
2005 Annual Report

Fullerton/Milwaukee Redevelopment Project Area



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

JUNE 30, 2006

June 30, 2006

Ms. Lori T. Healey
Commissioner
Department of Planning and Development
121 North LaSalle Street
Chicago, Illinois 60602

Dear Commissioner:

Enclosed is the annual report for the Fullerton/ Milwaukee 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

Fullerton/Milwaukee Redevelopment Project Area 2005 Annual Report

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City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

Lori T. Healey
Commissioner

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<http://www.cityofchicago.org>

June 30, 2006

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

Sincerely,

Lori T. Healey
Commissioner



Fullerton/Milwaukee Redevelopment Project Area 2005 Annual Report

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

The Project Area was designated on February 16, 2000. The Project Area may be terminated no later than February 16, 2023.

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.

**Fullerton/Milwaukee Redevelopment Project Area
2005 Annual Report**

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

Please see attached.

CITY OF CHICAGO, ILLINOIS
FULLERTON/MILWAUKEE
REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 2005

CITY OF CHICAGO, ILLINOIS
FULLERTON/MILWAUKEE 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 Fullerton/Milwaukee Redevelopment Project of the City of Chicago, Illinois, as of and for the year ended December 31, 2005, 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 Fullerton/Milwaukee 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, 2005, 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 Fullerton/Milwaukee Redevelopment Project of the City of Chicago, Illinois, as of December 31, 2005, 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 10, 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 Fullerton/Milwaukee 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 Kerner, L.L.P.

Certified Public Accountants

June 2, 2006

CITY OF CHICAGO, ILLINOIS
FULLERTON/MILWAUKEE REDEVELOPMENT PROJECT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As management of the Fullerton/Milwaukee 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, 2005. 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>2005</u>	<u>2004</u>	<u>Change</u>	<u>% Change</u>
Total assets	\$11,647,632	\$8,658,721	\$2,988,911	35%
Total liabilities	<u>648,747</u>	<u>830,480</u>	<u>181,733</u>	22%
Total net assets	<u>\$10,998,885</u>	<u>\$7,828,241</u>	<u>\$3,170,644</u>	41%
Total revenues	\$ 3,774,396	\$3,411,661	\$ 362,735	11%
Total expenses	<u>603,752</u>	<u>551,520</u>	<u>52,232</u>	9%
Operating transfers out	<u>-</u>	<u>182,892</u>	<u>(182,892)</u>	(100)%
Changes in net assets	<u>3,170,644</u>	<u>2,677,249</u>	<u>493,395</u>	18%
Ending net assets	<u>\$10,998,885</u>	<u>\$7,828,241</u>	<u>\$3,170,644</u>	41%

Analysis of Overall Financial Position and Results of Operations

Property tax revenue for the Project was \$3,680,853 for the year. This was an increase of 9 percent over the prior year. The change in net assets produced an increase in net assets of \$3,170,644. The Project's net assets increased by 41 percent from the prior year making available \$10,998,885 of funding to be provided for purposes of future redevelopment in the Project's designated area.

CITY OF CHICAGO, ILLINOIS
FULLERTON/MILWAUKEE REDEVELOPMENT PROJECT

STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2005

<u>A S S E T S</u>	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Cash and investments	\$ 8,360,806	\$ -	\$ 8,360,806
Property taxes receivable	3,200,000	-	3,200,000
Accrued interest receivable	86,826	-	86,826
Total assets	<u>\$ 11,647,632</u>	<u>\$ -</u>	<u>\$11,647,632</u>
<u>LIABILITIES</u>			
Vouchers payable	\$ 603,704	\$ -	\$ 603,704
Due to other City funds	45,043	-	45,043
Deferred revenue	2,891,041	(2,891,041)	-
Total liabilities	<u>3,539,788</u>	<u>(2,891,041)</u>	<u>648,747</u>
<u>FUND BALANCE/NET ASSETS</u>			
Fund balance:			
Designated for future redevelopment project costs	8,107,844	(8,107,844)	-
Total fund balance	<u>8,107,844</u>	<u>(8,107,844)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 11,647,632</u>		
Net assets:			
Restricted for future redevelopment project costs		10,998,885	10,998,885
Total net assets		<u>\$ 10,998,885</u>	<u>\$10,998,885</u>
Amounts reported for governmental activities in the statement of net assets are different because:			
Total fund balance - governmental funds			\$ 8,107,844
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>2,891,041</u>
Total net assets - governmental activities			<u>\$10,998,885</u>

