
2004 Annual Report

Central Loop 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 Central Loop 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

**Central Loop Redevelopment Project Area
2004 Annual Report**

TABLE OF CONTENTS

ANNUAL REPORT – CENTRAL LOOP REDEVELOPMENT PROJECT AREA IN COMPLIANCE WITH SECTION (d) OF 65 ILCS 5/11-74.4-5.

	PAGE
LETTER TO THE STATE COMPTROLLER.....	1
1) DATE OF DESIGNATION OR TERMINATION	2
2) AUDITED FINANCIALS.....	3
3) MAYOR’S CERTIFICATION.....	4
4) OPINION OF LEGAL COUNSEL.....	5
5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND	6
6) DESCRIPTION OF PROPERTY.....	9
7) STATEMENT OF ACTIVITIES	10
8) DOCUMENTS RELATING TO OBLIGATIONS ISSUED BY THE MUNICIPALITY	16
9) ANALYSIS OF DEBT SERVICE.....	17
10) CERTIFIED AUDIT REPORT	18
11) GENERAL DESCRIPTION AND MAP.....	19



City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

Denise M. Casalino, P.E.
Commissioner

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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 Central Loop
Redevelopment Project Area (Report) pursuant to 65 ILCS 5/11-
74.4-5(d).

Sincerely,

Denise Casalino
Commissioner



Central Loop Redevelopment Project Area 2004 Annual Report

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

The Project Area was designated on June 20, 1984. The Project Area may be terminated no later than June 20, 2007.

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.

**Central Loop Redevelopment Project Area
2004 Annual Report**

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

Please see attached.

Deloitte.

***City of Chicago, Illinois
Central Loop Redevelopment
Project***

*Financial Statements as of and for the
Year Ended December 31, 2004,
Required Supplementary Information and
Additional Information for the
Year Ended December 31, 2004 and
Independent Auditors' Report*

CITY OF CHICAGO, ILLINOIS CENTRAL LOOP REDEVELOPMENT PROJECT

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-5
BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2004:	
Government-Wide Statement of Net Assets (Deficit) and Governmental Funds Combined Balance Sheet	6
Reconciliation of the Governmental Funds Combined Balance Sheet to the Government-Wide Statement of Net Assets (Deficit)	7
Government-Wide Statement of Activities and Governmental Funds Combined Statement of Revenues, Expenditures and Changes in Net Assets (Deficit) and Fund Balance	8
Reconciliation of the Governmental Funds Combined Statement of Revenues, Expenditures and Changes in Net Assets (Deficit) and Fund Balance to the Government-Wide Statement of Activities	9
Statement of Fiduciary Net Assets	10
Notes to Financial Statements	11-15
ADDITIONAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2004:	
Schedule of Expenditures by Statutory Code	16

INDEPENDENT AUDITORS' REPORT

To the Honorable Richard M. Daley, Mayor, and
Members of the City Council of
City of Chicago, Illinois:

We have audited the accompanying basic financial statements of the City of Chicago, Illinois' ("City") Central Loop Redevelopment Project (the "Project") as of and for the year ended December 31, 2004, as listed in the foregoing table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the respective net assets or financial position of the government-wide activities and governmental funds and the agency fund of the Project as of December 31, 2004, and the respective changes in their financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 to 5 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the City's management. We have applied certain limited procedures that consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit such information and do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Project's basic financial statements. The additional information (page 16) is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is required by the Illinois Tax Increment Financing Act of 1997. This supplementary information is the responsibility of City's management. Such additional information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

June 17, 2005

CITY OF CHICAGO, ILLINOIS

CENTRAL LOOP REDEVELOPMENT PROJECT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Central Loop Redevelopment Project (the "Project"), we offer the readers of the Project's financial statements this narrative overview and analysis of the Project's financial performance for the year ended December 31, 2004. Please read it in conjunction with the Project's financial statements and notes to the financial statements immediately following this section.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Project's basic financial statements. The Project's basic financial statements include four components: 1) government-wide financial statements, 2) governmental fund financial statements, 3) Statement of Fiduciary Net Assets and 4) notes to the financial statements. This report also contains additional information concerning the Project's expenditures as required by Illinois statutory code.

Basic Financial Statements include three kinds of financial statements that present different views of the Project—the Government-Wide Financial Statements, the Governmental Fund Financial Statements, and the Fiduciary Statement of Net Assets. These financial statements also include the notes to the financial statements that explain information in the financial statements and provide more detail.

