
2004 Annual Report

**43rd/Cottage Grove
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 43rd/Cottage Grove 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

43rd/Cottage Grove Redevelopment Project Area 2004 Annual Report

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City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

Denise M. Casalino, P.E.
Commissioner

City Hall, Room 1000
121 North LaSalle Street
Chicago, Illinois 60602
(312) 744-4190
(312) 744-2271 (FAX)
(312) 744-2578 (TTY)
<http://www.cityofchicago.org>

June 30, 2005

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

Dear Comptroller Hynes:

We have compiled the attached information for the 43rd/Cottage Grove Redevelopment Project Area (Report) pursuant to 65 ILCS 5/11-74.4-5(d).

Sincerely,

Denise Casalino
Commissioner



43rd/Cottage Grove Redevelopment Project Area 2004 Annual Report

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

The Project Area was designated on July 8, 1998. The Project Area may be terminated no later than July 8, 2021.

**43rd/Cottage Grove Redevelopment Project Area
2004 Annual Report**

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

Please see attached.

CITY OF CHICAGO, ILLINOIS
43RD/COTTAGE GROVE
REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 2004

CITY OF CHICAGO, ILLINOIS
43RD/COTTAGE GROVE REDEVELOPMENT PROJECT

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BANSLEY AND KIENER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

O'HARE PLAZA

8745 WEST HIGGINS ROAD, SUITE 200

CHICAGO, ILLINOIS 60631

AREA CODE 312 263-2700

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the 43rd/Cottage Grove Redevelopment Project of the City of Chicago, Illinois, as of and for the year ended December 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the City of Chicago's management. Our responsibility is to express an opinion on these financial statements 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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.

As discussed in Note 1, the financial statements present only the 43rd/Cottage Grove Redevelopment Project and do not purport to, and do not present fairly the financial position of the City of Chicago, Illinois, as of December 31, 2004, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the 43rd/Cottage Grove Redevelopment Project of the City of Chicago, Illinois, as of December 31, 2004, and the changes in financial position thereof 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 and 4 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Honorable Richard M. Daley, Mayor
Members of the City Council

- 2 -

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of expenditures by statutory code on page 9, which is also the responsibility of the City of Chicago's management, is presented for purposes of additional analysis and is not a required part of the financial statements of 43rd/Cottage Grove Redevelopment Project of the City of Chicago, Illinois. Such additional information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Bansley and Kiener, L.L.P.

Certified Public Accountants

May 6, 2005

CITY OF CHICAGO, ILLINOIS
43RD/COTTAGE GROVE REDEVELOPMENT PROJECT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As management of the 43rd/Cottage Grove Tax Increment Redevelopment Project Area (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, which follow 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 three components: 1) government-wide financial statements, 2) governmental fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information concerning the Project's expenditures by statutory code.

Basic Financial Statements. The basic financial statements include two kinds of financial statements that present different views of the Project – the *Government-Wide Financial Statements* and the *Governmental Fund Financial Statements*. These financial statements also include the notes to the financial statements that explain some of the 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 regardless of when cash is received or paid. 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. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the statements to explain the relationship (or differences) between them.

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

Other Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents a schedule of expenditures by statutory code. This supplementary information follows the notes to the financial statements.

Condensed Comparative Financial Statements

	<u>Government-Wide</u>			
	<u>2004</u>	<u>2003</u>	<u>Change</u>	<u>% Change</u>
Total assets	\$2,314,814	\$1,851,461	\$ 463,353	25%
Total liabilities	<u>62,218</u>	<u>9,953</u>	<u>52,265</u>	525%
Total net assets	<u>\$2,252,596</u>	<u>\$1,841,508</u>	<u>\$ 411,088</u>	22%
Total revenues	\$ 929,505	\$ 845,347	\$ 84,158	10%
Total expenses	<u>518,417</u>	<u>233,662</u>	<u>284,755</u>	122%
Change in net assets	<u>411,088</u>	<u>611,685</u>	<u>(200,597)</u>	(33)%
Ending net assets	<u>\$2,252,596</u>	<u>\$1,841,508</u>	<u>\$ 411,088</u>	22%

Analysis of Overall Financial Position and Results of Operations

Property tax revenue for the Project was \$923,512 for the year. This was an increase of 10 percent over the prior year. The change in net assets produced an increase in net assets of \$411,088. The Project's net assets increased by 22 percent from the prior year making available \$2,252,596 of funding to be provided for purposes of future redevelopment in the Project's designated area. Expenses increased this year due to the Project's formulation of a redevelopment plan or necessary funding was substantially complete and available.