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

CITY OF CHICAGO, ILLINOIS
FULLERTON/MILWAUKEE REDEVELOPMENT PROJECT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Property tax	\$ 3,180,936	\$ 499,917	\$ 3,680,853
Interest	93,543	-	93,543
Total revenues	<u>3,274,479</u>	<u>499,917</u>	<u>3,774,396</u>
Expenditures/expenses:			
Economic development projects	560,088	-	560,088
Debt service:			
Principal retirement	539,624	(539,624)	-
Interest	43,664	-	43,664
Total expenditures/expenses	<u>1,143,376</u>	<u>(539,624)</u>	<u>603,752</u>
Excess of revenues over expenditures	2,131,103	(2,131,103)	-
Change in net assets	-	3,170,644	3,170,644
Fund balance/net assets:			
Beginning of year	<u>5,976,741</u>	<u>1,851,500</u>	<u>7,828,241</u>
End of year	<u>\$ 8,107,844</u>	<u>\$ 2,891,041</u>	<u>\$ 10,998,885</u>

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

Net change in fund balance - governmental funds	\$ 2,131,103
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.	499,917
Repayment of note principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For governmental activities, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.	<u>539,624</u>
Change in net assets - governmental activities	<u>\$ 3,170,644</u>

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

CITY OF CHICAGO, ILLINOIS
FULLERTON/MILWAUKEE REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

(a) *Reporting Entity*

In February 2000, the City of Chicago (City) established the Fullerton/Milwaukee 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 capital projects, debt service and 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
FULLERTON/MILWAUKEE 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 funds 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 funds 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. The annual principal and interest payments are made solely from incremental real property taxes, which are paid in the redevelopment district.

CITY OF CHICAGO, ILLINOIS
FULLERTON/MILWAUKEE REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2 – Notes Payable

In December 2002, the City issued Fullerton/Milwaukee Tax Increment Allocation Notes, Series 2002. The notes were for \$700,000 and had an interest rate of 8.5 percent and maturity dates ranging from January 1, 2004 to January 1, 2012. Net proceeds of \$700,000 were used to finance certain project costs in the Fullerton/Milwaukee Redevelopment Project Area.

Long-term liability activity for the year ended December 31, 2005 was as follows:

Beginning balance	\$ 539,624
Additions	-
Reductions	<u>(539,624)</u>
Ending balance	<u>\$ -</u>
Amounts due within one year	<u>\$ -</u>

Under the terms of the notes, when revenues available exceed the amounts on the debt service schedule, the excess amounts shall be used to make mandatory prepayment on the notes. Any prepayments may be made without penalty or premium. The remaining \$539,624 of principal was repaid December 30, 2005.

SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS
FULLERTON/MILWAUKEE 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	\$ 61,136
Costs of property assembly, including but not limited to acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land	331,000
Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings and fixtures	167,939
Costs of job training and retraining projects	13
Costs of financing, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto	<u>583,288</u>
	<u>\$ 1,143,376</u>

**Fullerton/Milwaukee Redevelopment Project Area
2005 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

Gwendolyn Clemons, 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

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

I, RICHARD M. DALEY, in connection with the annual report (the "Report") of information required by Section 11-74.4-5(d) of the Tax Increment Allocation Redevelopment Act, 65 ILCS5/11-74.4-1 et seq., (the "Act") with regard to the Fullerton/Milwaukee Redevelopment Project Area (the "Redevelopment Project Area"), do hereby certify as follows:

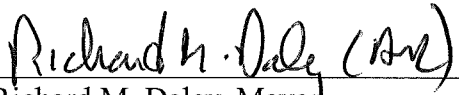
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

2. During the preceding fiscal year of the City, being January 1 through December 31, 2005, 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, 2006.