Government-Wide Financial Statements provide both long-term and short-term information about the Project's financial status and use accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Project's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities using the accrual basis of accounting. The two government-wide statements report the Project's net assets and how they have changed. Net assets—the difference between the Project's assets and liabilities—is one way to measure the Project's financial health, or position.

Governmental Fund Financial Statements provide more detailed information about the Project's significant funds—not the Project as a whole. Governmental funds focus on: 1) how cash and other financial assets can readily be converted to cash flows and 2) the year-end balances that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more financial resources that can be spent in the near future to finance the Project. Such statements are prepared on the modified accrual basis of accounting. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional reconciling information in a separate statement to explain the relationship (or differences) between the two.

Statement of Fiduciary Net Assets accounts for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the Project's own programs. The Project's fiduciary activity is presented in a separate Statement of Fiduciary Net Assets.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements, governmental fund financial statements and Statement of Fiduciary Net Assets. The notes to the financial statements follow the basic financial statements.

Additional Information presents a schedule of expenditures as required by Section 11-74.4-5 of the Illinois Tax Increment Redevelopment Allocation Act. This additional information follows the notes to the financial statements.

Condensed Comparative Government-Wide Financial Statements

	Government-Wide Statements			%
	2004	2003	Change	Change
Total assets	\$ 286,262,520	\$ 319,244,010	\$ (32,981,490)	(10)%
Liabilities:				
Liabilities due within one year	64,959,210	48,989,976	15,969,234	33 %
Liabilities due after one year	<u>275,901,039</u>	<u>324,807,609</u>	<u>(48,906,570)</u>	(15)%
Total liabilities	340,860,249	373,797,585	(32,937,336)	(9)%
Net assets (deficit):				
Restricted for Debt Service	170,175,110	141,252,012	28,923,098	20 %
Net deficit	<u>(224,772,839)</u>	<u>(195,805,587)</u>	<u>(28,967,252)</u>	15 %
Total net assets	<u>\$ (54,597,729)</u>	<u>\$ (54,553,575)</u>	<u>\$ (44,154)</u>	0 %
Total revenues	\$ 86,801,268	\$ 75,984,829	\$ 10,816,439	14 %
Total expenditures	<u>86,845,422</u>	<u>53,514,560</u>	<u>33,330,862</u>	62 %
Change in net assets	(44,154)	22,470,269	(22,514,423)	(100)%
Beginning net deficit	<u>(54,553,575)</u>	<u>(77,023,844)</u>	<u>22,470,269</u>	(29)%
Ending net deficit	<u>\$ (54,597,729)</u>	<u>\$ (54,553,575)</u>	<u>\$ (44,154)</u>	0 %

Analysis of Overall Financial Position and Results of Operations

Total assets decreased \$32.9 million or 10 percent from 2003 as a result of a decrease in cash and cash equivalents and investments used in economic development and debt service expenditures paid in 2004 offset by an increase in cash with escrow agent and property tax receivables. Liabilities decreased as a result of \$37.8 million in principal payments. Property tax revenue increased \$10.4 million or 14 percent due to the Project's economic growth and accordingly increasing the total equalized assessed value of parcels and subsequent tax increment and related collections. Expenditures increased this year due to the formulation of the redevelopment plan or necessary funding was substantially complete and available.

Debt Administration

General Obligation and Tax Increment Allocation Bonds outstanding at December 31, 2004 amounted to \$334.1 million. More detailed information about the Project's bonds payable is presented in Note 3 of the financial statements.

