
2006 Annual Report

LaSalle Central Redevelopment Project Area



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

JUNE 30, 2007

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 LaSalle Central 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

LaSalle Central Redevelopment Project Area 2006 Annual Report

TABLE OF CONTENTS

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

	PAGE
LETTER TO STATE COMPTROLLER	1
1) DATE OF DESIGNATION OR TERMINATION	2
2) AUDITED FINANCIALS.....	3
3) MAYOR'S CERTIFICATION	4
4) OPINION OF LEGAL COUNSEL	5
5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND.....	6
6) DESCRIPTION OF PROPERTY	7
7) STATEMENT OF ACTIVITIES.....	8
8) DOCUMENTS RELATING TO OBLIGATIONS ISSUED BY THE MUNICIPALITY	12
9) ANALYSIS OF DEBT SERVICE	13
10) CERTIFIED AUDIT REPORT.....	14
11) GENERAL DESCRIPTION AND MAP	15



City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

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

Sincerely,

Kathleen A. Nelson
First Deputy Commissioner

LaSalle Central Redevelopment Project Area 2006 Annual Report

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

The Project Area was designated on November 15, 2006. The Project Area may be terminated no later than November 15, 2029.

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

**LaSalle Central Redevelopment Project Area
2006 Annual Report**

(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.

**LaSalle Central Redevelopment Project Area
2006 Annual Report**

(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 LaSalle Central Redevelopment Project Area (the "Redevelopment Project Area"), do hereby certify as follows:

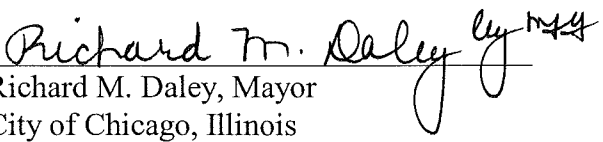
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

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

**LaSalle Central Redevelopment Project Area
2006 Annual Report**

(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)
(312) 744-2963 (TTY)

<http://www.cityofchicago.org>

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

Re: LaSalle Central
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.



June 29, 2007

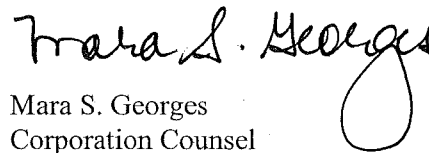
Attorneys, past and present, in the Law Department of the City familiar with the requirements of the Act have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following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

**LaSalle Central Redevelopment Project Area
2006 Annual Report**

(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.

**LaSalle Central Redevelopment Project Area
2006 Annual Report**

(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.

LaSalle Central Redevelopment Project Area 2006 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 12/31/06, 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.

LaSalle Central Redevelopment Project Area 2006 Annual Report

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

During 2006, 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 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)

During 2006, no agreements were entered into with regard to the disposition or redevelopment of any property within the Project Area.

LaSalle Central Redevelopment Project Area 2006 Annual Report

(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.

**LaSalle Central Redevelopment Project Area
2006 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 Estimated To Be Undertaken During 2007	Private Investment Undertaken	Public Investment Undertaken	Ratio of Private/Public Investment
Project 1: NAVTEQ	\$18,631,311	\$5,000,000	3.7 : 1
Project 2: The Ziegler Companies, Inc.	\$10,380,000	\$2,420,000	4.3 : 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.

CITY OF CHICAGO
JOINT REVIEW BOARD

Report of proceedings of a hearing
before the City of Chicago, Joint Review
Board held on August 4, 2006, at 10:00 a.m.
City Hall, Room 1003, Conference Room,
Chicago, Illinois, and presided over by
Mr. Eric Reese.

