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**2006 Annual Report**

**26<sup>th</sup> and King Drive  
Redevelopment Project Area**



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

*JUNE 30, 2007*

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June 30, 2007

Ms. Kathleen A. Nelson  
First Deputy Commissioner  
Department of Planning and Development  
121 North LaSalle Street  
Chicago, Illinois 60602

Dear Commissioner:

Enclosed is the annual report for the 26th and King Drive 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 5/11-74.6-1 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

# 26<sup>th</sup> and King Drive Redevelopment Project Area 2006 Annual Report

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### ANNUAL REPORT – 26<sup>TH</sup> AND KING DRIVE REDEVELOPMENT PROJECT AREA IN COMPLIANCE WITH SECTION (d) OF 65 ILCS 5/11-74.4-5.

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City of Chicago  
Richard M. Daley, Mayor

Department of Planning  
and Development

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121 North LaSalle Street  
Chicago, Illinois 60602  
(312) 744-4190  
(312) 744-2271 (FAX)  
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June 30, 2007

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 26th and King Drive Redevelopment Project Area (Report) pursuant to 65 ILCS 5/11-74.4-5(d).

Sincerely,

Kathleen A. Nelson  
First Deputy Commissioner

## **26<sup>th</sup> and King Drive Redevelopment Project Area 2006 Annual Report**

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

The Project Area was designated on January 11, 2006. The Project Area may be terminated no later than January 11, 2029.

Note: Incremental tax revenues levied in the 23<sup>rd</sup> tax year are collected in the 24<sup>th</sup> 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 24<sup>th</sup> 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 2006, 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.

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

Please see attached.

STATE OF ILLINOIS        )  
                                  ) SS  
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 1149  
Chicago, Illinois 60606

Peter C. Nicholson, Director  
Cook County Department of Planning &  
Development  
69 West Washington Street, Room 2900  
Chicago, Illinois 60602

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

Martin 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  
Chicago, Illinois 60611

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

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

Douglas Wright  
South Cook County Mosquito Abatement  
District  
155th & Dixie Highway  
P.O. Box 1030  
Harvey, Illinois 60426

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 26th and King Drive Redevelopment Project Area (the "Redevelopment Project Area"), do hereby certify as follows:



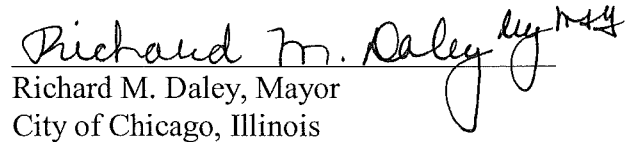
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

2. During the preceding fiscal year of the City, being January 1 through December 31, 2006, 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 29th day of June, 2007.

  
Richard M. Daley, Mayor  
City of Chicago, Illinois

**26<sup>th</sup> and King Drive Redevelopment Project Area  
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**(4) OPINION OF LEGAL COUNSEL - 65 ILCS 5/11-74.4-5(d)(4)**

Please see attached.



June 29, 2007

**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) 744-0200  
(312) 744-8538 (FAX)  
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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 1149  
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135 South LaSalle Street, Suite 3800  
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CEO  
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541 North Fairbanks  
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100 East Erie Street, Room 2429  
Chicago, Illinois 60611

Douglas Wright  
South Cook County Mosquito Abatement  
District  
155th & Dixie Highway  
P.O. Box 1030  
Harvey, Illinois 60426

Re: 26th and King Drive  
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.



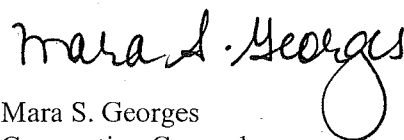
Attorneys, past and present, in the Law Department of the City familiar with the requirements of the Act have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following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

**26<sup>th</sup> and King Drive Redevelopment Project Area  
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**(5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND - 65 ILCS 5/11-74.4-5(d)(5)**

During 2006, there was no financial activity in the Special Tax Allocation Fund.

**26<sup>th</sup> and King Drive Redevelopment Project Area  
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**(6) DESCRIPTION OF PROPERTY - 65 ILCS 5/11-74.4-5(d)(6)**

During 2006, the City did not purchase any property in the 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 12/31/06, and of such investments expected to be undertaken in year 2007; also, a project-by-project ratio of private investment to public investment from 11/1/99 to 12/31/06, 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.