CITY OF CHICAGO, ILLINOIS
43RD/COTTAGE GROVE REDEVELOPMENT PROJECT

STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2004

<u>ASSETS</u>	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Cash and investments	\$ 1,509,795	\$ -	\$ 1,509,795
Property taxes receivable	800,000	-	800,000
Accrued interest receivable	<u>5,019</u>	<u>-</u>	<u>5,019</u>
Total assets	<u>\$ 2,314,814</u>	<u>\$ -</u>	<u>\$ 2,314,814</u>
 <u>LIABILITIES</u> 			
Vouchers payable	\$ 48,765	\$ -	\$ 48,765
Due to other City funds	13,453	-	13,453
Deferred revenue	<u>681,293</u>	<u>(681,293)</u>	<u>-</u>
Total liabilities	743,511	<u>(681,293)</u>	<u>62,218</u>
 <u>FUND BALANCE/NET ASSETS</u> 			
Fund balance:			
Designated for future redevelopment project costs	<u>1,571,303</u>	<u>(1,571,303)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 2,314,814</u>		
Net assets:			
Restricted for future redevelopment project costs		<u>2,252,596</u>	<u>2,252,596</u>
Total net assets		<u>\$ 2,252,596</u>	<u>\$ 2,252,596</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - governmental fund	\$ 1,571,303
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.	<u>681,293</u>
Total net assets - governmental activities	<u>\$ 2,252,596</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CHICAGO, ILLINOIS
43RD/COTTAGE GROVE REDEVELOPMENT PROJECT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Property tax	\$ 848,979	\$ 74,533	\$ 923,512
Interest	5,993	-	5,993
	<hr/>	<hr/>	<hr/>
Total revenues	854,972	74,533	929,505
Expenditures/expenses:			
Capital projects	518,417	-	518,417
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	336,555	(336,555)	-
Change in net assets	-	411,088	411,088
Fund balance/net assets:			
Beginning of year	1,234,748	606,760	1,841,508
	<hr/>	<hr/>	<hr/>
End of year	<u>\$ 1,571,303</u>	<u>\$ 681,293</u>	<u>\$ 2,252,596</u>

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - governmental fund	\$ 336,555
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.	<hr/> 74,533
Change in net assets - governmental activities	<u>\$ 411,088</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CHICAGO, ILLINOIS
43RD/COTTAGE GROVE REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

(a) *Reporting Entity*

In July 1998, the City of Chicago (City) established the 43rd/Cottage Grove Tax Increment Redevelopment Project Area (Project). The area has been established to finance improvements, leverage private investment and create and retain jobs. The Project is accounted for within the special revenue funds of the City.

(b) *Government-Wide and Fund Financial Statements*

The accompanying financial statements of the Project have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999, the GASB unanimously approved Statement No. 34 (as amended by Statement No. 37), *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* and at a later date, Statement No. 38 *Certain Financial Statements Disclosures*, and include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Project's overall financial position and results of operations.
- Government-wide financial statements prepared using the economic resources measurement focus and the *accrual basis of accounting* for all the Project's activities.
- Fund financial statements, which focus on the Project's governmental funds *current financial resources measurement focus*.

(c) *Measurement Focus, Basis of Accounting, and Financial Statements 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 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.

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, then unrestricted resources, as they are needed.

CITY OF CHICAGO, ILLINOIS
43RD/COTTAGE GROVE REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

(d) *Assets, Liabilities and Net Assets*

Cash and Investments

Cash belonging to the City is generally deposited with the City Treasurer as required by the Municipal Code of Chicago. The City Comptroller issues warrants for authorized City expenditures which represent a claim for payment when presented to the City Treasurer. Payment for all City warrants clearing is made by checks drawn on the City's various operating bank accounts.