**CITY OF CHICAGO, ILLINOIS
CENTRAL LOOP REDEVELOPMENT PROJECT**

**GOVERNMENT-WIDE STATEMENT OF NET ASSETS (DEFICIT) AND
GOVERNMENTAL FUNDS COMBINED BALANCE SHEET
DECEMBER 31, 2004**

	Governmental Funds	Adjustments	Government- Wide Activities
ASSETS:			
Cash and cash equivalents (Note 2)	\$ 56,391,929	\$ -	\$ 56,391,929
Investments (Note 2)	58,152,329		58,152,329
Cash and investments with escrow agent (Note 2)	92,075,021		92,075,021
Other assets		1,043,905	1,043,905
Property taxes receivable	78,000,000		78,000,000
Accrued interest receivable	<u>599,336</u>		<u>599,336</u>
TOTAL ASSETS	<u>\$ 285,218,615</u>	<u>\$ 1,043,905</u>	<u>\$ 286,262,520</u>
LIABILITIES:			
Vouchers payable	\$ 4,509,310	\$ -	\$ 4,509,310
Accrued interest	764,839		764,839
Due to other funds	1,209,262		1,209,262
Accrued liabilities	249,347		249,347
Deferred revenue	76,472,761	(76,472,761)	
Bonds payable (Note 3):			
Due within one year		58,226,452	58,226,452
Due after one year		<u>275,901,039</u>	<u>275,901,039</u>
Total liabilities	<u>83,205,519</u>	<u>257,654,730</u>	<u>340,860,249</u>
FUND BALANCE/NET ASSETS (DEFICIT):			
Fund balance:			
Reserved for encumbrances (Note 4)	3,911,000	(3,911,000)	
Reserved for debt service	93,702,349	(93,702,349)	
Designated for future redevelopment project costs	<u>104,399,747</u>	<u>(104,399,747)</u>	
Total fund balance	<u>202,013,096</u>	<u>(202,013,096)</u>	
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 285,218,615</u>		
NET ASSETS (DEFICIT):			
Restricted for debt service		170,175,110	170,175,110
Net deficit		<u>(224,772,839)</u>	<u>(224,772,839)</u>
TOTAL NET ASSETS (DEFICIT)		<u>\$ (54,597,729)</u>	<u>\$ (54,597,729)</u>

See notes to financial statements.

**CITY OF CHICAGO, ILLINOIS
CENTRAL LOOP REDEVELOPMENT PROJECT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS COMBINED BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET ASSETS (DEFICIT)
DECEMBER 31, 2004**

Amounts reported for government-wide activities in the statement of net assets (deficit) are different because:

Total fund balance for governmental funds	\$ 202,013,096
Property tax revenue is recognized in the period for which levied rather than when "available." A portion of the deferred property tax revenue is not available.	76,472,761
Debt issuance costs are deferred and recognized as other assets rather than expensed when incurred.	1,043,905
Long-term liabilities:	
Bonds payable	(310,148,170)
Accreted interest	<u>(23,979,321)</u>
Total long-term liabilities	<u>(334,127,491)</u>
Total net assets (deficit) for government-wide activities	<u>\$ (54,597,729)</u>

See notes to financial statements.

**CITY OF CHICAGO, ILLINOIS
CENTRAL LOOP REDEVELOPMENT PROJECT**

**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET ASSETS (DEFICIT) AND FUND BALANCE
YEAR ENDED DECEMBER 31, 2004**

	Governmental Funds	Adjustments	Statement of Activities
REVENUES:			
Property tax	\$ 72,472,186	\$ 11,215,858	\$ 83,688,044
Investment income	2,550,007		2,550,007
Rental income	136,736		136,736
Miscellaneous income	426,481		426,481
	<u>75,585,410</u>	<u>11,215,858</u>	<u>86,801,268</u>
EXPENDITURES:			
Capital projects	68,630,491	281,503	68,911,994
Debt service:			
Principal retirement	37,825,000	(37,825,000)	
Interest expense	8,613,546	9,319,882	17,933,428
	<u>115,069,037</u>	<u>(28,223,615)</u>	<u>86,845,422</u>
EXPENDITURES OVER REVENUES	(39,483,627)	39,483,627	
CHANGE IN NET ASSETS (DEFICIT)		(44,154)	(44,154)
FUND BALANCE/NET ASSETS (DEFICIT):			
Beginning of year	<u>241,496,723</u>	<u>(296,050,298)</u>	<u>(54,553,575)</u>
End of year	<u>\$ 202,013,096</u>	<u>\$ (256,610,825)</u>	<u>\$ (54,597,729)</u>

See notes to financial statements.

**CITY OF CHICAGO, ILLINOIS
CENTRAL LOOP REDEVELOPMENT PROJECT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS COMBINED STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS (DEFICIT) AND
FUND BALANCE TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2004**

The change in net assets (deficit) reported for government-wide activities in the statement of activities is different because:

Expenditures over revenues—total governmental funds	\$(39,483,627)
Property tax revenue is recognized in the period for which levied rather than when “available.” A portion of the deferred property tax revenue is not available.	11,215,858
Debt issuance costs are deferred over the life of the debt rather than when incurred.	(281,503)
Repayment of bond principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For governmental activities, however, the principal payments reduce the liabilities in the statement of net assets (deficit) and do not result in an expense in the statement of activities.	37,825,000
Accreted interest on capital appreciation bonds	<u>(9,319,882)</u>
Change in net assets (deficit) of government-wide activities	<u>\$ (44,154)</u>

See notes to financial statements.