PRESENT:

MR. ERIC REESE, CHAIRMAN
MR. JOHN McCORMICK
MS. SUSAN MAREK
MR. JOHN BALDWIN
MR. KENNETH GOTSCH

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

1 MR. REESE: My name is Eric Reese.
2 I'm from the Chicago Park District. To my
3 left is --

4 MR. McCORMICK: John McCormick from
5 the City of Chicago.

6 MR. BALDWIN: John Baldwin, Cook
7 County Department of Planning.

8 MS. MAREK: Susan Marek, Chicago
9 Board of Education.

10 MR. GOTSCH: Ken Gotsch, City
11 Colleges of Chicago.

12 MR. REESE: Okay. I think we're
13 good. For the record, my name is Eric Reese.
14 I'm the representative of the Chicago Park
15 District, which under Section 11-74.4-5 of
16 the Tax Increment Allocation Redevelopment
17 Act, as one of the statutory designated
18 members of the Joint Review Board.

19 Until election of a chairperson,
20 I'll moderate the Joint Review Board
21 Meeting.

22 For the record, two separate
23 meetings will be held this morning. The
24 Joint Review Board Annual Meeting will take

1 place immediately following this meeting.

2 The first meeting of the Joint
3 Review Board is to review the proposed
4 LaSalle Central Tax Increment Financing
5 District. The date of this meeting was now
6 set by the Community Development Commission
7 of the City of Chicago as of the meeting of
8 July 11, 2006.

9 Notice of this meeting of the
10 Joint Review Board was also provided by the
11 certified mail to each taxing district
12 represented on the Board which includes the
13 Chicago Board of Education, the Chicago
14 Community College District 508, the Chicago
15 Park District, Cook County, City of Chicago,
16 and public members.

17 Public notice of this meeting was
18 also posted as of Wednesday, August 2nd, 2006
19 in various locations throughout City Hall.

20 Our first Board order of business
21 is to select a chairperson for this Joint
22 Review Board. Are there any nominations?

23 MR. McCORMICK: I nominate Eric
24 Reese, Chicago Park District.

1 MS. MAREK: Second.

2 MR. REESE: All in favor of the
3 nomination?

4 MEMBERS IN CHORUS: Aye.

5 MR. REESE: Thank you very much.
6 For the record, let it reflect that I, Eric
7 Reese, has been elected chairperson, and
8 will now serve as chairperson for the
9 remainder of this meeting.

10 As we mentioned, at this meeting
11 we will be reviewing a plan for the proposed
12 LaSalle Central Tax Increment Financing
13 District proposed by the City of Chicago,
14 Staff of the City, Department of Planning and
15 Development, along with other departments
16 that have reviewed this plan, which was
17 introduced to the City Community Development
18 Commission on July 11, 2006.

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

24 An amendment to the TIFF Act

1 requires us to base our recommendations to
2 approve or disapprove the proposed Central
3 Tax --

4 SPEAKER: Yeah, it's LaSalle.

5 MR. REESE: -- LaSalle Tax Increment
6 Financing District on the basis of the area
7 and the plan satisfying the plan
8 requirements.

9 The eligibility criteria is
10 defined in the TIFF Act and the objectives of
11 the TIFF Act.

12 If the Board approves the plan
13 and the designation of the area, the Board
14 will then issue an advisory non-binding
15 recommendation by the vote of majority of
16 votes by members present and voting.

17 Such recommendation shall be
18 submitted to the City within 30 days of the
19 Board meeting. Failure to submit such
20 recommendation shall be deemed to constitute
21 approval by the Board.

22 If the Board disapproves the plan
23 and designation of the area, the Board must
24 issue a written report describing why the

1 plan and area failed to meet one or more of
2 the objectives of the TIFF Act, in both the
3 plan requirements and the eligibility
4 criteria of the TIFF ACT. The City will then
5 have 30 days to resubmit a revised plan.

6 The Board and the City must also
7 confer during this time to try and resolve
8 the issues that led to the Board's
9 disapproval.

