2007 Annual Report

Austin Commercial Redevelopment Project Area

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

JUNE 30, 2008
June 30, 2008

Mr. Arnold L. Randall
Commissioner
Department of Planning and Development
121 North LaSalle Street
Chicago, Illinois 60602

Dear Commissioner:

Enclosed is the annual report for the Austin Commercial 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
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June 30, 2008

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

Sincerely,

Arnold L. Randall
Commissioner
(1) DATE OF DESIGNATION AND TERMINATION - 65 ILCS 5/11-74.4-5(d)(1.5)

The Project Area was designated on September 27, 2007. The Project Area may be terminated no later than December 31, 2031.
(2) AUDITED FINANCIALS - 65 ILCS 5/11-74.4-5(d)(2)

During 2007, 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.
(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 Talamantez, Director of Local Government  

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

Timothy Mitchell, General Superintendent & CEO  
Chicago Park District  
541 North Fairbanks  
Chicago, Illinois 60611  

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

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

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

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

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

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 ILCS/11-74.4-1 et seq, (the “Act”) with regard to the Austin Commercial 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, 2007, 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, 2008.

Richard M. Daley, Mayor
City of Chicago, Illinois
(4) OPINION OF LEGAL COUNSEL - 65 ILCS 5/11-74.4-5(d)(4)

Please see attached.
June 30, 2008

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

Peter C. Nicholson, Director
Cook County Department of Planning & Development
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Douglas Wright
South Cook County Mosquito Abatement District
155th & Dixie Highway
P.O. Box 1030
Harvey, Illinois 60426

Re: Austin Commercial 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)

(X)  No Exceptions

( )  Note the following Exceptions:
(5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND - 65 ILCS 5/11-74.4-5(d)(5)

During 2007, there was no financial activity in the Special Tax Allocation Fund.
(6) DESCRIPTION OF PROPERTY - 65 ILCS 5/11-74.4-5(d)(6)

During 2007, the City did not purchase any property in the Project Area.
(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 12/31/07, and of such investments expected to be undertaken in year 2008; also, a project-by-project ratio of private investment to public investment from 11/1/99 to 12/31/07, 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.
Austin Commercial Redevelopment Project Area
2007 Annual Report

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

During 2007, 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 2007, 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 2007, no agreements were entered into with regard to the disposition or redevelopment of any property within the Project Area.
(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 2007, no contracts were entered into by the City’s tax increment advisors or consultants with entities or persons that have received, or are receiving, payments financed by tax increment revenues produced by the Project Area.
(7)(F) - 65 ILCS 5/11-74.4-5(d)(7)(F)

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

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

Since November 1, 1999, no public investment was undertaken in the Project Area. As of December 31, 2007, no public investment is estimated to be undertaken for 2008.
CITY OF CHICAGO
JOINT REVIEW BOARD

Report of proceedings of a hearing
before the City of Chicago, Joint Review
Board held on June 1, 2007, at 10:05 a.m.
City Hall, Room 703, Conference Room,
Chicago, Illinois, and presided over by
Mr. Eric Reese.

PRESENT:

MR. ERIC REESE, CHAIRMAN
MR. JOHN MCCORMICK
MS. SUSAN MAREK
MR. DION SMITH

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

ACCURATE REPORTING SERVICE (312) 263-0052
MR. McCORMICK: So moved.

MR. SMITH: Second.

MR. REESE: All in favor?

(Chorus of ayes.)

MR. REESE: Let the record reflect the Joint Review Board's approval of the proposed 79th and Vincennes under the TIF Act.

MR. McCORMICK: Thank you for your --

MR. REESE: Thank you so much for your time. Motion to adjourn the first part?

MR. McCORMICK: So moved.

MR. SMITH: Second.

MR. REESE: Good morning. For the record, my name is Eric Reese. I'm the representative of the Chicago Park District, which under Section 11-74.4-5 of the Tax Increment Allocation Redevelopment Act, as one of the statutory designated members of the Joint Review Board.

Until election of a Chairperson, I'll moderate the Joint Review Board. We'll
start off with introductions. To my right?

MR. PHILLIPS: James Phillips.

MR. McCORMICK: John McCormick, City of Chicago.

MR. SMITH: Don Smith, Chicago Public Schools.

MR. REESE: Fantastic. For the record, there was, there will be two meetings for the Joint Review Board today. The first meeting was to review the 79th and Vincennes. The second one will be to review the proposed Austin Commercial Tax Increment Financing District.

The date of this meeting was announced at and set by the Community Development Commission of the City of Chicago at its meeting of May, 2007.