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

TABLE 7(A)  
PROJECTS IMPLEMENTED IN THE PRECEDING FISCAL YEAR

<b>NAME OF PROJECT</b>
Mercy Medical Center and Campus

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

Redevelopment activities undertaken within this Project Area during the year 2006, 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)**

TABLE 7 (C)  
AGREEMENTS ENTERED INTO WITH REGARD TO THE DISPOSITION & REDEVELOPMENT  
OF PROPERTY WITHIN THE PROJECT AREA

<b>PARTIES TO AGREEMENT WITH CITY</b>	<b>NATURE OF AGREEMENT</b>	<b>PROJECT DESCRIPTION</b>	<b>ADDRESS</b>	<b>JOBS CREATED/ RETAINED</b>
Mercy Medical Center	Redevelopment Agreement	Construction of Institutional use	2525 S. Michigan	50/1,508

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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 2006, 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.

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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)

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: Mercy Medical Center and Campus	***	\$202,254,207	\$0	\$60,897,431	***	3.3 : 1

\* 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.

## **26<sup>th</sup> and King Drive Redevelopment Project Area 2006 Annual Report**

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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.

\*\*\* As of the End of the Reporting FY, the construction of this Project was ongoing; the Private Investment Undertaken and Ratio figures for this Project will be reported on the Annual Report for the FY in which the construction of the Project is completed and the total Private Investment figure is available.

CITY OF CHICAGO  
JOINT REVIEW BOARD

Report of proceedings of a hearing  
before the City of Chicago, Joint Review  
Board held on September 2, 2005, at 10:05 a.m.  
City Hall, Room 1003, Conference Room,  
Chicago, Illinois, and presided over by  
Mr. Eric Reese.

PRESENT:

MR. ERIC REESE, CHAIRMAN  
MS. KAY KOSMAL  
MS. SUSAN MAREK  
MR. PETER SKOSEY

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

1 MR. REESE: Good morning. My name's  
2 Eric Reese and I'm from the Chicago Park  
3 District.

4 MS. MAREK: Susan Marek, Board of  
5 Education.

6 MR. KOSMAL: Kay Kosmal, Cook County.

7 MR. SKOSEY: Peter Skosey, Public  
8 Member.

9 MR. REESE: For the record, my name  
10 is Eric Reese. I'm the representative of the  
11 Chicago Park District, which under Section  
12 11-74.4-5 of the Tax Increment Allocation  
13 Rebuttalment Act, as one of the statutory  
14 designated members of the Joint Review Board  
15 to election of a chairperson, I will moderate  
16 the Joint Review Board Meetings.

17 For the record, there's, there  
18 will be a meeting of the Joint Review Board  
19 to review the proposed 26th King Drive Tax  
20 Increment Financing District. The date of  
21 this meeting was announced at and set by the  
22 Community Development Commission of the City  
23 of Chicago at it's meeting on July 12<sup>th</sup>,  
24 2005.

1                   Notice of this meeting of the  
2                   Joint Review Board was also provided by  
3                   Certified Mail to each taxing district  
4                   representative on the board which includes;  
5                   Chicago Board of Education, Chicago  
6                   Community College District 508, Chicago Park  
7                   District, Cook County, and City of Chicago,  
8                   and the public number. Public notice of this  
9                   meeting was also posted as of Wednesday,  
10                  August 31<sup>st</sup>, 2005 in various locations  
11                  throughout City Hall.

12                  Our first order of business is to  
13                  select a chairperson for the Joint Review  
14                  Board. Are there any nominations?

15                  MS. KOSMAL: I'll nominate Eric  
16                  Reese.

17                  MR. REESE: Is there any seconds?

18                  MS. MAREK: I'll second that.

19                  MR. REESE: All in favor of the  
20                  nomination?

21                  (Chorus of ayes.)

22                  MR. REESE: All opposed?

23                  Let the record reflect that  
24                  myself, Eric Reese, has been elected as

1 Chairperson and will now serve as  
2 Chairperson for the remainder of the  
3 meeting.

4 As I mentioned, at this meeting  
5 we'll be reviewing the plan for the 26<sup>th</sup> King  
6 Drive Tax Increment Financing District  
7 proposed by the City of Chicago. The staff  
8 of the City's Planning and, Department of  
9 Planning Development and Law and other  
10 departments have reviewed this plan which  
11 was introduced to the City's Community  
12 Development Commission on July 12<sup>th</sup>, 2005.