10 If such issues cannot be resolved
11 or if the revised plan is disapproved, the
12 City may perceive that the plan, that the
13 plan can be approved only with three fist
14 vote of the City Council, including
15 provisions of members that are vacant or of
16 members that are ineligible to vote because
17 of --

18 We will now be -- by S.B.
19 Friedman & Company by the presentation
20 through LaSalle Central. Okay.

21 MR. FRIEDMAN: Thank you very much,
22 Mr. Chairman. My name is Steve Friedman.
23 I'm the President of S.B. Friedman & Company.
24 I want to introduce the team members from our

1 firm who worked on it.

2 Jill Steen, who is the Project
3 Manager. Carmelo Barbaro, Associate, and
4 Kirstie Greer, an intern who worked on it
5 this summer, sitting in the front row of the
6 audience.

7 We want to briefly talk about the
8 basis for the eligibility and the, and the
9 proposed plan.

10 The boundary for this proposed
11 Tax Increment Financing District is shown on
12 this map, and it's a kind of an irregular
13 boundary, so it's a little difficult to
14 completely describe it verbally, but we
15 begin across on the north at the Chicago
16 River, east and west sides of it along Wacker
17 Drive.

18 We foresee a little bit, a part
19 of it along Randolph, and then down to
20 Washington, over to Clark Street and come
21 down, primarily focusing on the frontages
22 along LaSalle Street with our, with we've
23 included -- buildings that were along
24 LaSalle, that abutted buildings facing

1 LaSalle Street, and then the -- come down to
2 North Street over to our east at the Inland
3 Steel Building, and then down Clark, back
4 along VanBuren, and around, across the
5 river, and including again Wacker Drive and
6 the properties along Wacker Drive and
7 Franklin.

8 The emphasis being on LaSalle,
9 and Wells, and Franklin and the older
10 properties in that area.

11 There are 273 tax parcels. There
12 are 101 primary structures on 49 blocks. We
13 find the area to be eligible based on the,
14 on, the conservation area based on age plus
15 six factors that we found to be present.

16 Sixty-three percent of the
17 primary building are 35 years of older age,
18 of age or older.

19 We then studied the physical
20 conditions, both those visible and also the
21 conditions that you can't really see.

22 The nature of many of these
23 buildings is that if you walk by as a casual
24 observer, you would not immediately notice

1 the problems that are evident that are
2 underlying this TIFF, so I want to emphasize
3 that we did other kinds of research in order
4 to really understand what it is that's making
5 these buildings in this area to be vulnerable
6 to further deterioration.

7 The first factor that we looked
8 at was lack of growth, or growth in the
9 equalized assessed value, and we have found
10 that for four of the last five years, the
11 equalized assessed value in the area has
12 lagged that of the balance of the City, and
13 that is the most quantifiable factor that we
14 have that shows that an area is landing and
15 not performing economically in helping keep
16 the City going.

17 The second factor is inadequate
18 utilities, which we based on a review of the
19 City's water and sewer atlases, and it
20 affects 51 percent of the tax parcels, and is
21 reasonably well distributed on 26 of the 49
22 blocks.

23 The third is accepted vacancies,
24 and we did a, we first had to establish what

1 we felt was acceptance, so we established a
2 threshold that was above the general vacancy
3 of the Loop, which we do know has been
4 somewhat difficult in recent years coming
5 out of the 2001 recession.

6 So, we did establish a threshold
7 that is higher than the average. So any
8 building that was, had a vacancy rate of 19
9 percent or more, and which was also
10 persistent, was considered to be acceptably
11 vacant, and we found this condition to exist
12 in 33 buildings, and they are distributed
13 throughout the proposed redevelopment
14 project area, so we believe that they are
15 dangerous to the entire area in that sense.

16 We also looked at code standards,
17 and we found significant concern with
18 buildings that are below minimum code
19 standards, and that's the way the law is
20 written. It's not just a matter of there's a
21 code violation, it's the standards and
22 contemporary standards.