The City Treasurer and City Comptroller share responsibility for investing in authorized investments. Interest earned on pooled investments is allocated to participating funds based upon their average combined cash and investment balances.

The City values its investments at fair value or amortized cost. U.S. Government securities purchased at a price other than par with a maturity of less than one year are reported at amortized cost.

Capital Assets

Capital assets are not capitalized in the governmental fund but, instead, are charged as current expenditures when purchased. The Government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) of the City includes 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 fund as the City nor Project will retain the right of ownership.

(e) *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, if any, are made to the developer for project costs, as public improvements are completed and pass City inspection.

SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS
43RD/COTTAGE GROVE REDEVELOPMENT PROJECT
SCHEDULE OF EXPENDITURES BY STATUTORY CODE

Code Description

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

\$ 140,176

Costs of interest incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project

378,241

\$ 518,417

**43rd/Cottage Grove 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 ILCS/11-74.4-1 et seq., (the “Act”) with regard to the 43rd/Cottage Grove Redevelopment Project Area (the “Redevelopment Project Area”), do hereby certify as follows:

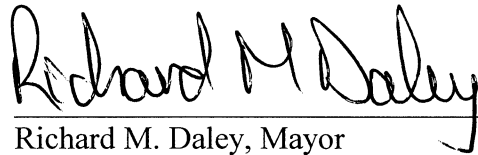
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

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

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

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

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


Richard M. Daley, Mayor
City of Chicago, Illinois

**43rd/Cottage Grove 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
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(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 &
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

Re: 43rd/Cottage Grove
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.



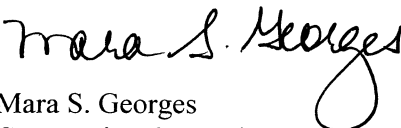
Attorneys, past and present, in the Law Department of the City familiar with the requirements of the Act have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following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

**43rd/Cottage Grove 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	\$ 848,979
Sales tax	-
Interest	5,993
	<hr/>
Total revenues	854,972
Expenditures	
Costs of studies, admin., and professional services. (q)(1)	140,176
Marketing costs. (q)(1.6)	-
Property assembly, demolition, site preparation and environmental site improvement costs. (q)(2)	-
Costs of rehabilitation, reconstruction, repair or remodeling and of existing buildings. (q)(3)	-
Costs of construction of public works and improvements. (q)(4)	-
Cost of job training and retraining. (q)(5)	-
Financing costs. (q)(6)	-
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)	-
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)	378,241
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)	-
	<hr/>
Total expenditures	518,417
Revenues over expenditures	336,555
Fund balance, beginning of year	<hr/> 1,234,748
Fund balance, end of year	\$ <u>1,571,303</u>
Fund balance	
Reserved for debt service	-
Reserved for encumbrances	-
Designated for future redevelopment project costs	\$ <u>1,571,303</u>
Total fund balance	\$ <u><u>1,571,303</u></u>

**43rd/Cottage Grove 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	\$13,453
Mailtech	Professional Services	\$12,770
Louik/Schneider & Associates	Professional Services	\$102,839
Hearts United Limited Partners	Development	\$378,241

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

**43rd/Cottage Grove Redevelopment Project Area
2004 Annual Report**

(6) DESCRIPTION OF PROPERTY - 65 ILCS 5/11-74.4-5(d)(6)

**TABLE 6
DESCRIPTION OF PROPERTY PURCHASED BY THE CITY WITHIN THE
REDEVELOPMENT PROJECT AREA**

STREET ADDRESS	APPROXIMATE SIZE OR DESCRIPTION OF PROPERTY	PURCHASE PRICE	SELLER OF PROPERTY
4346 S. COTTAGE GROVE ¹	LAND: 3,550 SQ. FT.	\$60,350	Christine Robinson Harris aka Christine H. Randolph
4348 S. COTTAGE GROVE ¹	LAND: 5,087 SQ. FT.	\$86,479	Loop Mortgage Company

¹ This property was acquired from the Public Building Commission ("PBC"). Due to leasing arrangements with the PBC, the final purchase price, if any, may be nominal and may not reflect the actual fair market value of the acquired property. The size and description of each parcel is not available.

