 3, 2003
13 at various locations throughout City Hall.
14 Our first order of business this morning is
15 to select a Chairperson for the Joint Review
16 Board. Are there any nominations?

17 MR. MCCORMICK: I nominate Dennis
18 Kelleher.

19 MR. KELLEHER-HERNANDEZ: Is there a
20 second for the nomination?

21 MS. KOSMAL: Second.

22 MR. KELLEHER-HERNANDEZ: Are there
23 any other nominations? Let the record
24 reflect there are no other nominations. All

1 in favor of the nomination, please vote by
2 saying aye.

3 (Chorus of ayes.)

4 MR. KELLEHER-HERNANDEZ: All opposed
5 please vote by saying no. Let the record
6 reflect that Dennis Kelleher has been
7 elected as Chairperson and will now serve as
8 Chairperson for the remainder of the
9 meeting.

10 As I mentioned at the beginning
11 of this meeting, we will be reviewing the
12 plan for the 40th and State TIF district
13 proposed by the City of Chicago. Staff of
14 the city's Department of Planning and
15 Development and Law and other departments
16 have reviewed this plan which was introduced
17 to the city's Community Development
18 Commission on November 4, 2003.

19 We will listen to a presentation
20 by the consultant of the plan. Following the
21 presentation, we can address any questions
22 that the members might have for the
23 consultant or city staff. Previous
24 amendment to the TIF Act requires us to base

1 our recommendation to approve or disapprove
2 the 40th and State plan and the designation
3 of the 40th and State TIF area on the basis of
4 the area and the plan satisfying the plan
5 requirements, the eligibility criteria
6 defined in the TIF Act and the objectives of
7 the TIF Act.

8 If the Board approves the plan
9 and the designation of the area, the Board
10 will then issue an advisory non-binding
11 recommendation by a vote of the majority of
12 those members present and voting. Such
13 recommendation shall be submitted to the
14 city within thirty days after the Board
15 meeting.

16 Failure to submit such
17 recommendation shall be deemed to constitute
18 approval by the Board. If the Board
19 disapproves the plan and designation of the
20 area, the Board must issue a written report
21 describing why the plan and the area failed
22 to meet one or more of the objectives of the
23 TIF Act and both the plan requirements and
24 the eligibility criteria of the TIF Act.

1 The city will then have thirty
2 days to resubmit a revised plan. The Board
3 and the city must also confer during this
4 time to try and resolve the issues that led
5 to the Board's disapproval. If such issues
6 cannot be resolved or the revised plan is
7 disapproved, the city may proceed with the
8 plan but the plan can be approved only with
9 three-fifths vote of the City Council
10 excluding positions of members that are
11 vacant and those members that are ineligible
12 to vote because they are deemed conflicts of
13 interest.

14 So let's begin this morning with
15 the presentation for 40th and State,
16 consultant Ernest R. Sawyer Enterprises,
17 Inc.

18 MR. SAWYER: Good morning, Ernest
19 Sawyer. I'm the primary consultant for
20 developing the plan and the eligibility
21 study for the 40th and State TIF.

22 This TIF is proposed for the
23 redevelopment of what is presently known as
24 the Robert Taylor Homes which currently

1 occupies the site. I'll go through the
2 boundaries quickly with you and we'll speak
3 to the plan. This is an existing Chicago
4 Housing Authority property that is currently
5 being crossly occupied, which will be
6 demolished in this area. We're speaking to
7 within the boundaries between 40th Street to
8 the north, Loop to the south, the railway
9 embankment Metra tracks to the west and State
10 Street, east side of State Street.

11 Presently occupying the site is
12 public institutions, a public schools at
13 Hartigan, public school occupies this site
14 in blue. There's a small fire station in the
15 blue right here and the rest of this part is
16 vacant and there's presently a -- building
17 here that will be demolished as well.

18 And the ownership with these lots
19 along here, are primarily vacant and some are
20 all, basically Chicago Housing Authority as
21 well.

22 The plan for this particular
23 project in terms of the eligibility finding
24 is deterioration, dilapidation, of the

1 blighted area. All of the back is qualifying
2 present construction below code standards in
3 terms of excessive vacancies exist in the
4 land, deleterious land use and layouts for
5 the areas in terms of the areas is basically
6 what the plan is is to redevelop this into
7 the old existing street -- and develop
8 housing, you know, all over the site in terms
9 of CHA's property.

10 The plan itself in terms of the
11 number of units in the projected budget,
12 Courtney you can speak to that.

13 MR. PROGUE: The plan is to develop
14 233 units of housing. 107 will be market
15 rate housing units, 83 will be CHA and 63
16 will be market rate for sale housing. We
17 spoke to the mass developer Richard
18 Michaels, to gather information for the
19 project. The currently EAV for the parcels
20 is zero, approximately 36 out of 38 parcels
21 are owned by the Chicago Housing Authority.
22 Two are owned by the Board of Ed.