Richard M. Daley, Mayor
City of Chicago, Illinois

**Fullerton/Milwaukee Redevelopment Project Area
2005 Annual Report**

(4) OPINION OF LEGAL COUNSEL - 65 ILCS 5/11-74.4-5(d)(4)

Please see attached.



June 30, 2006

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

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<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

Gwendolyn Clemons, 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
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135 South LaSalle Street, Suite 3800
Chicago, Illinois 60603

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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

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

Re: Fullerton/Milwaukee
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 30, 2006

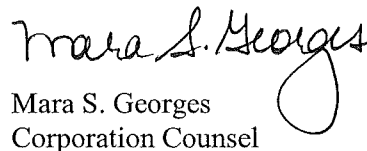
Attorneys, past and present, in the Law Department of the City familiar with the requirements of the Act have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following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

Fullerton/Milwaukee Redevelopment Project Area 2005 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, 2005	
	2005
Revenues	
Property tax	\$ 3,180,936
Sales tax	-
Interest	93,543
Total revenues	3,274,479
Expenditures	
Costs of studies, admin., and professional services. (q)(1)	61,136
Marketing costs. (q)(1.6)	-
Property assembly, demolition, site preparation and environmental site improvement costs. (q)(2)	331,000
Costs of rehabilitation, reconstruction, repair or remodeling and of existing buildings. (q)(3)	167,939
Costs of construction of public works and improvements. (q)(4)	-
Cost of job training and retraining. (q)(5)	13
Financing costs. (q)(6)	583,288
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)	-
Costs of construction of new housing units for low income and very low income households. (q)(11)(F)	-
Cost of day care services and operational costs of day care centers. (q)(11.5)	-
Total expenditures	1,143,376
Revenues over expenditures	2,131,103
Fund balance, beginning of year	5,976,741
Fund balance, end of year	\$ 8,107,844
Fund balance	
Reserved for debt service	\$ -
Reserved for encumbrances	-
Designated for future redevelopment project costs	8,107,844
Total fund balance	\$ 8,107,844

**Fullerton/Milwaukee Redevelopment Project Area
2005 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
City Staff Costs ¹	Administration	\$44,254
Greene & Letts	Professional Service	\$9,585
Arbor Acquisitions and BDMS, Inc.	Acquisition	\$286,000
United Investors, Inc.	Acquisition	\$45,000
SomerCor 504, Inc.	Rehabilitation Program	\$167,939
Northern Trust Bank	Financing	\$583,288

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

**Fullerton/Milwaukee Redevelopment Project Area
2005 Annual Report**

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

TABLE 6
DESCRIPTION OF PROPERTY PURCHASED BY THE MUNICIPALITY WITHIN THE TIF
AREA

STREET ADDRESS	APPROXIMATE SIZE OR DESCRIPTION OF PROPERTY	PURCHASEPRICE	SELLER OF PROPERTY
3000 N. Elbridge Ave.	N/A	\$286,000	Arbor Acquisitions, Inc. & BDMS, Inc.

**Fullerton/Milwaukee Redevelopment Project Area
2005 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 12/31/05, and of such investments expected to be undertaken in year 2006; also, a project-by-project ratio of private investment to public investment from 11/1/99 to 12/31/05, and an estimated ratio of such investments as of the completion of each project and as estimated to the completion of the redevelopment project.

SEE TABLES AND/OR DISCUSSIONS ON THE FOLLOWING PAGES.

Fullerton/Milwaukee Redevelopment Project Area 2005 Annual Report

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

During 2005, 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 2005, 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 2005, no agreements were entered into with regard to the disposition or redevelopment of any property within the Project Area.

Fullerton/Milwaukee Redevelopment Project Area 2005 Annual Report

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

The Project Area has received \$9,247,232 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 2005, 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.