43rd/Cottage Grove 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 FOLLOWING PAGES.

43rd/Cottage Grove 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.

43rd/Cottage Grove Redevelopment Project Area 2004 Annual Report

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

The Project Area has received \$2,210,801 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.

**43rd/Cottage Grove Redevelopment Project Area
2004 Annual Report**

(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: Hearts United	n/a	\$11,787,784	\$439,673	\$4,112,216	n/a	2.9 : 1
Project 2: Hearts United Phase II, L.P.	n/a	\$15,961,156	\$158,126	\$3,400,000	n/a	4.7 : 1
Project 3: Hearts United Phase III, L.P.	n/a	\$9,514,652	\$0	\$1,469,000	n/a	6.5 : 1
Total:	n/a	\$37,263,592	\$597,799	\$8,981,216	n/a	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.

CITY OF CHICAGO
JOINT REVIEW BOARD

Report of proceedings of a hearing
before the City of Chicago, Amended 43rd Street
and Cottage Grove Joint Review Board held on July
9, 2004, at 10:02 a.m. City Hall, Room 1003,
Chicago, Illinois, and presided over by Mr. Mark
Thomas.

PRESENT:

MR. MARK THOMAS, CHAIRMAN
MR. JOHN McCORMICK
MS. SUSAN MAREK
MS. KAY KOSMAL
MR. PETER SKOSEY

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

1 MR. THOMAS: We'll now begin the
2 amended 43rd Street and Cottage Grove Joint
3 Review Board meeting. For the record, my
4 name is Mark Thomas. I'm a representative of
5 the Chicago Park District which under
6 Section 11-7.4-5 of the Tax Increment
7 Allocation Redevelopment Act is one of the
8 statutorily designated members of the Joint
9 Review Board.

10 Until election of a Chairperson,
11 I will moderate this Joint Review Board
12 meeting. The date of the amended 43rd Street
13 and Cottage Grove meeting was announced at
14 and set by the Community Development
15 Commission of the City of Chicago at its
16 meeting of June 8, 2004.

17 Notice of the amended 43rd Street
18 and Cottage Grove meeting of the Joint Review
19 Board was also provided by certified mail to
20 each taxing district represented on the
21 Board which includes the Chicago Board of
22 Education, the Chicago Community Colleges
23 District 508, the Chicago Park District,
24 Cook County and the City of Chicago. In

1 addition, a Public Member has been provided a
2 copy of the notification.

3 Public notice of this meeting was
4 also posted as of Wednesday, July 7, 2004 in
5 various locations throughout City Hall. The
6 proposed redevelopment plan would result in
7 displacement of residents from 10 or more
8 inhabited residential units or would include
9 75 or more inhabited residential units.

10 The TIF Act requires that the
11 Public Member of the Joint Review Board must
12 reside in the proposed redevelopment project
13 area. In addition, if a municipality's
14 housing impact study determines that the
15 majority of residential units in the
16 proposed redevelopment project area are
17 occupied by very low, low or moderate income
18 households as defined in Section 3 of the
19 Illinois Affordable Housing Act, the Public
20 Member must be a person who resides in very
21 low, low or moderate income housing within
22 the proposed redevelopment project area.

23 With us today is Fred McCutcheon.
24 Are you familiar with the boundaries of the

1 proposed amended 43rd Street Cottage Grove
2 tax increment financing redevelopment
3 project area?

4 MR. MCCUTCHEON: Yes.

5 MR. THOMAS: And what is the address
6 of your primary residence?

7 MR. MCCUTCHEON: 740 East 23rd
8 Street.

9 MR. THOMAS: And is such address
10 within the boundaries of the proposed
11 amended 43rd Street Cottage Grove tax
12 increment financing redevelopment project
13 area?