**CITY OF CHICAGO, ILLINOIS
CENTRAL LOOP REDEVELOPMENT PROJECT**

**STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2004**

	Agency Fund
ASSETS:	
Cash and cash equivalents (Note 2)	\$3,510,828
Accrued interest receivable	<u>12,556</u>
Total assets	3,523,384
LIABILITIES—Accrued liabilities	<u>3,523,384</u>
NET ASSETS	<u>\$ -</u>

See notes to financial statements.

CITY OF CHICAGO, ILLINOIS CENTRAL LOOP REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2004

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity—The Central Loop Redevelopment Project (the “Project”) was established as a Tax Increment Financing (“TIF”) district by the City of Chicago, Illinois (the “City”) in 1997. The Project is an extension of the North Loop Redevelopment Project established in 1984 and has been established to finance improvements, leverage private investment, and create and retain jobs within the TIF district.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation—The government-wide financial statements are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. The fiduciary funds are excluded from the government-wide financial statements.

The governmental fund financial statements are prepared on the *modified accrual basis of accounting* with only current assets and liabilities included on the balance sheet. Under *the modified accrual basis of accounting*, revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes are susceptible to accrual and recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within 60 days subsequent to year-end. Expenditures are recorded when the liability is incurred. The Project is accounted for within the capital projects, debt service, special revenue and agency funds of the City.

Governmental Funds—The Project is accounted for within the capital projects, debt service and special revenue fund types of the City. Capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities. Debt service funds account for the accumulation of resources for, and the payment of, debt and related costs. Special revenue funds account for the proceeds of specific revenue sources requiring separate accounting because of legal, grant or regulatory provisions or administrative action. These funds are presented herein on a combined basis.

Fiduciary (Agency) Fund—An agency fund accounts for assets held by the Project in a trustee capacity for a developer deposit. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources, as they are needed.

Management's Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Assets, Liabilities and Net Assets:

Cash, Cash Equivalents and Investments—The bond proceeds and incremental taxes associated with the Project are deposited with the City Treasurer or a trust account. The Municipal Code of Chicago (the "Code") permits deposits only to City Council-approved depositories, which must be regularly organized state or national banks and federal and state savings and loan associations, located within the City, whose deposits are federally insured. The City uses separate escrow accounts in which certain tax revenues are deposited and held for payment of general obligation debt.

Investments authorized by the Code include interest-bearing general obligations of the City, State of Illinois (State), and U.S. Government; U.S. treasury bills and other non-interest-bearing general obligations of the U.S. Government purchased in the open market below face value; domestic money market funds regulated and in good standing with the Securities and Exchange Commission; and tax anticipation warrants issued by the City. The City is prohibited by ordinance from investing in derivatives, as defined, without City Council approval.

Investments, generally, may not have a maturity in excess of one year from the date of purchase. Certain other investment balances are held in accordance with the specific provisions of the applicable bond ordinance.

Cash equivalents include certificates of deposit and other investments with maturities of three months or less when purchased.

Capital Assets—The Government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) of the City include the capital assets and related depreciation, if any, of the Project in which ownership of the capital asset will remain with the City (i.e., infrastructure, or municipal building). All other construction will be expensed in both the government-wide financial statements and the governmental funds as neither the City nor Project will retain the right of ownership.

Stewardship, Compliance, and Accountability:

Illinois Tax Increment Redevelopment Allocation Act Compliance—The Project's expenditures include reimbursements for various eligible costs as described in subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act and the Redevelopment Agreement relating specifically to the Project. Eligible costs include but are not limited to survey, property assembly, rehabilitation, public infrastructure, financing and relocation costs.

Reimbursements—Reimbursements are made to the developer for project costs, as public improvements are completed and pass City inspection. The semi-annual principal and interest payments are made solely from incremental real property taxes, which are paid in the redevelopment district.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits—Certain deposits with the City Treasurer are commingled and invested by the Treasurer with deposits from other City funds; accordingly, it is not practical to disclose the related bank balance of such cash deposits for the Project. Of the City Treasurer’s total bank balances at December 31, 2004, \$116.4 million or 73.2% was either insured or collateralized with securities held by City agents in the City’s name. The remaining balances were uninsured and uncollateralized.