13 We will listen to a presentation  
14 by a consultant on the plan. Following the  
15 presentation you can address any questions  
16 that the members might have for the  
17 consultant or City Staff. An amendment to  
18 the TIF Act requires us based on  
19 recommendation to, based on a recommendation  
20 to approve or disapprove the 26<sup>th</sup> King Drive  
21 Tax Increment Financing District on the  
22 basis of the area and the plan satisfying  
23 plan requirements. The eligibility criteria  
24 defined in the TIF Act and the objectives of



1 the TIF Act.

2 If the Board approves the plan,  
3 the Board will then issue an advisory, a non-  
4 binding recommendation by the vote of a  
5 majority of those members present and  
6 voting. Such recommendation shall be  
7 submitted to the City within 30 days after  
8 the Board Meeting. Failure to submit such  
9 recommendation shall be deemed as to  
10 approval by the Board.

11 If the Board disapproves the  
12 plan, the Board must issue a written report  
13 describing why the plan area failed to meet  
14 one or more of the objectives of the TIF Act  
15 and both, the plan requirements and  
16 eligibility criteria of the TIF Act. The  
17 City will then have 30 days to resubmit a  
18 revised plan. The Board and the City must  
19 also confer during this time to try and  
20 resolve the issues that led to the Board's  
21 disapproval.

22 If such issues cannot be  
23 resolved, or if the revised plan's  
24 disapproved, the City may proceed with the

1 plan, but the plan can be approved only with  
2 3/5 vote of the City Counsel, excluding  
3 positions of the members that are vacant, and  
4 those members that are ineligible to vote  
5 because of conflicts of interest.

6 We'll now have a presentation by  
7 the consultant for the 26<sup>th</sup> Drive, and the  
8 consultant is S.B. Friedman and Company.

9 MS. STEEN: Hi, my name is Jill  
10 Steen, I'm with S.B. Friedman and Company and  
11 we're the consultant -- to determine whether  
12 -- 26th and King Drive study area is eligible  
13 for TIF designation under the law. The area  
14 that we were asked to study is surrounded by  
15 25<sup>th</sup> Street on the north, 26<sup>th</sup> Street on the  
16 south, the alley west of Michigan Avenue on  
17 the west, and Martin Luther King Drive on the  
18 east.

19 This area encompasses the entire  
20 Mercy Hospital Campus site, and consists of  
21 four buildings and associated parking lots  
22 of the hospital. The four buildings to the  
23 main hospital building as well as three  
24 vacant, entirely vacant buildings. These

1 include a vacant interns and residence  
2 building, the research building, and an MRI  
3 building, that are currently not being used  
4 by the hospital.

5 In total this area contains 13  
6 past parcels and the existing land use as  
7 shown is institutional because it's all  
8 operated currently and owned by Mercy  
9 Hospital. The creation of the 26<sup>th</sup> and King  
10 Drive TIF District does require an amendment  
11 to the existing Brownsville TIF District,  
12 that is to remove the eastern-most portion of  
13 the hospital campus site from the  
14 Brownsville TIF so it can be included within  
15 the new proposed 26<sup>th</sup> and King Drive TIF  
16 District.

17 To determine whether or not the  
18 area is qualified for TIF designation under  
19 the law, S.B. Friedman and Company conducted  
20 a field survey of all the buildings and  
21 properties within the area and documented  
22 the presence of factors. We found that the  
23 area does qualify as a conservation area  
24 under the law because 50 percent or more of

1 the buildings are 35 years of age or older,  
2 in fact, three of the four buildings are.  
3 The only building that's not is the MRI  
4 building. In addition we found that five of a  
5 possible 13 -- were present and reasonably  
6 distributed throughout the redevelopment  
7 area.

8 The specific -- that we found  
9 include deterioration of both buildings and  
10 infrastructure, which affected all of the  
11 properties within the redevelopment area.  
12 This is primarily due to structural  
13 deterioration as evidenced by cracked walls  
14 within three of the four hospital buildings,  
15 as well as cracked and crumbling surface  
16 deterioration from the parking lots as well  
17 as the -- that are surrounding -- area.

18 Inadequate utilities was found  
19 to affect all the tax parcels within the  
20 redevelopment area, and this is primarily  
21 due to the age and the antiquated nature of  
22 the sewer and water lines that serve all the  
23 properties in this area. Excessive  
24 vacancies; we found three of the four

1 buildings were entirely vacant, these  
2 buildings have been vacant for two to four  
3 years and have not been in use.

4           Obsolescence; we found a  
5 functional and economic obsolescence on  
6 three of the four buildings. The MRI  
7 building, the interns building, the research  
8 building have fallen into disuse primarily  
9 because they're ill-suited for their  
10 original use, and for economic reasons could  
11 not be supported through hospital  
12 operations.