**Fullerton/Milwaukee Redevelopment Project Area
2005 Annual Report**

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

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

Projects Undertaken in This Redevelopment Project Area	Private Investment Undertaken		Public Investment Undertaken		Ratio Of Private/Public Investment	
	11/1/1999 to End of Reporting FY	Amount Estimated to Complete the Project	11/1/1999 to End of Reporting FY	Amount Estimated to Complete the Project	11/1/1999 to End of Reporting FY	Ratio Estimated as of Project Completion
Project 1: Small Business Improvement Fund (SBIF) Program**	n/a	\$1,400,000	\$674,070	\$700,000	n/a	2:1
Total:	n/a	\$1,400,000	\$674,070	\$700,000	n/a	n/a
Projects Estimated To Be Undertaken During 2006	Private Investment Undertaken		Public Investment Undertaken		Ratio of Private/Public Investment	
Project 2: Florsheim	\$47,400,000		\$8,500,000		5.6 : 1	
Total:	\$47,400,000		\$8,500,000		n/a	

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

Fullerton/Milwaukee Redevelopment Project Area 2005 Annual Report

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

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

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

CITY OF CHICAGO
JOINT REVIEW BOARD

Report of proceedings of a hearing
before the City of Chicago, Joint Review
Board held on February 4, 2004, at 10:00 a.m.,
City Hall, Room 1003A, Conference Room,
Chicago, Illinois, and presided over by
Mr. John McCormick, Chairman.

PRESENT:

MR. JOHN MCCORMICK, CHAIRMAN
MS. SUSAN MAREK
MS. KAY KOSMAL
MR. LUIS MARTINEZ
MS. JOANNE WORTHY

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

1 MR. MCCORMICK: I'd like everybody to
2 kind of introduce themselves. My name is
3 John McCormick representing the City of
4 Chicago.

5 MS. MAREK: Susan Marek, Chicago
6 Board of Education.

7 MR. MARTINEZ: Luis Martinez, City
8 Colleges.

9 MS. KOSMAL: Kay Kosmal, Cook County.

10 MR. CAMPBELL: Charles Campbell,
11 public person.

12 MR. MCCORMICK: Okay, for the record,
13 my name is John McCormick, I'm the
14 representative of the City of Chicago, which
15 under Section 11-744-5 of the Tax Increment
16 Allocation Redevelopment Act, is one of the
17 statutorily designated members of the Joint
18 Review Board.

19 Until the election of a
20 Chairperson, I will moderate the Joint
21 Review Board meetings. For the record, there
22 will be a meeting of the Joint Review Board
23 to review the proposed Amendment Number One
24 of the Fullerton/Milwaukee Tax Increment

1 Financing District.

2 The date of this meeting was
3 announced at and set by the Community
4 Development Commission of the City of
5 Chicago at its meeting of January 11, 2005.
6 Notice of this meeting of the Joint Review
7 Board was also provided by certified mail to
8 each taxing district represented on the
9 board, which includes the Chicago Board of
10 Education, the Chicago Community Colleges
11 District 508, the Chicago Park District,
12 Cook County and the City of Chicago and the
13 public member. Public notice of this meeting
14 was also posted as of Wednesday, February 2,
15 2005 in various locations throughout City
16 Hall.

17 When a proposed redevelopment
18 plan would result in displacement of
19 residents of ten or more inhabited
20 residential units or would include 75 or more
21 inhabited residential units, the TIF Act
22 requires that the public member of the Joint
23 Review Board must reside in the proposed
24 redevelopment project area.

1 In addition, if a municipality's
2 Housing Impact Study determines that the
3 majority of the residential units in the
4 proposed redevelopment project area are
5 occupied by very low, low or moderate income
6 households, as defined in Section II of the
7 Illinois Affordable Housing Act, the public
8 member must be a person who resides in a very
9 low, low or moderate income housing within
10 the proposed redevelopment project area.

11 With us today is Charles
12 Campbell. Are you familiar with the
13 boundaries of the proposed amended
14 Fullerton/Milwaukee Tax Increment Financing
15 Redevelopment Project Area?

16 MR. CAMPBELL: Yes, sir, I am.

17 MR. MCCORMICK: What is the address
18 of your primary residence?

19 MR. CAMPBELL: 3305 W. Fullerton
20 Avenue, apartment 201.

21 MR. MCCORMICK: Is this address
22 within the boundaries of the amended
23 Fullerton/Milwaukee Tax Increment Financing
24 Redevelopment Project Area?

1 MR. CAMPBELL: Yes, it is.

2 MR. MCCORMICK: Have you provided
3 representatives of the City of Chicago
4 Department of Planning and Development with
5 accurate information concerning your income
6 and income of any members of your household
7 residing at such address?