23 And one of the key contemporary
24 standards is fire safety and sprinklers. We

1 did extensive research to determine the
2 presence or absence of sprinklers and other
3 fire safety codes.

4 Forty-one buildings or 44
5 percent did not meet the current standards,
6 and there were some other code violations in
7 14 buildings, and we have 48 percent of the
8 buildings on now 48 percent of the blocks
9 also not meeting the appropriate minimum
10 code standards.

11 The deterioration, deterioration
12 is the one that you would hope that you could
13 see by typically by looking at the building,
14 and in fact there are some buildings here
15 where if you walk by you'd say that building
16 has some real problems.

17 But there are also hidden issues
18 here that are not apparent and are very
19 important in our determination.

20 First of all, we had actual
21 interior information on several buildings
22 that told us about the conditions of some of
23 their systems, including some of the
24 buildings that are star in which there are in

1 fact 40 architectural starred buildings, 10
2 on the landmark, City landmark.

3 But from a deterioration
4 standpoint, we also looked at the major
5 infrastructure. Wacker Drive drains this
6 and feeds this area, and it is not only
7 historically a core, a key arterial that
8 serves as far east as Dearborn and even State
9 Street, but in the future it is expected to
10 play an even greater role because of the way
11 the State is cutting off access points on the
12 Kennedy.

13 So, this is a crucial roadway and
14 it is deteriorated according to CDOT's
15 assessment conditions and the, they've been
16 packing it, keeping it adequately safe, but
17 it needs to be completely rebuilt much like
18 the east/west leg, which we built a few years
19 ago.

20 That is a several hundred million
21 dollar project which is not fully funded by
22 set aside at the Federal level, and so we
23 have a significant problem with that
24 infrastructure.

1 In addition, we have sidewalks,
2 alleys, and other surface improvements that
3 are not, that are also deteriorated, as well
4 as certain buildings that we have that
5 information on.

6 We have given this fact to 100
7 percent of the project area because of the
8 impact of Wacker Drive, but it is also
9 present on a more specific basis on 51
10 percent of the blocks within the, within the
11 study area in terms of the surface
12 improvements.

13 Obsolescence is the next factor,
14 and we defined obsolescence with reference
15 to those that had persistent vacancy rates of
16 20 percent or more for the last five years,
17 or for five of the last 10 years, or where
18 the net rents were below \$5.00 a foot.

19 Five dollars a foot is virtually
20 no rent, no net rent. You can barely
21 maintain any kind of structure of the
22 building, and certainly creates no building
23 value, or very little building value. Fifty-
24 two percent displayed obsolescence.

1 So, those are the age plus six
2 factors. Again, many of them are not what
3 someone walking down the street would see,
4 but if you think about them in a big picture
5 setting, the deterioration of major
6 infrastructure elements; the lack of
7 sprinklers, the lack of growth of EAB, these
8 are very, these are globally present, and we
9 believe justify and meet the eligibility
10 criteria of the Act.

11 We are required to find that but
12 for the, that there's not been appropriate
13 growth in development through, investment by
14 the private sector, and we have reviewed a
15 number of factors, including the lack of
16 growth of EAB, but also investment.

17 There is a big number that's
18 invested. The casual observer would say,
19 well, wait, \$366 million of billed out,
20 that's sounds like a lot of money.

21 However, because of the base
22 value, -- a very small number. It is less
23 than two percent of the assessor's market
24 value for, in per year on average.

1 As a benchmark, we looked at
2 depreciation as defined by the IRS for office
3 buildings, and that is a 39 year schedule
4 which is 2.6 percent per year.

5 We are significantly lagging
6 these levels of investments that even the IRS
7 says would be appropriate to maintain
8 buildings at their current conditions.

9 So, we believe that the area as a
10 whole has not been subject to growth, and
11 development, and investment by the private
12 sector, private enterprise, and would not
13 reasonably be anticipated to be developed
14 without adopting a planned project.