13           And then deleterious land use and  
14 layout which affected all 13 parcels  
15 primarily due to the large size of the  
16 parcels on the eastern portion of the  
17 redevelopment area and -- significant road,  
18 there's a lack of road network to serve this  
19 area and support redevelopment -- And then  
20 also, for the parking area, there is  
21 deleterious -- parking on the eastern  
22 portion, and there is significant  
23 reconfiguration of the parking lots required  
24 to improve access to the main hospital building.

1                   Now, the overall goal of the  
2 redevelopment area is to facilitate the  
3 rehabilitation of the main hospital  
4 building, as well as the facilitated  
5 redevelopment of the eastern portion of the  
6 site into a residential neighborhood --  
7 future land use plan.

8                   There are eight specific  
9 objectives to support this overall goal of  
10 redevelopment, and so this would provide  
11 resources for the rehabilitation and  
12 modernization of the main hospital building,  
13 facilitating the redevelopment of the  
14 eastern portion of the hospital campus by  
15 providing resources for site -- preparation  
16 including demolition and environmental  
17 cleanup, providing resources for  
18 infrastructure where needed, including the  
19 streets, underground sewer and water  
20 systems, sidewalks, alleys, and other public  
21 improvements; supporting new residential  
22 developments that accommodates a wide range  
23 of economic and demographic mix of residents  
24 and including the development of new,

1 affordable housing; and the provision of on  
2 and off street parking and support of  
3 residents from the RPA and visitors of the  
4 RPA.

5 Without the support of public  
6 resources it is unlikely that redevelopment  
7 of this area will occur. Mercy Hospital is a  
8 not-for-profit hospital which relies heavily  
9 on state and federal funding for it's  
10 operations, and it's also a disproportionate  
11 share hospital as defined by the state which  
12 means that it serves a high proportion of  
13 medicaid patients, 43 percent of its patient  
14 base is, are medicaid patients.

15 Both of these factors limit the  
16 revenues available to the hospitals, and the  
17 dollars available for facility improvements.  
18 Currently it's estimated that the hospital  
19 has approximately \$65 million in deferred  
20 maintenance costs.

21 And, the redevelopment of the  
22 eastern obsolete portion of the hospital  
23 campus is also unlikely to occur without  
24 public resources. This is primarily due to

1 the fact that there is a significant amount  
2 of up-front capital that would be required  
3 for site preparation, including demolition  
4 of the existing buildings, environmental  
5 remediation, utility relocations, and new  
6 streets in support of redevelopment.  
7 Therefore, but for the creation of the TIF,  
8 it's unlikely that redevelopment and  
9 significant investment would occur, would  
10 occur in this area.

11 The overall budget that's  
12 outlined in the redevelopment plan is \$50  
13 million, and this includes \$36.4 million for  
14 rehabilitation. Currently it's planned that  
15 this building would be rehabilitated as well  
16 as the main hospital building, and then \$6  
17 million for property site preparation,  
18 demolition, environmental remediation costs,  
19 4.5 million for infrastructure costs,  
20 including streetscaping, landscaping, curbs,  
21 gutters and sidewalks, and then 1 million for  
22 interest costs for the developer for  
23 construction renovation and rehabilitation.  
24 And we've also included allowances for



1       \$500,000 for new construction, \$500,000 for  
2       job training, including welfare to work, and  
3       \$100,000 for a daycare system.

4               MS. MAREK: So, it is the plan for  
5       the hospital to sell those other facilities  
6       and then the developer will --

7               MS. STEEN: Right, then the developer  
8       would redevelop this area into a residential  
9       neighborhood, including interior roads and a  
10      variety of housing types.

11              MS. MAREK: And, the land on the very  
12      western edge, is that, that's going to be  
13      parking for the hospital?

14              MS. STEEN: Yeah, it currently is  
15      parking.

16              MS. MAREK: Oh, okay.

17              MS. STEEN: It's going to be  
18      rehabilitated, basically, and improved. The  
19      plan is to have it be more hospital parking  
20      for the employees of the hospital, and  
21      they're going to reconfigure this to support  
22      the patients to include access to the  
23      hospital.

24              MS. MAREK: And, you mentioned about

1 one parcel's currently in the Brownsville  
2 TIF and they're taking it out of the  
3 Brownsville TIF? Is that something we're  
4 going to see here at the Joint Review Board?