Investments—Investments are categorized to give an indication of the level of credit risk. Category 1 includes investments that are insured or registered in the City’s name or the securities were held by the City or its agent in the City’s name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter party’s trust department or its agent in the City’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution or counter party, or by its trust department or agent, but not in the City’s name. Pooled funds include primarily money market accounts. The following table provides a summary for all Project funds at December 31, 2004:

Description	Risk Category	2004
U.S. Government obligations	1	\$ 75,477,414
Noncategorized–pooled funds		<u>87,047,158</u>
Total		<u>\$ 162,524,572</u>

The following reconciles the fair value of investments to the financial statements:

	2004
Investments	\$ 58,152,329
Investments included in cash and investments with escrow agent	52,035,011
Investments included in cash and cash equivalents	<u>52,337,232</u>
Total	<u>\$ 162,524,572</u>

3. BONDS PAYABLE

In September 2003, the City authorized and issued the City of Chicago General Obligation Bonds (Central Loop Redevelopment Project) Series 2003 (\$137.0 million). The bonds were sold as capital appreciation bonds and have yields ranging from 2.3 % to 4.07 % and have maturity dates ranging from December 1, 2005 to December 1, 2008. Net proceeds (\$135.6 million) will be used to finance certain Project costs. Available tax increment revenues, an ad valorem tax levy or any revenues of the City legally available for that purpose can be used to fund the debt service.

Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000 A and Taxable Series 2000 B (\$142.3 million) were sold in November 2000. The Series 2000 A (\$79.9 million) were sold as capital appreciation bonds having yields of 5.03 % and maturity dates ranging from December 1, 2005 to December 1, 2008. The Taxable Series 2000 B (\$62.4 million) were sold as current interest bonds having interest rates ranging from 6.55 % to 6.8 % with maturity dates ranging from December 1, 2002 to December 1, 2005. Net proceeds of \$139.4 million will be used to finance certain Project costs (\$125.2 million) and fund the debt service reserve account (\$14.2 million).

Subordinate Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000 A (\$98.9 million) were sold in November 2000. The bonds have interest rates ranging from 6.25 % to 6.5 % with maturity dates ranging from December 1, 2002 to December 1, 2008. Net proceeds of \$95.9 million together with certain proceeds of \$10.0 million released from the debt service reserve account in respect to the Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 1997 A were used to advance refund all of the Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 1997 A (\$95.0 million); fund the debt service reserve requirement for the Subordinate Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000 A (\$9.9 million); and fund a portion of the Project costs (\$1.0 million). The advance refunding increased total debt payments by \$22.9 million and resulted in an economic loss of \$9.2 million. The City advance refunded the Series 1997 A bonds in order to remove certain covenants and to issue new bonds to finance additional redevelopment project costs.

In November 1997, the City authorized and issued the City of Chicago Tax Increment Allocation Bonds (Central Loop Redevelopment Project) Series 1997 A (\$96.0 million) and Taxable Series 1997 B (\$91.0 million). The bonds have interest rates ranging from 4.5 % to 6.375 % and have maturity dates ranging from June 1, 1999 to June 1, 2007. Certain net proceeds (\$166.6 million) are to be used to finance redevelopment of the TIF district. During 2000, \$96.0 million was defeased with the issuance of the new bonds.

Long-term liability activity for the year ended December 31, 2004 was as follows:

	Bonds Payable	Capital Appreciation Bonds	Total Bonds
Beginning balance	\$ 347,973,170	\$ 14,659,439	\$ 362,632,609
Additions		9,319,882	9,319,882
Reductions	<u>(37,825,000)</u>	<u> </u>	<u>(37,825,000)</u>
Ending balance	<u>\$ 310,148,170</u>	<u>\$ 23,979,321</u>	<u>\$ 334,127,491</u>
Amounts due within one year	<u>\$ 58,226,452</u>		

The following summarizes debt service requirements as of December 31, 2004:

Year Ending December 31	Principal	Interest	Total
2005	\$ 58,226,452	\$ 9,867,213	\$ 68,093,665
2006	54,585,262	14,393,113	68,978,375
2007	56,714,785	16,460,965	73,175,750
2008	<u>140,621,671</u>	<u>29,015,829</u>	<u>169,637,500</u>
Total	<u>\$ 310,148,170</u>	<u>\$ 69,737,120</u>	<u>\$ 379,885,290</u>

4. COMMITMENTS

The City has pledged certain amounts solely from available excess incremental taxes to provide financial assistance to a developer under the terms of a redevelopment agreement for the purpose of paying costs of certain eligible redevelopment project costs.

As of December 31, 2004, the Project has entered into contracts for approximately \$3.9 million for services and construction projects.