14 MR. MCCUTCHEON: Yes, sir.

15 MR. THOMAS: Have you provided
16 representatives of the City of Chicago's
17 Department of Planning and Development with
18 accurate information concerning your income
19 and the income of any other members of the
20 household residing at such address?

21 MR. MCCUTCHEON: Yes, I have.

22 MR. THOMAS: And based on the
23 information provided to you by the
24 Department of Planning and Development

1 regarding applicable income level for very
2 low, low and moderate income households, do
3 you qualify as a member of a very low, low or
4 moderate income household?

5 MR. MCCUTCHEON: Yes, I do.

6 MR. THOMAS: Mr. McCutcheon, are you
7 willing to serve as the Public Member for the
8 Joint Review Board for the amended 43rd
9 Street Cottage Grove tax increment financing
10 redevelopment project area?

11 MR. MCCUTCHEON: Yes.

12 MR. THOMAS: Okay, great. I'll
13 entertain a motion that Fred McCutcheon be
14 selected as the Public Member. Is there a
15 motion?

16 MR. MCCORMICK: So moved.

17 MR. THOMAS: Is there a second?

18 MS. MAREK: Second.

19 MR. THOMAS: All in favor please vote
20 by saying aye.

21 (Chorus of ayes.)

22 MR. THOMAS: All opposed please vote
23 by saying no. Let the record reflect that
24 Fred McCutcheon has been selected as the

1 Public Member for the amended 43rd Street
2 Cottage Grove tax increment financing
3 redevelopment project area.

4 Our next order of business is to
5 select a Chairperson for this Joint Review
6 Board. Are there any nominations?

7 MR. MCCORMICK: I nominate Mark
8 Thomas.

9 MR. THOMAS: Is there a second for the
10 nomination?

11 MS. MAREK: Second.

12 MR. THOMAS: Are there any other
13 nominations? Let the record reflect there
14 were no other nominations. All in favor of
15 the nomination, please vote by saying aye.

16 (Chorus of ayes.)

17 CHAIRMAN THOMAS: All opposed please
18 vote by saying no. Let the record reflect
19 that Mark Thomas has been elected as
20 Chairperson and will now serve as the
21 Chairperson for the remainder of the
22 meeting.

23 And we'll move on now to the TIF
24 District presentation after which follows a

1 question and answer session. Thank you.

2 MS. TSATSOS: Hello. For the record
3 my name is Theodora Tsatsos and I'm with the
4 Development Finance Division of the
5 Department of Planning and Development.
6 Today's meeting of the Joint Review Board
7 regarding the 43rd Street Cottage Grove
8 Avenue tax increment financing redevelopment
9 project and plan amendment Number 1 --

10 CHAIRMAN THOMAS: Hold on. As I mentioned,
11 this meeting will be reviewing a plan for the
12 amendment of the 43rd Cottage Grove TIF
13 District proposed by the City of Chicago.
14 Staff of the city's Department of Planning
15 and Development, Law and other departments
16 have reviewed this plan which was then
17 produced to the city's Community Development
18 Commission on June 8, 2004.

19 We'll listen to a presentation by
20 the consultant on the plan. Following the
21 presentation we can address any questions
22 that the members might have for the
23 consultant or city staff.

24 A recent amendment to the TIF Act

1 requires us to base our recommendation to
2 approve or disapprove the amended 43rd
3 Street Cottage Grove plan and the
4 designation of the amended 43rd Street
5 Cottage Grove TIF area on the basis of the
6 area and the plan satisfying the plan
7 requirements, the eligibility criteria
8 defined in the TIF Act and objectives of the
9 TIF Act.

10 If the Board approves the plan
11 and the designation of the area, the Board
12 will then issue an advisory non-binding
13 recommendation by the vote of the majority of
14 those members present and voting. Such
15 recommendation shall be submitted to the
16 city within thirty days after the Board
17 meeting. Failure to submit such
18 recommendation shall be deemed to constitute
19 approval by the Board.