8 MR. CAMPBELL: Yes, I have.

9 MR. MCCORMICK: Thank you. Based on
10 the information provided to you by the
11 Department of Planning and Development
12 regarding applicable income level for very
13 low, low and moderate income household, do
14 you qualify as a member of a very low, low or
15 moderate income household?

16 MR. CAMPBELL: Yes, I do.

17 MR. MCCORMICK: Thank you. Mr.
18 Campbell, are you willing to serve as the
19 public member for the Joint Review Board for
20 the amended Fullerton/Milwaukee Tax
21 Increment Financing Redevelopment Project
22 Area?

23 MR. CAMPBELL: Yes, I am.

24 MR. MCCORMICK: Thank you. I will

1 entertain a motion that Charles Campbell be
2 selected as the public member. Is there a
3 motion?

4 MS. MAREK: So moved.

5 MR. MCCORMICK: Is there a second?

6 MR. MARTINEZ: Second.

7 MR. MCCORMICK: All in favor, please
8 vote by saying, aye.

9 (Chorus of ayes.)

10 MR. MCCORMICK: All opposed, please
11 vote by saying, no.

12 (No response.)

13 MR. MCCORMICK: Let the record
14 reflect that Charles Campbell has been
15 selected as the public member of the amended
16 Fullerton/Milwaukee Tax Increment Financing
17 Redevelopment Project Area.

18 Our next order of business is to
19 select a chairperson for this Joint Review
20 Board. Are there any nominations?

21 MS. MAREK: I'll nominate John
22 McCormick.

23 MR. MCCORMICK: Is there a second for
24 the nomination?

1 MS. KOSMAL: Second.

2 MR. MCCORMICK: Are there any other
3 nominations?

4 (No response.)

5 MR. MCCORMICK: Let the record
6 reflect there were no other nominations. All
7 in favor of the nomination, please vote by
8 saying, aye.

9 (Chorus of ayes.)

10 MR. MCCORMICK: All opposed, please
11 vote by saying, no.

12 (No response.)

13 MR. MCCORMICK: Let the record
14 reflect that John McCormick has been elected
15 chairperson and will now serve as
16 chairperson for the remainder of the
17 meeting.

18 As I mentioned, at this meeting
19 we will be reviewing a plan for Amendment
20 Number One to the Fullerton/Milwaukee Tax
21 Increment Financing District proposed by the
22 City of Chicago. Staff of the City's
23 Planning Department, Law and other
24 departments have reviewed this planned

1 amendment which was introduced to the City's
2 Community Development Commission on January
3 11, 2005.

4 We will listen to a presentation
5 by the consultant on the plan. Following the
6 presentation we can address any questions
7 that members might have for the consultant or
8 City staff.

9 An amendment to the TIF Act
10 requires us to base our recommendation to
11 approve or disapprove Amendment Number One
12 to the Fullerton/Milwaukee Tax Increment
13 Financing District on the basis of the area
14 and the Plan satisfying the Plan
15 requirements, the eligibility criteria
16 defined in the TIF Act and objectives of the
17 TIF Act.

18 If the Board approved the planned
19 amendment the Board will then issue an
20 advisory non-binding recommendation by vote
21 of the majority of these members present and
22 voting. Such recommendation shall be
23 submitted to the City within 30 days after
24 the board meeting. Failure to submit such

1 recommendation shall be deemed to constitute
2 approval by the Board.

3 If the Board disapproves the
4 planned amendment the Board must issue a
5 written report describing why the planning
6 area failed to meet one or more objectives of
7 the TIF Act and both the plan requirements
8 and the eligibility criteria of the TIF Act.
9 The City will then have 30 days to resubmit a
10 revised plan. The Board and the City must
11 also confer at this time to try to resolve
12 the issues that led to the Board's
13 disapproval.

14 If the issues cannot be resolved
15 or if the revised Plan is disapproved the
16 City may proceed with the Plan, but the Plan
17 can be approved only with three fifths vote
18 of the City Council excluding positions of
19 members that are vacant and those members
20 that are ineligible to vote because of
21 conflicts of interest.