15 The plan then, as you can see on
16 the map, existing land use, mixes of land
17 use, distribution eligibility factors, and
18 then the future land use, which we've defined
19 as mixed use, and as you know, that's the
20 point that we can spend TIF money on, it
21 does not override zoning, and in fact the
22 whole plan is part of implementing the Central
23 Area Plan. One of the implementation tools
24 can be approved Central Area Plan.

1 Our key goal is revitalization,
2 and the key emphasis on expenditures on
3 programmatic activity on rehabilitation, I
4 mentioned 40 architects on historic,
5 significant buildings, had a landmark, of
6 which are landmarks, encouraging commercial
7 and retail development, improving open space
8 and adding to the open space in selected
9 locations and providing plazas and so on,
10 improvements to the Chicago River, other
11 infrastructure improvements are critical and
12 are key to the area intent, intended
13 expenditure, improving transit, including
14 advancing development of the Monroe Street
15 transit way, and providing, again as I had
16 mentioned, infrastructure support along with
17 the important aspects of job training, day
18 care, and women minority owned businesses.

19 If you look at the budget, you'll
20 see that it is \$550 million is the projected
21 budget, of which 36 percent is earmarked for
22 rehabilitation of existing buildings, and
23 another 36 percent is earmarked for public
24 works -- I think amply demonstrates the

1 orientation in intending policies intentions
2 that are built into this plan.

3 With that, I'd be very happy to
4 take any questions you may have.

5 MR. REESE: Thank you very much,
6 appreciate it. Being no general questions, I
7 want to entertain a motion that the Joint
8 Review Board finds the proposed South
9 Central Tax Increment Financing
10 Redevelopment Project Area satisfies the
11 redevelopment plan requirements under the
12 TIFF Act.

13 The eligibility as defined in
14 Section 11-74.4-3 is a TIFF Act and the
15 objectives of the TIFF Act, and that based on
16 such findings approves such proposed plan
17 under the TIFF Act.

18 Is there a motion?

19 MR. McCORMICK: So moved.

20 MR. REESE: Is there a second?

21 MS. MAREK: Second.

22 MR. REESE: All in favor?

23 MEMBERS IN CHORUS: Aye.

24 MR. REESE: Let the record reflect,

1 the Joint Board's approval of the proposed
2 LaSalle --

3 SPEAKER: Excuse me -- present.

4 MR. REESE: Thank you very much,
5 appreciate it. Let the record reflect the
6 Joint Review Board's approval of the
7 proposed LaSalle Central TIFF Increment
8 Financing Redevelopment Project Area under
9 the TIFF Act.

10 Is there a motion to adjourn this
11 meeting?

12 MR. McCORMICK: So moved.

13 MS. MAREK: Second.

14 MR. REESE: Thank you very much.
15 The first part of the meeting is adjourned.

16 SPEAKER: Ten minute break.

17 (Whereas the meeting was
18 adjourned at 10:25 a.m.)

19 MR. REESE: Good morning. My name
20 is Eric Reese, and to the left of me is John
21 McCormick.

22 MR. McCORMICK: City of Chicago.

23 MR. BALDWIN: John Baldwin, Cook
24 County Department of Planning and

1 Development.

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

4 MR. WILSON: Henry Wilson,
5 Englewood.

6 MR. GOTSCH: Ken Gotsch, City
7 Colleges of Chicago.

8 MR. REESE: And to my right?

9 MS. PERKINS: Bernice Perkins --

10 MR. REESE: Thank you very much.

11 For the record, my name is Eric Reese. I'm
12 the representative of the Chicago Park
13 District which under Section 11-74.4-5 of
14 Tax Increment Allocation Redevelopment Act
15 as one of the statutory designated bodies of
16 the Joint Review Board.