* * * * *

ADDITIONAL INFORMATION

**CITY OF CHICAGO, ILLINOIS
CENTRAL LOOP REDEVELOPMENT PROJECT**

**SCHEDULE OF EXPENDITURES BY STATUTORY CODE
YEAR ENDED DECEMBER 31, 2004**

EXPENDITURES:

Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, marketing	\$ 1,523,387
Costs of property assembly, including but not limited to acquisition of land and other property, real or personal, or rights and interests therein, demolition of buildings, and the clearing and grading of land	20,287,632
Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings and fixtures	5,762,745
Costs of the construction of public works or improvements	40,381,472
Costs of job training and retraining projects	655,255
Costs of financing, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto	46,438,546
Costs of relocation to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law	<u>20,000</u>
TOTAL EXPENDITURES	<u>\$ 115,069,037</u>

**Central Loop 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 Central Loop Redevelopment Project Area (the “Redevelopment Project Area”), do hereby certify as follows:

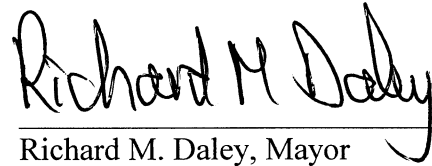
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

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.

A handwritten signature in black ink that reads "Richard M Daley". The signature is written in a cursive style with a large, sweeping initial "R".

Richard M. Daley, Mayor
City of Chicago, Illinois

**Central Loop 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

City Hall, Room 600
121 North LaSalle Street
Chicago, Illinois 60602

(312) 744-6900
(312) 744-8538 (FAX)
(312) 744-2963 (TTY)

<http://www.cityofchicago.org>

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: Joe Rose

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

Re: Central Loop
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.



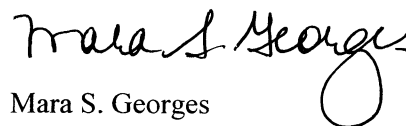
Attorneys, past and present, in the Law Department of the City familiar with the requirements of the Act have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following 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:

Central Loop Redevelopment Project Area 2004 Annual Report

(5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND - 65 ILCS 5/11-74.4-5(d)(5)

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2004	
	2004
Revenues	
Property tax	\$ 72,472,186
Sales tax	-
Interest	2,550,007
Rental income	136,736
Miscellaneous income	426,481
Total revenues	75,585,410
Expenditures	
Costs of studies, admin., and professional services. (q)(1)	1,523,387
Marketing costs. (q)(1.6)	-
Property assembly, demolition, site preparation and environmental site improvement costs. (q)(2)	20,287,632
Costs of rehabilitation, reconstruction, repair or remodeling and of existing buildings. (q)(3)	5,762,745
Costs of construction of public works and improvements. (q)(4)	40,381,472
Cost of job training and retraining. (q)(5)	655,255
Financing costs. (q)(6)	46,438,546
Approved capital costs of overlapping taxing districts. (q)(7)	-
Cost of reimbursing school district for their increase costs caused by TIF assisted housing projects (q)(7.5)	-
Relocation costs. (q)(8)	20,000
Payments in lieu of taxes. (q)(9)	-
Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. (q)(10)	-
Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. (q)(11)(A-E)	-
Costs of construction of new housing units for low income and very low income households. (q)(11)(F)	-
Cost of day care services and operational costs of day care centers. (q)(11.5)	-
Total expenditures	115,069,037
Expenditures over revenues	(39,483,627)
Fund balance, beginning of year	241,496,723
Fund balance, end of year	\$ 202,013,096
Fund balance	
Reserved for debt service	\$ \$93,702,349
Reserved for encumbrances	3,911,000
Designated for future redevelopment project costs	104,399,747
Total fund balance	\$ 202,013,096

Central Loop Redevelopment Project Area 2004 Annual Report

(5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND - 65 ILCS 5/11-74.4-5(d)(5) cont.

Below is listed all vendors, including other municipal funds, that were paid in excess of \$5,000 during the current reporting year.		
Name	Service	Amount
Administrative Costs ¹	Administration	\$1,203,498
U.S. Equities Realty LLC	Professional Service	\$140,879
Neal, Murdock & Leroy LLC	Legal	\$102,862
Shaw, Gussis, Fishman, Glantz, Wolfson Legal		\$13,121
Chicago Title Insurance	Professional Service	\$5,650
Deloitte & Touche	Professional Service	\$17,910
Gibbons & Gibbons, Ltd.	Professional Service	\$11,353
Environmental Design International	Professional Service	\$6,315
HNTB Illinois, Inc.	Professional Service	\$19,340
Miglin-Beitler Management	Cost of Rehabilitation	\$1,752,463
Public Building Commission	Cost of Rehabilitation	\$1,055,687
SomerCor 504	Cost of Rehabilitation	\$142,765
Sears Roebuck & Co.	Cost of Development	\$1,575,000
American Youth Hostels	Cost of Development	\$76,753
330 S. Michigan Ave., LLC	Cost of Development	\$120,851
Michigan Wacker Associates	Cost of Development	\$500,000
Dearborn Center, LLC	Cost of Development	\$1,594,913
Chicago Dept. of Transportation	Cost of Public Improvements	\$928,000
Public Building Commission ²	Cost of Public Improvements	\$36,215,949
Chicago Dept. of Transportation	Cost of Public Improvements	\$968,885
Kenny Construction	Cost of Public Improvements	\$172,733
McDonough Associates	Cost of Public Improvements	\$112,933
Wiss, Janney, Elstner	Cost of Public Improvements	\$73,813
Pacific Construction Co.	Cost of Public Improvement	\$57,770
Allstate Life Insurance Co.	Cost of Property Acquisition	\$19,916,570