22 We are ready for the presentation
23 of the Fullerton/Milwaukee Amendment Number
24 One.

1 MR. ORTEGA: Should I speak into the
2 microphone?

3 CHAIRMAN MCCORMICK: Either way,
4 yeah, just introduce yourself to the people.

5 MR. ORTEGA: Good morning, my name is
6 Mario Ortega, I'm a senior associate planner
7 with Teska Associates. We were hired to
8 conduct an eligibility criteria survey for
9 the existing Milwaukee/Fullerton Tax
10 Increment Financing District.

11 There were several areas that the
12 City wanted to take a look at to see if
13 eligibility for amendment was possible. And
14 for those of you familiar with it, what we
15 did was take a look at the conservation
16 characteristics.

17 Conservation characteristics,
18 for those not familiar, revolve first that
19 the age of the buildings, 50 percent of the
20 structures in the amendment area must be
21 under the age of 35 years or more. The
22 second criteria is that of these 13
23 characteristics that can be found in an area
24 considered conservation, a minimum of three

1 must be found throughout the district,
2 throughout the amendment area.

3 Our methodology was to take a
4 look at the areas proposed for amendment and
5 consider those as our own. So that way we
6 would make sure that we are not taking a look
7 at or reevaluating the existing conditions
8 that were a part of the original amendment
9 area designation, or original area
10 designation. We were looking only at the
11 amendment area and their characteristics.

12 What we found is that of the
13 areas proposed for amendment, we found that
14 ten new blocks would be eligible for
15 amendment to the area. That involves 117
16 parcels. On those parcels there are 81
17 buildings and overall they encompass
18 approximately 31 acres. On this map right
19 here the original project area is indicated
20 with a hash and the amendment area, which we
21 will be discussing, is indicated in grey.
22 Those areas include a stretch along the south
23 side of Belmont between Tripp and all the way
24 to Springfield on the east. It also includes

1 two blocks along the north side of Milwaukee
2 between Elbridge and Allen. It also includes
3 an area on the south side of Milwaukee
4 between Kedzie and Linden. An additional
5 block on the north side of Milwaukee between
6 Fullerton and California. Another area on
7 the south side of Homer between Campbell and
8 Rockwell. And two additional blocks along
9 the north side of Armitage located, the first
10 block located between St. Louis and Drake.
11 The second additional block located between
12 Central Park and Monticello.

13 Of these ten areas we found that
14 74 of the 81 buildings are 35 years of age or
15 older. So that first criteria has been met.
16 With regard to the additional 13 existing
17 characteristics we found five conditions in
18 which the characteristics were found
19 throughout these amendment areas that I just
20 indicated.

21 That includes deterioration.
22 Deterioration, as you know, involves the
23 slow decay of the features of any structures.
24 When it comes to buildings, 12 of the 81

1 buildings had the deterioration
2 characteristics as predominantly on those
3 buildings and that involved five of the 13
4 blocks. We're talking about 38 percent of
5 the blocks proposed had deterioration of the
6 building.

7 Another characteristic for
8 deterioration is the site improvements.
9 That involves things such as the pavement,
10 the landscaping, any other improvements not
11 a part of the building. We found that 56 of
12 the 117 parcels in the amendment area, or 48
13 percent, exhibited deterioration. And we,
14 and that equates to 12 of 13 blocks have
15 deterioration as a predominant
16 characteristic of the site improvements.

17 The second characteristic that
18 we found that was determined for eligibility
19 was vacancies. The vacancies of buildings.
20 The vacancies of buildings on blocks involve
21 21 percent or 17 of 81 buildings had a large
22 percentage of vacancy. And that involves
23 seven of 13 blocks, or 54 percent of the
24 blocks in the amendment area had a majority

1 of, or the characteristic of vacancy on them.

2 So in our estimation, that,
3 vacancy was a major contributing factor to
4 the eligibility of this amendment area as a
5 conservation district.

6 The third major contributing
7 factor was EAV, growth. Basically we take a
8 look at the EAV of, excuse me, the Equalized
9 Assessed Value of the amendment area, take a
10 look at that, at the growth rate of that, the
11 amendment area parcels over the previous
12 five years. And compare that with the growth
13 rate of the City parcels, of the remaining
14 part of the parcels within the City.