17 Until election of a chairperson,
18 I will moderate this Joint Review Board. For
19 the record, this is the Joint Review Board
20 Annual Meeting to review the TIFF Annual
21 Reports for the fiscal year ending December
22 31st, 2005.

23 Notice of this meeting was
24 provided by certified mail to each taxing

1 district on the Board, which includes the
2 Chicago Board of Education, Chicago
3 Community Colleges District 508, Chicago
4 Park District, Cook County, the City of
5 Chicago, and the public members, and the
6 public members.

7 Public notice of this meeting was
8 also posted as of Wednesday, August 2nd, 2006
9 in various locations throughout City Hall.

10 The first order of business is to
11 select to chairperson for this Annual
12 Meeting. Are there any nominations?

13 MR. McCORMICK: I nominate Eric
14 Reese, Chicago Park District.

15 MS. PERKINS: I second.

16 MR. REESE: Thank you very much.
17 All in favor of this nomination?

18 MEMBERS IN CHORUS: Aye.

19 MR. REESE: Okay. Let the record
20 reflect that Eric Reese has been elected as
21 chairperson and will now serve as
22 chairperson for the remainder of this
23 meeting.

24 The meeting is being held

1 pursuant to Section 74.4-5E of the Illinois
2 Tax Increment Allocation Redevelopment Act,
3 commonly known as the TIFF Act.

4 In Section 74.6-.2E of the
5 Illinois Industrial Job Recovery Law,
6 commonly known as IJRL, and Section 3B of the
7 Mayor's Executive Order 97-2A.

8 The purpose of this meeting is to
9 hear an overview of join -- annual reports
10 prepared by the City of Chicago to each TIFF
11 in IJRL District that existed as of the end
12 of the fiscal year 2005, which ended on
13 December 31st, 2005, and to prepare
14 effectiveness and status of the existing
15 redevelopment project area, to review the
16 effectiveness and status of the existing
17 redevelopment project area redevelopment
18 project plans, TIFF and IJRI projects in the
19 TIFF IJRL financing up to date.

20 The City's year 2005 Annual
21 Reports were delivered to each of the taxing
22 districts represented on this Board, as well
23 as the Office of the State Council and to
24 several other interested agencies.

1 Public and members each received
2 a copy of the report for the TIFF district or
3 districts he or she represents.

4 Is there any statements from any
5 public members? Great.

6 I will now turn to the Department
7 of Planning and Development for their
8 presentation.

9 MR. STREETER: Good morning, members
10 of the Committee and guests. My name is Jeff
11 Streeter, and I'm with the Department of
12 Planning and Development. I'm an Assistant
13 Commissioner in the Development Support
14 Services Division, and I'm here to give you
15 an overview of the activities in the TIFF
16 districts for 2005.

17 Some of the information I'm going
18 to talk about is contained in the charts that
19 were distributed to the members of the Joint
20 Review Committee.

21 The first topic is New and
22 Amended TIFF Districts. During 2005, the
23 City created two new TIFF districts. For
24 comparison, eight were created in 2004.

1 Again, two were created in 2003, and 16 were
2 created in 2002.

3 The new districts created
4 include 79th and Cicero which supported the
5 Scottsdale Mall Project and the Ravenswood
6 Industrial Corridor TIFF District.

7 These districts are intended to
8 encourage development of existing
9 residential, commercial, industrial, and
10 institutional sites. Each of these new
11 districts will expire in 2028.

12 During 2005, there were also
13 major amendments to three TIFF districts;
14 Fullerton/Milwaukee, West Ridge/Peterson,
15 and Stock Yard/Bannicks all had amendments
16 done to them.

17 Between January 1st and January
18 30th of the present year, the City has
19 designated three additional TIFF districts
20 already.

21 The next topic is a summary of
22 just the activity in the TIFF districts.

23 As of December 31, 2005, the City
24 had a total of 140, had a total of 140 TIFF

1 districts. They covered 41,234 acres, or
2 28.2 percent of total City property.