23 Projected EAV for the next 23 years,
24 about \$6.5 million, the tax base that we're

1 planning to collect about \$8.2 million. The
2 budget which we've prepared pretty much
3 reflects an \$8.2 million budget reflecting
4 the majority of the cost going toward
5 affordable housing construction.

6 MS. KOSMAL: I was just going to ask,
7 are any of the streets going to be extended?
8 Like 41st or Dearborn or anything? I was
9 just curious.

10 MR. SAWYER: Here is the site plan,
11 how the site would be developed.

12 MS. KOSMAL: Thank you.

13 MR. KELLEHER-HERNANDEZ: Any other
14 questions? If there are no further
15 questions, I will entertain a motion that
16 this Joint Review Board finds that the
17 proposed redevelopment plan for the 40th and
18 State tax increment finance and
19 redevelopment project area satisfies the
20 redevelopment plan requirements of the TIF
21 Act, the eligibility and criteria defined in
22 Section 11-74.4-3 of the TIF Act.

23 The objectives of the TIF Act and
24 that, based on such findings through such

1 proposed planning and designation of such
2 areas of redevelopment project area under
3 the TIF Act. Is there such a motion?

4 MR. MCCORMICK: So moved.

5 MR. KELLEHER-HERNANDEZ: Is there a
6 second?

7 MS. MAREK: Second.

8 MR. KELLEHER-HERNANDEZ: Sir, any
9 further discussion? If not, all in favor
10 please vote by saying aye.

11 (Chorus of ayes.)

12 MR. KELLEHER-HERNANDEZ: All opposed
13 please vote by saying no. Let the record
14 reflect that the Joint Review Board's
15 approval of the proposed 40th and State
16 redevelopment plan and designation of the
17 tax increment financing redevelopment
18 project area as a redevelopment project area
19 under the TIF Act.

20 Do I have a motion to adjourn the
21 meeting?

22 MS. MAREK: So moved.

23 MR. MCCORMICK: So moved.

24 MR. KELLEHER-HERNANDEZ: Is there a

1 second?

2 MS. KOSMAL: Second.

3 MR. KELLEHER-HERNANDEZ: All in favor
4 say aye.

5 (Chorus of ayes.)

6 MR. KELLEHER-HERNANDEZ: Meeting
7 adjourned.

8 (Whereupon the above matter was
9 concluded at 10:45 a.m.)

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CITY OF CHICAGO
JOINT REVIEW BOARD

RE: DEVON SHERIDAN TIF DISTRICT

Report of proceedings of a hearing
before the City of Chicago, Joint Review
Board held on December 5, 2003, at 10:09 a.m.
City Hall, Room 1003, Chicago, Illinois, and
presided over by Mr. Dennis Kelleher-
Hernandez.

PRESENT:

MR. DENNIS KELLEHER-HERNANDEZ, CHAIRMAN
MR. JOHN McCORMICK
MS. KAY KOSMAL
MR. PETER SKOSEY
MS. SUSAN MAREK
MS. CORBIN ZIMMER

REPORTED BY: Accurate Reporting Service
200 N. LaSalle Street
Chicago, Illinois
By: Jack Artstein, C.S.R.

1 MR. KELLEHER-HERNANDEZ: The Devon
2 Sheridan Joint Review Board Meeting. For the
3 record, my name is Dennis Kelleher-
4 Hernandez. I'm the representative of the
5 Chicago Park District which under Section
6 11-74.4-5 of the Tax Increment Allocation
7 Redevelopment Act, is one of the statutorily
8 designated members of the Joint Review
9 Board.

10 Selection of the Chairperson, I
11 will moderate this Joint Review Board
12 meeting. This will be a meeting to review
13 the proposed Devon Sheridan tax increment
14 financing district. The date of this meeting
15 was announced at and set by the Community
16 Development Commission, City of Chicago, at
17 its meeting on November 4, 2003.

18 Notice of this meeting of the
19 Joint Review Board was also provided by
20 certified mail to each taxing district
21 represented on the Board which includes
22 Chicago Board of Education, Chicago
23 Community Colleges District 508, Chicago
24 Park District, Cook County and the City of

1 Chicago and the public member.

2 Public notice of this meeting was
3 also posted as of Wednesday, December 3, 2003
4 at various locations throughout City Hall.
5 With us today is Corbin Zimmer. Corbin
6 Zimmer, are you familiar with the boundaries
7 of the proposed Devon Sheridan tax increment
8 financing redevelopment project area?

9 MS. ZIMMER: Yes, I am.

10 MR. KELLEHER-HERNANDEZ: What is the
11 address of your primary residence?

12 MS. ZIMMER: 6743 N. Sheridan.

13 MR. KELLEHER-HERNANDEZ: Is
14 such address within the boundaries of
15 the proposed Devon Sheridan tax
16 increment financing redevelopment project
17 area?