15 What we found is that the growth
16 rate in the amendment area parcels, in three
17 of the five previous years, was less than the
18 remaining portion of the City. So in 1999
19 and 2000 and in 2002, the growth rate, the
20 rate of growth and the equalized assessed
21 value in these amendment areas was less than
22 the City overall. And that, in terms of
23 statutory requirements, is an eligible, is a
24 major contributing factor.

1 Finally, two other factors we
2 found was obsolescence. Nine percent of the
3 parcels would be considered obsolete in
4 terms of their ability to function in modern
5 characteristics for us. And in the terms of
6 lack, in these amendment areas we found that
7 lack of community planning just was a factor
8 in how these amendment area parcels
9 functioned with compatibility to their
10 adjacent land uses.

11 There were some instances in
12 which industrial users or non-residential
13 uses were in close proximity or trying to
14 function directly adjacent to residential
15 uses and just was not, it exhibited the
16 characteristic lack of community planning.
17 In the optimum characteristic you would not
18 have that condition.

19 That concludes our
20 recommendations in terms of the eligibility
21 of those. These five characteristics make
22 this area, in our opinion, eligible for
23 amendment to the existing
24 Milwaukee/Fullerton TIF District. We've

1 also prepared a report in regards to the
2 eligibility in detail, in addition to the
3 amendment to the existing Tax Increment
4 Financing District Plan to make that in
5 compliance with the recently amended
6 statute. If you have any other questions
7 I'll be more than happy to answer them.

8 CHAIRMAN MCCORMICK: Yeah, I don't
9 know if you could answer them. Are there any
10 specific projects or why are we amending
11 this? Is there anything in mind that the
12 City has?

13 MR. ORTEGA: Well, initially the, one
14 of the characteristics that was found was, in
15 certain cases some of the parcels in the
16 original project area, they were, the
17 boundary was, the parcel itself was actually
18 split along the TIF District boundary.

19 So, for example, right down here
20 there is a school where the TIF boundary
21 actually went through the school and we
22 wanted to make those kind of corrections.

23 CHAIRMAN MCCORMICK: Good, that's
24 good.

1 MR. ORTEGA: And there's another
2 parcel to the north in which a building
3 that's, would be a prime candidate for
4 redevelopment had the district boundary go
5 through it.

6 CHAIRMAN MCCORMICK: Okay, oh, I see.

7 MR. ORTEGA: We wanted to make those
8 types of corrections.

9 CHAIRMAN MCCORMICK: No, that's
10 fine.

11 MR. ORTEGA: In addition, there were
12 other blocks, that given the new, the new
13 characteristics for eligibility, other
14 blocks became aware of their favorable
15 status for redevelopment.

16 For example, mainly along
17 Belmont, some of the buildings on this
18 particular block are, would be very good for
19 redevelopment at some point in time in the
20 future.

21 CHAIRMAN MCCORMICK: Okay, good.

22 MS. MAREK: Is there a community plan
23 for this area? Because it looks like it's a
24 pretty big stretch up there for it to be like

1 a community.

2 MR. ORTEGA: It is a pretty large
3 area. I believe it covers two individual
4 communities. And as far as the community
5 plan, I'm afraid I'm not that aware of the
6 status of that.

7 CHAIRMAN MCCORMICK: Any additional
8 questions?

9 MR. MARTINEZ: Just what was the
10 vacancy? Do you know the vacancy of the
11 original versus the amendment?

12 MR. ORTEGA: I'm sorry, I don't have
13 the original.

14 MR. MARTINEZ: For the amendment
15 area?

16 MR. ORTEGA: For the amendment area,
17 I do have those characteristics. Of the 81
18 buildings in the amendment area blocks, 17 of
19 them had a vacancy as a major element of that
20 building, so 21 percent. And that actually
21 occurs on seven of 13 blocks. So out of
22 these 13 blocks, seven of them, or 54 percent
23 have some form of vacancy on them.

24 CHAIRMAN MCCORMICK: Okay, any

1 additional questions? If there are no
2 further questions I will entertain a motion
3 that this Joint Review Board finds that the
4 proposed Amendment Number One to the
5 Fullerton/Milwaukee Tax Increment Financing
6 Redevelopment Project Area satisfies the
7 redevelopment plan requirements under the
8 TIF Act, the eligibility criteria defined in
9 Section 11-744-3 of the TIF Act, and the
10 objectives of the TIF Act, and that based on
11 such findings, approve such a plan under the
12 TIF Act. Is there a motion?