3 The increment generated for the
4 most recent tax year, which is assessment
5 year 2004, collected in 2005, is 8.6 percent
6 of the City's total EAB.

7 TIFF assistance for private and
8 public projects, is the next category I'll
9 touch on.

10 In 2005, nine new small business
11 improvement funds, or SPIF, SPIF's were
12 created. This year the City instituted one
13 new neighborhood improvement program, or
14 NIF, area. There are now a total of 25
15 SPIF's and nine NIF's. Twenty-six
16 additional SPIF's are anticipated for 2006.

17 In 2005, the City acquired a
18 total of 496 tax parcels, located within 24
19 different TIFF districts. One-hundred-
20 thirty-one of these tax parcels were
21 acquired through lean foreclosure,
22 condemnation, or imminent domain authority.

23 An additional 365 were acquired
24 through the Tax -- Program.

1 In 2005, TIFF funds were
2 committed to achieve the following public
3 benefits.

4 2,709 new units of housing. This
5 included 1,845 units of for sale and rental
6 housing, and 864 units of affordable and CHA
7 units.

8 127,100 square feet of new, of
9 new and rehabed office space was another
10 public benefit. 1,099,985 square feet of new
11 and rehabed commercial retail space. 10,000
12 square feet of new industrial space.

13 As to jobs, public benefits
14 associated with that. 1,466, 1,466 new jobs
15 were created, and 398 existing jobs were
16 retained.

17 Lastly, TIFF supports the
18 improvements made to public parks and public
19 infrastructure, as well as job training
20 programs.

21 In 2005, \$46.3 million was
22 invested in public infrastructure
23 improvements, such as street scaping,
24 lighting, sidewalks, and streets.

1 Thank you.

2 MR. REESE: Thank you very much.

3 Are there any questions?

4 MR. WILSON: I would like to just
5 raise one question relative to one of the
6 TIFF areas, 63rd and Halsted Mall commercial
7 that was reduced because of imminent domain
8 for Kennedy King College and we lost precious
9 tax space there, and it went into a TIFF,
10 went in then into a special service area.

11 I believe my question has to do
12 with what is the current thinking of
13 development and planning relative to the new
14 use of that area, what has been savaged from
15 the loss Kennedy King College? Is there
16 anyone that give some data on that? And do
17 we have a representative from the Mall area?

18 MR. McCORMICK: Not here, no. Let
19 me address that. I think we'll have to get
20 back to you with that, and the level, you
21 know, of specificity you're looking at, and
22 that, you know, this is an overview of all
23 the TIFF's.

24 MR. WILSON: Yeah.

1 MR. McCORMICK: But I think that,
2 Planning get back to you with your answers?

3 MR. WILSON: Okay.

4 MR. STREETER: Any further
5 questions? Thank you very much.

6 MR. REESE: Being that there are no
7 other questions, and there are no other
8 issues before the Board at this time, I'd
9 like to, I'd like to entertain a motion to
10 adjourn.

11 MR. BALDWIN: So moved.

12 MR. McCORMICK: Seconded.

13 MR. REESE: All in favor?

14 MEMBERS IN CHORUS: Aye.

15 MR. REESE: Thank you very much.

16 (Whereas the meeting was
17 adjourned at 10:50 a.m.)

18

19

20

21

22

23

24

**LaSalle Central Redevelopment Project Area
2006 Annual Report**

**(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.

**LaSalle Central Redevelopment Project Area
2006 Annual Report**

(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.

**LaSalle Central Redevelopment Project Area
2006 Annual Report**

(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.

LaSalle Central Redevelopment Project Area 2006 Annual Report

(11) GENERAL DESCRIPTION AND MAP

The LaSalle Central Redevelopment Project Area is generally bounded by Clark Street on the east, Van Buren Street on the south, the Chicago River and Canal Street on the west, and portions of the Lake, Randolph and Washington Streets on the north. 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.