5 MS. MATHIS: Not -- it's required --

6 MS. KOSMAL: Why is that being done?

7 MS. STEEN: It's being done to  
8 include the entire hospital campus within  
9 this area. It was a tax exempt parcel, and  
10 the Brownsville TIF is a much larger TIF  
11 District as you can see, it's shown in the  
12 gray.

13 MS. KOSMAL: Yes.

14 MS. STEEN: So, the thought was it  
15 was considered to be a minor amendment to the  
16 Brownsville TIF --

17 MS. KOSMAL: Mm-hmm.

18 MS. STEEN: -- to exclude it there so  
19 the entire campus site can be included in  
20 one.

21 MR. REESE: When would work begin,  
22 hypothetically?

23 MS. STEEN: Hypothetically, soon.  
24 Maybe, our hope, they're planning on as soon

1 as the TIF is created to start making  
2 improvements for 2006.

3 MR. REESE: Okay.

4 MR. SKOSEY: Jill; you have 4 ½  
5 million budgeted for street improvements,  
6 and you mentioned the developer would  
7 develop an interior road network on those  
8 super blocks, that doesn't seem like nearly  
9 enough.

10 MS. STEEN: Yeah, that's just the  
11 portion the developer is covering, a portion  
12 of those costs.

13 MR. SKOSEY: Uh-huh.

14 MS. STEEN: And, is using the 4-½  
15 million as gap financing for the overall  
16 project. And then, it does include, it's  
17 within here, I know there is a planned road  
18 that goes through the site here, it's an  
19 access -- but basically to just improve  
20 access on the interior streets. But  
21 basically the developer is covering a  
22 portion of those costs and the 4-½ million --

23 MR. SKOSEY: So, there is a site plan  
24 for redeveloping the residential area?

1 MS. STEEN: Yes.

2 MR. SKOSEY: And, that would be, the  
3 4 ½ million would just provide the developer  
4 enough, as you said, of a gap to, and he or  
5 she would finance the rest of that --

6 MS. STEEN: Right, and they're also  
7 putting improvements on 26<sup>th</sup>, 25<sup>th</sup> Street.

8 MR. SKOSEY: Why, I guess it's not  
9 really relevant, but why wouldn't the site  
10 plan simply follow the existing street grids  
11 and redevelop along those lines then, rather  
12 than making --

13 MS. STEEN: It is, essentially  
14 following, it's extending Calumet Avenue  
15 up --

16 MR. SKOSEY: Mm-hmm.

17 MS. STEEN: -- to the interior  
18 portion and I'm not sure exactly where it  
19 cuts over, but it is extending Calumet up --

20 MR. SKOSEY: But not all the way up  
21 to 25<sup>th</sup> Street?

22 MS. STEEN: Possibly not.

23 MR. SKOSEY: No?

24 MR. ZALMEZAK: And not Prairie?

1 MS. MATHIS: Prairie is already  
2 vacated, it's owned by --

3 MS. STEEN: Yeah, right now Prairie  
4 is, because parcels are owned by Mercy so  
5 that is an access road just to the edge, the  
6 back edge of the hospital.

7 MR. REESE: What's the residential?  
8 Townhomes or --

9 MS. STEEN: It's a mix, and that  
10 includes senior affordable housing, 180  
11 units --

12 MR. REESE: Okay.

13 MS. STEEN: -- of senior affordable  
14 housing as well as a mix of row homes,  
15 townhomes. I've got the mix here, 3-flats, a  
16 mid-rise condo that they're rehabilitating  
17 the Sun Times building into a condo which  
18 will include for sale affordable units --

19 MR. SKOSEY: So we've got somebody  
20 lined up to do this redevelopment, and that's  
21 going to benefit the hospital and that's  
22 going to generate the increment and --

23 MS. STEEN: Yes, currently  
24 everything is tax exempt right now.

1 MS. KOSMAL: What's the occupancy  
2 rate for Mercy?

3 MS. STEEN: The patients --

4 MS. KOSMAL: Yeah. I know occupancy  
5 is for hotels, it's probably not the right  
6 term --

7 MS. STEEN: It's patient based, I  
8 think, you know, I don't remember.

9 MS. KOSMAL: I mean, I'm just  
10 wondering how they're doing since, you know,  
11 there aren't, people don't stay in hospitals  
12 as much as they used to. That's been an  
13 issue for some hospitals.

14 MS. STEEN: It's definitely, the  
15 whole idea is to improve the interior of the,  
16 the hospital has not been improved since the  
17 50's, and I know that they are full, and  
18 they're utilizing their building and want to  
19 rehab and improve the interior so they can  
20 more sufficiently handle it's patients and  
21 increase it's patient load.