Notice of this meeting of the Joint Review Board was also provided by Certified Mail to each taxing district represented on the Board which includes Chicago Board of Ed., Chicago Community Colleges District 508, Chicago Park District, Cook County and the City of
Public notice of this meeting was also posted on Wednesday, May 30th, 2007 in various locations throughout City Hall.

When a proposed redevelopment plan would result in displacement of 10 residents, residents of 10 or more inhabited residential units, or would include 75 or more inhabited residential units, the TIF Act requires that a Public Member of the Joint Review Board must reside in the proposed redevelopment project area.

In addition, the Municipalities Housing Effect Study determines that the majority of the residential units in the proposed redevelopment project area are occupied by very low, low or moderate income households, as defined in Section 3 of the Illinois Affordable Housing Act, the Public Member must be a person who resides in a very low, low or moderate income housing within the proposed redevelopment project area.

With us today is James Phillips. Are you familiar with the boundaries of the...
proposed Austin Commercial Tax Increment Financing project area?

MR. PHILLIPS: Yes.

MR. REESE: Thank you. What's the address of your residence?

MR. PHILLIPS: 5048 West Chicago Avenue.

MR. REESE: Is such address within the boundaries of the proposed Austin project area?

MR. PHILLIPS: Yes.

MR. REESE: Have you provided representatives of the City of Chicago's Department of Planning and Development with accurate information concerning your income and the income of any other members in the household residing --

MR. PHILLIPS: Yes.

MR. REESE: Mr. Phillips, are you willing to serve as the Public Member of the Joint Review Board for the proposed Austin Commercial Tax Financing project area?

MR. PHILLIPS: Yes.

MR. REESE: Thank you very much.
I'll entertain a motion that Mr. Phillips be selected as the Public Member. Is there a motion?

MR. McCORMICK: So moved.

MR. SMITH: Second.

MR. REESE: All in favor?

(Chorus of ayes.)

MR. REESE: Let the record reflect that James Phillips has been selected as the Public Member of the proposed Austin Commercial Tax Increment Financing Redevelopment project area.

Next order of business is to select a Chairperson for this final part of the Joint Review Board. Are there any nominations?

MR. McCORMICK: I nominate Eric Reese.

MR. SMITH: Second.

MR. REESE: Thank you. All in favor?

(Chorus of ayes.)

MR. REESE: Let the record reflect that myself, Eric Reese, has been elected as
Chairperson and will now serve as the
Chairperson for the remainder of the
meeting.

As I mentioned, at this meeting
we will be reviewing a plan for the proposed
Austin Commercial Financing District
proposed by the City of Chicago, staff of the
City's Departments of Planning and
Development and Law, and other departments
have reviewed this plan, which was
introduced in the City's Community

We will listen to a presentation
by the consultant of the plan. Following the
presentation, we can address any questions
that the members might have for the
consultant or staff.

An amendment to the TIF Act
requires us to base our recommendation to
approve or disapprove the proposed Austin
Commercial Financing District on the basis
of the area and the plan satisfying the plan
requirements, the eligibility criteria
defined in the TIF Act, and the objectives of
the TIF Act.

If the Board approves the plan, the plan will then be used, will then issue an advisory non-binding recommendation by the vote of the majority of those members present and voting.

Such recommendation shall be submitted to the City within 30 days of the Board Meeting. Failure to submit such recommendation shall be deemed to constitute approval by the Board.

If the Board disapproves plan, the Board must issue a written report describing why the plan and area failed to meet one of the objectives of the TIF Act in both the requirements and eligibility requirement of the TIF Act.

The City will also, the City will then have 30 days to resubmit a revised plan. The Board and the City will also confer during this time to try and resolve the issues that led to the Board's disapproval. If such issues cannot be resolved, or if the revised plan is
disapproved, the City may continue with the plan, but the plan can only be approved by a three-fifths vote of City Council excluding members who are vacant, that are vacant and those members that are ineligible due to conflicts of interest.

Camiros, Limited will give our presentation today, for us today.

MR. JAMES: Thank you. My name is William James. I’m a personal consultant with Camiros, Limited, and we’ve prepared the documentation for the Austin Commercial TIF Redevelopment Finance project.

It illustrates the boundaries of this TIF District. Essentially east/west corridors along North Avenue, Division, Chicago Avenue connected by -- along Central Avenue.

The project area contains a total of 1,236 tax parcels and is approximately 256 acres in size.

In terms of eligibility for the project area, we found that, first of all we conducted our surveys between October 2006
and February 2007.

We identified six factors as being present to a major extent within the project area. Present to a major extent means that they affect over 50 percent of the tax blocks within the project area.