18 MS. ZIMMER: Yes.

19 MR. KELLEHER-HERNANDEZ: Ms. Zimmer,
20 are you willing to serve as the public member
21 for the Joint Review Board for the Devon
22 Sheridan tax increment financing
23 redevelopment project area?

24 MS. ZIMMER: Yes, I am.

1 MR. KELLEHER-HERNANDEZ: Thank you.
2 Because the proposed Devon Sheridan tax
3 increment financing district includes
4 seventy-five or more inhabited residential
5 units and because the housing impact study
6 included in the proposed redevelopment plan
7 prepared by S.B. Friedman & Company
8 indicates the majority of the residential
9 units including the proposed redevelopment
10 project, are occupied by very low, low or
11 moderate income households, the TIF Act
12 requires that the Joint Review Board include
13 a public member who resides within the
14 proposed redevelopment project area and who
15 resides in a very low, low or moderate income
16 household.

17 If a person satisfying these
18 requirements is not available or if no
19 qualified person will serve as the public
20 member, then the Joint Review Board is not
21 obligated to comply with such requirements.
22 Although Ms. Zimmer otherwise satisfied the
23 requirements for service as the public
24 member, based on discussions with Ms. Zimmer

1 prior to this meeting, she has indicated that
2 she may not satisfy the foregoing household
3 criteria for a public member.

4 For this reason and because it is
5 believed that there are one or more persons
6 residing in the proposed redevelopment
7 project area, who can be identified and filled
8 such a public member's role, the City of
9 Chicago representative has advised the
10 Chairperson that it wishes to continue the
11 reading of the Devon Sheridan Joint Review
12 Board to the Joint Review Board's regularly
13 scheduled meeting in January.

14 Notices of such continued
15 meetings shall be sent to all the taxing
16 districts and parties that receive notice of
17 the Joint Review Board meeting. Does the
18 City of Chicago representative, still wish
19 to so move?

20 MR. MCCORMICK: So moved.

21 MR. KELLEHER-HERNANDEZ: Do I hear a
22 second?

23 MS. KOSMAL: Second.

24 MS. MAREK: Second.

1 MR. KELLEHER-HERNANDEZ: All in
2 favor?

3 (Chorus of ayes.)

4 MR. KELLEHER-HERNANDEZ: All opposed?

5 Motion is passed and the meeting of the Devon

6 Sheridan tax increment financing Joint

7 Review Board will be continued to the Joint

8 Review Board's January meeting with

9 additional notices to be sent.

10 MR. MCCORMICK: So moved.

11 (Whereupon the meeting was

12 concluded at 11:10 a.m.)

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STATE OF ILLINOIS)
) SS.
COUNTY OF C O O K)

I, JACK ARTSTEIN depose and say that I am a verbatim reporter doing business in the County of Cook and City of Chicago; that I caused to be transcribed the proceedings heretofore identified and that the foregoing is a true and correct transcript of the aforesaid hearing.

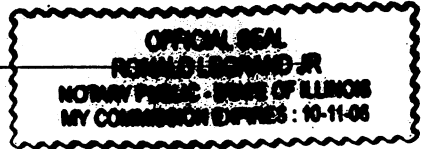
Jack Artstein

JACK ARTSTEIN

SUBSCRIBED AND SWORN TO
BEFORE ME THIS 15th DAY OF
January, A.D. 2004.

[Signature]

NOTARY PUBLIC



**40th/State Redevelopment Project Area
2004 Annual Report**

**(8) DOCUMENTS RELATING TO OBLIGATIONS ISSUED BY THE
MUNICIPALITY - 65 ILCS 5/11-74.4-5(d)(8)(A)**

During 2004, there were no obligations issued for the Project Area.

**40th/State Redevelopment Project Area
2004 Annual Report**

(9) ANALYSIS OF DEBT SERVICE - 65 ILCS 5/11-74.4-5(d)(8)(B)

During 2004, there were no obligations issued for the Project Area.

**40th/State Redevelopment Project Area
2004 Annual Report**

(10) CERTIFIED AUDIT REPORTS - 65 ILCS 5/11-74.4-5(d)(9)

During 2004, there were no tax increment expenditures or cumulative deposits over \$100,000 within the Project Area. Therefore, no compliance statement was prepared.

40th/State Redevelopment Project Area 2004 Annual Report

(11) GENERAL DESCRIPTION AND MAP

The 40th/State Redevelopment Project Area is generally bounded by 40th Street on the north, Root Street on the south, State Street on the east, and the Chicago Rock Island and Pacific Railroad lines on the west. The map below illustrates the location and general boundaries of the Project Area. For precise boundaries, please consult the legal description in the Redevelopment Plan.