20 If the Board disapproves the
21 planned designation of the area, the Board
22 must issue a written report describing why
23 the plan and area failed to meet one or more
24 of the objectives of the TIF Act and both the

1 plan requirements and the eligibility
2 criteria of the TIF Act.

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

15 And now we'll move on. I
16 apologize to the consultant.

17 MS. TSATSOS: As was stated, today's
18 the meeting of the Joint Review Board
19 regarding the 43rd Street Cottage Grove
20 Avenue tax increment financing redevelopment
21 project and planned amendment Number One.

22 The original 43rd Street Cottage
23 Grove Avenue tax increment financing
24 redevelopment project and plan passed City

1 Council on July 8, 1998. The original area
2 contains approximately 200.7 acres and is
3 shown by the hatched lines on the map. The
4 added area, which is shown by the solid
5 lines, contains approximately 26.7 acres.
6 Thereby, the entire new proposed area will
7 contain approximately 226.7 acres.

8 This is in the 4th Ward, Alderman
9 Fred Hinkel and is located within the Grand
10 Boulevard community area which is
11 approximately five miles south of the city's
12 Loop. It is generally bounded on the north
13 by Pershing Road, South Vincennes and South
14 Lawrence Avenue on the west, South Drexel
15 Boulevard on the east and East 48th Street on
16 the south.

17 The proposed land use will be
18 residential mixed use. The TIF borders 47th
19 and King TIF, the 41st King TIF, the Madden
20 Wells TIF and the Drexel Boulevard TIF. The
21 physical assessment study revealed a booming
22 housing market that needs servicing from
23 commercial businesses.

24 The original TIF only

1 encompasses the west side of Cottage Grove
2 Avenue. Cottage Grove Avenue has a lot of
3 underutilized commercial development. This
4 amendment will result in expanding the
5 boundaries to the east side of Cottage Grove
6 Avenue and will encourage commercial
7 development to service the emerging housing
8 markets.

9 On that note, I will turn this
10 presentation over to the consultants,
11 Louik/Schneider & Associates, to discuss the
12 eligibility.

13 MS. RUFFOLO: Hi, my name is Tricia
14 Marino Ruffolo and I'm with the consulting
15 firm of Louik/Schneider & Associates. We
16 prepared the redevelopment plan, eligibility
17 study and housing impact study on behalf of
18 the department.

19 Louik/Schneider & Associates
20 worked with -- Associates and Urban Works as
21 part of an effort to prepare the plan and
22 study that demonstrate that the outer area
23 qualifies as a conservation area. As Teddy
24 previously stated, there are 11 blocks

1 within the area that we are qualifying. This
2 is what we're referring to in the amended
3 area and for purposes of this panel, we
4 qualify this area. The original area has
5 already been qualified.

6 So what I will be describing is
7 the amended area characteristics. More than
8 half of the parcels, sixty percent are
9 unimproved. It is characterized by
10 deteriorated and dilapidated buildings,
11 vacant and partially vacant buildings and
12 other deteriorating characteristics.

13 Based on our findings, the added
14 area warrants the designation as a
15 conservation as set forth by the Act
16 specifically because the buildings in the
17 added area meet the statutory criteria for
18 age. 78.8 percent of the buildings are at
19 least 35 years of age.

20 Of the 13 eligibility factors for
21 a conservation area, eight are presently
22 within the added area, three to a major
23 extent and five to a minor extent. In
24 addition to age, only three are necessary.

1 The conservation area factors are present
2 and reasonably distributed throughout the
3 area. And in addition the added area, 85
4 percent of the 11 blocks exhibit five or more
5 of the eligibility factors.

6 I'm just going to go through the
7 eligibility factors individually. As I said
8 before, age is present in 26 of the 33
9 buildings at 78.8 percent and in eight of the
10 11 blocks in the added area. Dilapidation is
11 present to a major extent in 18 of the 33
12 buildings, 54 percent, and in five of the 11
13 blocks.

14 Obsolescence is also present to a
15 major extent, 37 percent of the parcels, 48
16 of the 102 parcels and in eight of the 11
17 blocks. Deterioration is present also to a
18 major extent in 28 of the 33 buildings, 84
19 percent, and in 80 of the 102 parcels, 78
20 percent.