These six factors are obsolescence which affects 50 percent of the tax parcels. Deterioration which affects 81 percent of the tax parcels. Presence of structures below minimum code standards which effect 63 percent of the tax parcels, and in addition, excessive vacancy which effects 54 percent of the tax parcels.

Two additional factors are not really represented on the map, a lack of community planning annexed to the City of Chicago in 1889 do not have the benefit of any planning to guide growth in the area, such as the 1909, plan or the 1983 Chicago Zoning Ordinance.

In addition, the sixth factor is lagging or declining assessed value and the growth in EAB within the district, proposed
district, did not keep pace with the growth of the City of Chicago as a whole really out of the last five years 2003, 2004, or 2002, 2004, and 2005.

Existing land uses within the project area are primarily commercial and mixed-use along the east/west arterials of North Avenue, Division and Chicago Avenue with primarily residential use along Central Avenue.

The primary purpose of the TIF is to address issues of deterioration, vacancy and obsolescence among the commercial properties on these east/west corridors, as well as provided some redevelopment and stabilization of the residential along Central Avenue.

MR. SMITH: There, excuse me. There are two schools in the TIF. I'm trying to tell from the document. It looks like it.

MR. JAMES: Largely the east/west corridors have the commercial use and the market we just did, the market TIF within the adjacent area had over time, there was a need
to re-orient and redevelop many of these properties, probably incorporating commercial mixed-use development into these east/west corridors.

We have projected the project budget at $50 million broken down into categories of $500,000 for analysis, administration studies and services; $20 million for property assembly including acquisition, site prep, demolition, $15 million for rehabilitation of existing buildings; $7.5 million for the public works including streets, utilities, parks, open space, public facilities, etc.; $1.5 million for the cost, $1.5 million for job training, retraining and -- work; $500,000 for day care services; and $3.5 million for -- subsidy.

The current equal assessed value of the project area is $71,894,673. We project that upon completion of project activities and expiration of the TIF this equal assessed value will increase to approximately $130 million.

We did perform a housing impact
study. We identified that there would be zero units that were potentially be displaced as a result of project activities, and there would be adequate housing within the area to provide any displacement should it occur.

And that really summarizes our findings with respect to --

MR. REESE: Any questions? Seeing that there are no questions, I'll entertain a motion that the Joint Review Board finds the proposed Austin Commercial Tax Increment Financing Redevelopment project area satisfies the redevelopment plan requirements under the TIF Act, the eligibility criteria defined in Section 11-74.4-3 of the TIF Act, and the objectives of the TIF Act, and that based on such findings approve such a proposed plan under the TIF Act. Is there a motion?

MR. MCCORMICK: So moved.

MR. SMITH: Second.

MR. REESE: Thank you. All in favor please say aye.
(Chorus of ayes.)

MR. REESE: Let the record reflect the Joint Review Board's approval of the proposed Austin Commercial Tax Increment Financing Redevelopment project area under the TIF Act. Is there a motion to adjourn?

MR. MCCORMICK: So moved.

MR. SMITH: Second.

MR. REESE: All in favor?

(Chorus of ayes.)

MR. MCCORMICK: Thank you very much.

MR. REESE: Thank you.

(Whereupon the meeting was adjourned at 11:00 a.m.)
STATE OF ILLINOIS

COUNTY OF COOK

) SS.

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 310 DAY OF August, A.D. 2007.

NOTARY PUBLIC

OFFICIAL SEAL
RONALD N. LEGRAND,JR.
Notary Public - State of Illinois
My Commission Expires Oct 03, 2010
(8) DOCUMENTS RELATING TO OBLIGATIONS ISSUED BY THE MUNICIPALITY - 65 ILCS 5/11-74.4-5(d)(8)(A)

During 2007, there were no obligations issued for the Project Area.
(9) ANALYSIS OF DEBT SERVICE - 65 ILCS 5/11-74.4-5(d)(8)(B)

During 2007, there were no obligations issued for the Project Area.
(10) CERTIFIED AUDIT REPORTS - 65 ILCS 5/11-74.4-5(d)(9)

During 2007, there were no tax increment expenditures or cumulative deposits over $100,000 within the Project Area. Therefore, no compliance statement was prepared.
(11) GENERAL DESCRIPTION AND MAP

The Austin Commercial Redevelopment Project Area is generally bounded by North Avenue to the north, Race Avenue to the south, Cicero Avenue to the east and Austin Avenue to the west, as well as property which fronts on the east and west sides of Central Avenue between North Avenue and Chicago Avenue. 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.