13 MS. MAREK: So moved.

14 CHAIRMAN MCCORMICK: Is there a
15 second for the motion?

16 MS. KOSMAL: Second.

17 CHAIRMAN MCCORMICK: Is there any
18 further discussion? If not, all in favor,
19 please vote by saying, aye.

20 (Chorus of ayes.)

21 CHAIRMAN MCCORMICK: All opposed,
22 please vote by saying, no.

23 (No response.)

24 CHAIRMAN MCCORMICK: Let the record

1 reflect the Joint Review Board's approval of
2 the proposed Amendment Number One to the
3 Fullerton/Milwaukee Tax Increment Financing
4 Redevelopment Project Area under the TIF
5 Act.

6 I'd also like to thank our
7 representative, Charles Campbell, for
8 contributing your time and effort to being
9 involved with us. Thank you very much.

10 MR. CAMPBELL: It's good to see this
11 kind of thing happen.

12 CHAIRMAN MCCORMICK: Thank you.
13 Okay. We're done. Is there a motion to
14 adjourn?

15 MS. MAREK: So moved.

16 CHAIRMAN MCCORMICK: Okay, all in
17 favor?

18 (Chorus of ayes.)

19 CHAIRMAN MCCORMICK: All right.

20 (Whereupon, the meeting
21 adjourned at 10:25 a.m.)

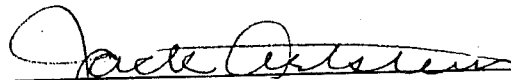
22

23

24

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


I, JACK ARTSTEIN depose and say that I am a verbatim reporter doing business in the County of Cook and City of Chicago; that I caused to be transcribed the proceedings heretofore identified and that the foregoing is a true and correct transcript of the aforesaid hearing.



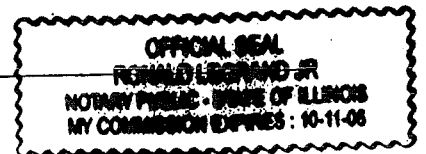
JACK ARTSTEIN

SUBSCRIBED AND SWORN TO
BEFORE ME THIS 22nd DAY OF

February, A.D. 2005.



NOTARY PUBLIC



**Fullerton/Milwaukee Redevelopment Project Area
2005 Annual Report**

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

During 2005, there were no obligations issued for the Project Area.

**Fullerton/Milwaukee Redevelopment Project Area
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(9) ANALYSIS OF DEBT SERVICE - 65 ILCS 5/11-74.4-5(d)(8)(B)

During 2005, there were no obligations issued for the Project Area.

**Fullerton/Milwaukee Redevelopment Project Area
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(10) CERTIFIED AUDIT REPORTS - 65 ILCS 5/11-74.4-5(d)(9)

Please see attached.



BANSLEY AND KIENER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

ESTABLISHED 1922

O'HARE PLAZA 8745 WEST HIGGINS ROAD SUITE 200 CHICAGO, ILLINOIS 60631 312.263.2700 FAX 312.263.6935 WWW.BK-CPA.COM

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 funds balance sheet of Fullerton/Milwaukee Redevelopment Project of the City of Chicago, Illinois as of December 31, 2005, and the related statement of activities and governmental funds revenues, expenditures and changes in fund balance for the year then ended, and have issued our report thereon dated June 2, 2006.

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 Fullerton/Milwaukee 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

June 2, 2006

Fullerton/Milwaukee Redevelopment Project Area 2005 Annual Report

(11) GENERAL DESCRIPTION AND MAP

The Fullerton/Milwaukee Redevelopment Project Area is located 5 miles northwest of the City's central business district. The Project Area encompasses portions of three major corridors: W. Armitage Avenue from N. Ridgeway Avenue to N. Milwaukee Avenue, W. Fullerton Avenue from N. Kimball Avenue to N. Francisco Avenue, and N. Milwaukee Avenue from W. Armitage Avenue to W. School Street. 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.