21 Presence of structures below
22 minimum code is present to a minor extent in
23 16 of the 33 buildings and in seven of the 11
24 blocks and those violations are over the past

1 five years. Excessive vacancies are present
2 to a minor extent in 16 of the 33 buildings,
3 48 percent, and in five of the 11 blocks.

4 Lack of ventilation, light or
5 sanitary facilities is also present to a
6 minor extent in two of the 33 buildings.
7 Excessive land coverage and overcrowding of
8 community structures and facilities is also
9 present to a minor extent in nine percent of
10 the buildings. Deleterious land use and
11 layout is present to a minor extent in 34 of
12 the 102 buildings, 33 percent of the parcels.

13 The conservation area
14 eligibility factors are present to varying
15 degrees and as I said before, the area
16 qualifies as a conservation area and that
17 concludes my presentation.

18 MS. MAREK: Are there residential
19 units in the area that's being amended?

20 MS. RUFFOLO: There are a few, yes.
21 The residential units that exist are
22 residential above commercial stores.

23 CHAIRMAN THOMAS: Between 47th and
24 48th?

1 MS. RUFFOLO: There is a
2 concentration here and then there's a couple
3 scattered. Bright yellow is residential
4 commercial here and then mixed use will have
5 a residential above the commercial.

6 MS. MAREK: And so the area that is
7 already in the TIF is over here?

8 MS. RUFFOLO: Yes. That has a much
9 higher concentration.

10 MS. MAREK: And the land use going
11 forward, that hasn't changed from the
12 original plan?

13 MS. RUFFOLO: No. What we've done is
14 we've just expanded it to include
15 residential here and we changed it so that it
16 would accommodate a broader variety of uses
17 by just encompassing the residential
18 commercial. So it doesn't prohibit any of
19 the other uses, it just expands it.

20 MS. KOSMAL: On the acquisition map,
21 how many parcels, I can't see what's marked
22 on the amendment part of it.

23 MS. RUFFOLO: Okay. The original
24 acquisition list, which is highlighted in

1 red, had 381 pins. 80 parcels we removed
2 from that original list because they were
3 currently sealed from the time of the
4 original designation to the time of the
5 amendment, the city had acquired 80 parcels.
6 So we removed that from that list not to
7 cloud the current owners.

8 An additional 35 parcels have
9 been added throughout the area that weren't
10 previously identified within the original
11 area and then were added in the amended area.

12 CHAIRMAN THOMAS: So the amended area
13 has 30 some parcels.

14 MS. RUFFOLO: Well, the total
15 includes some that were in the original area
16 that weren't identified before.

17 CHAIRMAN THOMAS: Okay. Based on the
18 presentation, do any members have any
19 further questions? If there are no further
20 questions, I'll entertain a motion that this
21 Joint Review Board finds that the proposed
22 amendment to the 43rd Street Cottage Grove
23 tax increment financing redevelopment
24 project area redevelopment plan satisfies

1 the redevelopment plan requirements under
2 the TIF Act, the eligibility criteria
3 defined in Section 11-74.4-5 of the TIF Act
4 and the objectives of the TIF Act.

5 And based upon such findings,
6 approve such proposed amended plan and the
7 designation of such area as a redevelopment
8 project area under the TIF Act. Is there a
9 motion?

10 MR. MCCORMICK: So moved.

11 CHAIRMAN THOMAS: Is there a second to
12 the motion?

13 MS. MAREK: Second.

14 CHAIRMAN THOMAS: Any further
15 discussion? If not, all in favor please vote
16 by saying aye.

17 (Chorus of ayes.)

18 CHAIRMAN THOMAS: And all opposed
19 please vote by saying no. Let the record
20 reflect the Joint Review Board's approval of
21 the proposed amendment to the 43rd Street
22 Cottage Grove redevelopment plan and
23 designation of the amended 43rd Street
24 Cottage Grove taxing and refinancing

1 redevelopment project area as a
2 redevelopment project area under the TIF
3 Act.