Central Loop Redevelopment Project Area 2004 Annual Report

Below is listed all vendors, including other municipal funds, that were paid in excess of \$5,000 during the current reporting year.

Name	Service	Amount
Cook County Collector	Cost of Property Acquisition	\$367,928
Jobs for Youth	Cost of Job Training	\$655,255
Cole Taylor Bank	Cost of Financing	\$46,438,546

¹ Costs relate directly to the salaries and fringe benefits of employees working solely on tax increment financing districts.

² Costs related to the construction of Millennium Park.

**Central Loop Redevelopment Project Area
2004 Annual Report**

(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.

Central Loop Redevelopment Project Area 2004 Annual Report

- (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 THE FOLLOWING PAGES.

Central Loop 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.

Central Loop Redevelopment Project Area 2004 Annual Report

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

The Project Area has received \$569,238,422 of property tax and sales tax (if applicable) increment since the creation of the Project Area. These amounts have been used to pay for project costs within the Project Area and for debt service (if applicable). The Project Area's fund balance as shown on Table 5 represents (on a modified accrual basis) financial resources (including increment) that have not been expended.

(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.

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

During 2004, no reports were submitted to the City by the Joint Review Board.

**Central Loop Redevelopment Project Area
2004 Annual Report**

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

**TABLE 7(G)
PROJECT BY PROJECT REVIEW OF PUBLIC AND PRIVATE INVESTMENT
AND RATIO OF PRIVATE TO PUBLIC INVESTMENT ***

Projects Undertaken in This Redevelopment Project Area	Private Investment Undertaken		Public Investment Undertaken		Ratio Of Private/Public Investment	
	11/1/1999 to End of Reporting FY	Amount Estimated to Complete the Project	11/1/1999 to End of Reporting FY	Amount Estimated to Complete the Project	11/1/1999 to End of Reporting FY	Ratio Estimated as of Project Completion
Project 1: Dearborn Center, L.L.C.	n/a	\$327,200,000	\$0	\$10,000,000	n/a	32.7 : 1
Project 2: CLIF Program**	n/a	\$3,000,000	\$1,255,609	\$1,500,000	n/a	2.0 : 1
Project 3: American Youth Hostels	n/a	\$10,470,000	\$2,008,972	\$3,530,000	n/a	3.0 : 1
Project 4: Canal Street Hotel Partners LP	n/a	\$19,325,000	\$2,458,426	\$2,500,000	n/a	7.7 : 1
Project 5: Goodman Theater	n/a	\$40,783,000	\$18,458,216	\$18,800,000	n/a	2.2 : 1
Project 6: Palmet Venture, L.L.C.	n/a	\$60,100,000	\$16,394,147	\$17,600,000	n/a	3.4 : 1
Project 7: Livent Realty (Chicago) Inc.	n/a	\$15,000,000	\$18,399,077	\$17,000,000	n/a	.88 : 1
Project 8: 201 North Wells Investors, L.L.C.; 201 Wells Investors, Inc.	n/a	\$38,439,149	\$7,000,000	\$7,000,000	n/a	5.5 : 1
Project 9: 330 South Michigan	n/a	\$21,308,040	\$1,299,776	\$2,040,000	n/a	10.4 : 1
Project 10: Chicago Oxford Associates LP	n/a	\$25,800,000	\$1,608,871	\$1,700,000	n/a	15.2 : 1