22 MR. REESE: Do they want to get away  
23 from the medicare/medicaid patients?

24 MS. STEEN: No, their mission

1 statement will stay the same in terms of  
2 serving --

3 MR. REESE: Okay.

4 MR. SKOSEY: One more question, Mr.  
5 Chairman, so the, Mercy Hospital, which owns  
6 the, all the land currently, is going to sell  
7 the land to a developer, get some money from  
8 that regard, and in addition benefit from  
9 increment generated as a result of that  
10 development?

11 MS. STEEN: Correct.

12 MR. SKOSEY: So, the, you had  
13 mentioned they had something, I think you  
14 even said 36 million in deferred maintenance  
15 at the moment.

16 MS. STEEN: No, they have much more  
17 than that.

18 MR. SKOSEY: Much more than that.

19 MS. STEEN: It includes equipment  
20 though and a lot of, it's, their interior  
21 deferred maintenance is like 65 million.

22 MR. SKOSEY: 65, okay.

23 MR. REESE: Any further questions?

24 If there are no further

1 questions, I will entertain a motion that  
2 this Joint Review Board finds that the  
3 proposed 26<sup>th</sup> King Tax Increment Financing  
4 Redevelopment Project Area satisfies the  
5 redevelopment's plan requirements under the  
6 TIF Act, the eligibility criteria defined in  
7 Section 11-74.4-3 of the TIF Act and the  
8 objectives of the TIF Act, and that based on  
9 such findings, approve such a proposed plan  
10 under the TIF Act. Is there a motion?

11 MS. MAREK: So moved.

12 MR. REESE: Second?

13 MR. SKOSEY: Second.

14 MR. REESE: Is there any further  
15 discussion?

16 Let the record reflect the Joint  
17 Review Board's approval of the 26<sup>th</sup> King  
18 Drive Tax Increment Financing Redevelopment  
19 Project Area --

20 MR. SKOSEY: All in favor.

21 MR. REESE: All in favor.

22 (Chorus of ayes.)

23 MR. REESE: Thank you. We approved  
24 it. Let the record reflect again, that the -



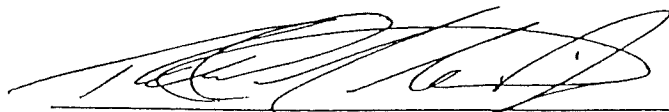
1 - approval of the 26<sup>th</sup> King Tax Increment  
2 Financing Redevelopment Project Area under  
3 the TIF Act. Is there a motion to adjourn?  
4 MS. MAREK: So moved.  
5 MR. REESE: Second?  
6 MS. KOSMAL: Second.  
7 MR. REESE: All in favor?  
8 (Chorus of ayes.)  
9 MR. REESE: Thank you.  
10 (Whereupon the meeting adjourned  
11 at 10:21 a.m.)  
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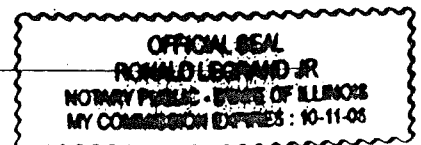
STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF C O O K )

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

SUBSCRIBED AND SWORN TO  
BEFORE ME THIS 15TH DAY OF  
SEPTEMBER, A.D. 2005.

  
\_\_\_\_\_  
NOTARY PUBLIC



**26<sup>th</sup> and King Drive Redevelopment Project Area  
2006 Annual Report**

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

During 2006, there were no obligations issued for the Project Area.

**26<sup>th</sup> and King Drive Redevelopment Project Area  
2006 Annual Report**

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

During 2006, there were no obligations issued for the Project Area.

**26<sup>th</sup> and King Drive Redevelopment Project Area  
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**(10) CERTIFIED AUDIT REPORTS - 65 ILCS 5/11-74.4-5(d)(9)**

During 2006, there were no tax increment expenditures or cumulative deposits over \$100,000 within the Project Area. Therefore, no compliance statement was prepared.

# 26<sup>th</sup> and King Drive Redevelopment Project Area 2006 Annual Report

## (11) GENERAL DESCRIPTION AND MAP

The 26<sup>th</sup> and King Drive Redevelopment Project Area is generally bounded by the Stevenson Expressway to the north, East 26<sup>th</sup> Street to the south, South Dr. Martin Luther King, Dr. on the east, and the alley west of South Michigan Avenue 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.