4 If there are no further questions
5 or additional issues for discussion to be
6 addressed, I will entertain a motion to
7 adjourn this meeting.

8 MR. MCCORMICK: So moved.

9 CHAIRMAN THOMAS: Is there a second?

10 MS. MAREK: Second.

11 CHAIRMAN THOMAS: All in favor please
12 vote by saying aye.

13 (Chorus of ayes.)

14 CHAIRMAN THOMAS: All opposed please
15 vote by saying no. And this meeting is
16 adjourned.

17 (Whereupon the meeting adjourned
18 at 10:50 a.m.)

19

20

21

22

23

24

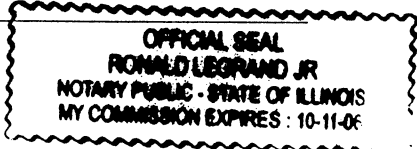
STATE OF ILLINOIS)
) SS.
COUNTY OF C O O K)

I, CAROL ROBERTSON, depose and say that I am an electronic reporter doing business in the State of Illinois; that I reported verbatim the foregoing proceedings and that the foregoing is a true and correct transcript to the best of my knowledge and ability.

Carol Robertson
CAROL ROBERTSON

SUBSCRIBED AND SWORN TO
BEFORE ME THIS 1st DAY OF
August, A.D. 20 04.

[Signature]
NOTARY PUBLIC



**43rd/Cottage Grove Redevelopment Project Area
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**(8) DOCUMENTS RELATING TO OBLIGATIONS ISSUED BY THE
MUNICIPALITY - 65 ILCS 5/11-74.4-5(d)(8)(A)**

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

**43rd/Cottage Grove Redevelopment Project Area
2004 Annual Report**

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

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

**43rd/Cottage Grove Redevelopment Project Area
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(10) CERTIFIED AUDIT REPORTS - 65 ILCS 5/11-74.4-5(d)(9)

Please see attached.

BERNARD J. SULLIVAN, C.P.A.
RICHARD J. QUINN, C.P.A.
PAUL A. MERKEL, C.P.A.
JOHN W. SANEW III, C.P.A.
THOMAS A. CERWIN, C.P.A.
STEPHEN R. PANFIL, C.P.A.
MICHAEL D. HUELS, C.P.A.
ROBERT J. MARSCHALK, C.P.A.
THOMAS J. CAPLICE, C.P.A.
ROBERT J. HANNIGAN, C.P.A.
GERARD J. PATER, C.P.A.
VINCENT M. GUZALDO, C.P.A.
TIMOTHY J. QUINN, C.P.A.
MAUREEN B. SHANAHAN, C.P.A.

Bansley and Kiener, L.L.P.
Certified Public Accountants

Established 1922

O'HARE PLAZA 8745 WEST HIGGINS ROAD CHICAGO, ILLINOIS 60631 312/263-2700 FAX 312/263-6935

INDEPENDENT AUDITOR'S REPORT

The Honorable Richard M. Daley, Mayor
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 statement of net assets and governmental fund balance sheet of 43rd/Cottage Grove Redevelopment Project of the City of Chicago, Illinois as of December 31, 2004, and the related statement of activities and governmental fund revenues, expenditures and changes in fund balance for the year then ended, and have issued our report thereon dated May 6, 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 in Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act and Subsection (o) of Section 11-74.6-10 of the Illinois Industrial Jobs Recovery Law as they relate to the eligibility for costs incurred incidental to the implementation of the 43rd/Cottage Grove Redevelopment Project of the City of Chicago, Illinois.

This report is intended for the information of the City of Chicago's management. However, this report is a matter of public record, and its distribution is not limited.

Bansley and Kiener, L.L.P.

Certified Public Accountants

May 6, 2005

43rd/Cottage Grove Redevelopment Project Area 2004 Annual Report

(11) GENERAL DESCRIPTION AND MAP

The 43rd/Cottage Grove Redevelopment Project Area is generally bounded by Pershing Road on the north, South Vincennes Avenue and South St. Lawrence Avenue on the west, South Cottage Grove Avenue on the east, and East 47th Street on the south. 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.