**Central Loop Redevelopment Project Area
2004 Annual Report**

TABLE 7(G) CONT.							
Projects Undertaken in This Redevelopment Project Area	Private Investment Undertaken		Public Investment Undertaken		Ratio Of Private/Public Investment		
	11/1/1999 to End of Reporting FY	Amount Estimated to Complete the Project	11/1/1999 to End of Reporting FY 2004	Amount Estimated to Complete the Project	11/1/1999 to End of Reporting FY	Amount Estimated to Complete the Project	
Project 11: Chicago Symphony Orchestra	n/a	\$64,500,000	\$2,500,000	\$2,500,000	n/a	25.8 : 1	
Project 12: EthnicGrocer.com, Inc.	n/a	\$2,548,918	\$0	\$1,148,255	n/a	2.2 : 1	
Project 13: Fisher Building	n/a	\$27,280,973	\$6,600,000	\$6,600,000	n/a	4.1 : 1	
Project 14: Mentor Building, LLC	n/a	\$9,006,161	\$2,500,000	\$2,500,000	n/a	3.6 : 1	
Project 15: Michigan Wacker Associates, L.L.C.	n/a	\$9,200,000	\$1,500,000	\$1,500,000	n/a	6.1 : 1	
Project 16: One North Dearborn LLC	n/a	\$124,055,809	\$11,810,402	\$13,500,000	n/a	9.2 : 1	
Project 17: One South State Street, L.L.C.	n/a	\$63,415,586	\$0	\$5,500,000	n/a	11.5 : 1	
Project 18: St. George Hotel, L.L.C.; HRH Development, L.L.C.	n/a	\$76,200,000	\$4,250,000	\$5,000,000	n/a	15.2 : 1	
Project 19: State Cite, LLC (Info Tech)	n/a	\$28,521,000	\$8,000,000	\$8,000,000	n/a	3.6 : 1	
Total:	n/a	\$966,153,626	\$106,043,096	\$127,918,255	n/a	n/a	

Central Loop Redevelopment Project Area 2004 Annual Report

TABLE 7(G) CONT.

Projects Estimated To Be Undertaken During 2005	Private Investment Undertaken	Public Investment Undertaken	Ratio of Private/Public Investment
Project 1: CNA Financial Corp.	\$52,636,620	\$13,500,000	3.9 : 1
Total:	\$52,636,620	\$13,500,000	n/a

* Each actual or estimated Public Investment reported here is, to the extent possible, comprised only of payments financed by tax increment revenues. In contrast, each actual or estimated Private Investment reported here is, to the extent possible, comprised of payments financed by revenues that are not tax increment revenues and, therefore, may include private equity, private lender financing, private grants, other public monies, or other local, state or federal grants or loans.

Each amount reported here under Public Investment Undertaken, Amount Estimated to Complete the Project, is the maximum amount of payments financed by tax increment revenues that could be made pursuant to the corresponding Project's operating documents, but not including interest that may later be payable on developer notes, and may not necessarily reflect actual expenditures, if any, as reported in Sections 2 or 5 herein. The total public investment amount ultimately made under each Project will depend upon the future occurrence of various conditions including interest that may be payable on developer notes set forth in the Project's operating documents.

Each amount reported here under Public Investment Undertaken, 11/1/1999 to End of Reporting FY, is cumulative from the date of execution of the corresponding Project to the end of the reporting year, and may include interest amounts paid to finance the Public Investment amount. Projects for which the last Public Investment made was prior to 11/1/1999 are not reported on this table.

** Depending on the particular goals of this type of program, the City may: i) make an advance disbursement of the entire public investment amount to the City's program administrator, ii) disburse the amounts through an escrow account, or iii) pay the funds out piecemeal to the program administrator as each ultimate grantee's rehabilitation work is approved under the program.

**Central Loop 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 this Project Area

**Central Loop 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 this Project Area

**Central Loop Redevelopment Project Area
2004 Annual Report**

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

Please see attached.

INDEPENDENT AUDITORS' REPORT

To the Honorable Richard M. Daley, Mayor, and
Members of the City Council
City of Chicago, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the government-wide activities, governmental funds and agency fund of the City of Chicago, Illinois' Central Loop Redevelopment Project (the "Project") as of December 31, 2004, and have issued our report thereon dated June 17, 2005.

In connection with our audit, nothing came to our attention that caused us to believe that the Project failed to comply with the regulatory provisions of Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act insofar as they relate to financial and accounting matters. However, our audit was not directed primarily toward obtaining knowledge of noncompliance with such subsection.

This report is intended solely for the information and use of the management of the City of Chicago, the Project and the State of Illinois, and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

June 17, 2005

Central Loop Redevelopment Project Area 2004 Annual Report

(11) GENERAL DESCRIPTION AND MAP

The Central Loop Redevelopment Project Area is generally bounded by Wacker Drive on the north, Michigan Avenue on the east, Congress Parkway on the south, and Dearborn, LaSalle, and North Franklin Streets 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.

