
2007 Annual Report

51st/Archer Redevelopment Project Area



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

JUNE 30, 2008

June 30, 2008

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

Dear Commissioner:

Enclosed is the annual report for the 51st/ Archer 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

51st/Archer Redevelopment Project Area 2007 Annual Report

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SECTION (d) OF 65 ILCS 5/11-74.4-5.

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City of Chicago
Richard M. Daley, Mayor

Department of Planning and
Development

Arnold L. Randall
Commissioner

City Hall, Room 1000
121 North LaSalle Street
Chicago, Illinois 60602
312 744-4190
312 744-2271 (FAX)
312 744-2578 (TTY)

<http://www.cityofchicago.org>

June 30, 2008

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

Dear Comptroller Hynes:

We have compiled the attached information for the 51st/ Archer
Redevelopment Project Area (Report) pursuant to 65 ILCS 5/11-
74.4-5(d).

Sincerely,

Arnold L. Randall
Commissioner



**51st/Archer Redevelopment Project Area
2007 Annual Report**

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

The Project Area was designated on May 17, 2000. The Project Area may be terminated no later than December 31, 2024.

**51st/Archer Redevelopment Project Area
2007 Annual Report**

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

Please see attached.

CITY OF CHICAGO, ILLINOIS
51ST/ARCHER
REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 2007

CITY OF CHICAGO, ILLINOIS
51ST/ARCHER 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 51st/Archer Redevelopment Project of the City of Chicago, Illinois, as of and for the year ended December 31, 2007, 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 51st/Archer 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, 2007, 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.

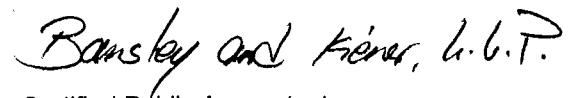
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the 51st/Archer Redevelopment Project of the City of Chicago, Illinois, as of December 31, 2007, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 5 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 11, 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 51st/Archer 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.



Certified Public Accountants

June 20, 2008

CITY OF CHICAGO, ILLINOIS
51ST/ARCHER REDEVELOPMENT PROJECT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As management of the 51st/Archer 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, 2007. 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

The 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

The 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.

CITY OF CHICAGO, ILLINOIS
51ST/ARCHER REDEVELOPMENT PROJECT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(Continued)

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

The condensed comparative financial statements are presented on the following page.

Analysis of Overall Financial Position and Results of Operations

Property tax revenue for the Project was \$819,405 for the year. This was an increase of 110 percent over the prior year. The change in net assets (including operating transfers in) produced an increase in net assets of \$3,584,630. The Project's net assets increased by 176 percent from the prior year making available \$5,619,253 of funding to be provided for purposes of future redevelopment in the Project's designated area. Revenues increased this year due to the Project's economic growth and accordingly increasing the total equalized assessed value of parcels and subsequent tax increment and related collections. Expenses increased this year due to the Project's formulation of a redevelopment plan or necessary funding was substantially complete and available.

Debt Administration

General Obligation Bonds (Modern Schools Across Chicago Program) outstanding at December 31, 2007 amounted to \$29,090,000. More detailed information about the Project's long-term liabilities is presented in Note 2 of the financial statements.

CITY OF CHICAGO, ILLINOIS
51ST/ARCHER REDEVELOPMENT PROJECT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(Concluded)

Government-Wide

	<u>2007</u>	<u>2006</u>	<u>Change</u>	<u>% Change</u>
Total assets	\$ 36,148,542	\$ 2,042,792	\$34,105,750	1,670%
Total liabilities	<u>30,529,289</u>	<u>8,169</u>	<u>30,521,120</u>	373,621%
Total net assets	<u>\$ 5,619,253</u>	<u>\$ 2,034,623</u>	<u>\$ 3,584,630</u>	176%
Total revenues	\$ 2,423,502	\$ 414,117	\$ 2,009,385	485%
Total expenses	<u>1,497,374</u>	<u>11,530</u>	<u>1,485,844</u>	12,887%
Operating transfers in	<u>2,658,502</u>	<u>-</u>	<u>2,658,502</u>	100%
Changes in net assets	<u>3,584,630</u>	<u>402,587</u>	<u>3,182,043</u>	790%
Ending net assets	<u>\$ 5,619,253</u>	<u>\$ 2,034,623</u>	<u>\$ 3,584,630</u>	176%

CITY OF CHICAGO, ILLINOIS
51ST/ARCHER REDEVELOPMENT PROJECT

STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2007

<u>ASSETS</u>	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Cash and investments	\$ 35,198,986	\$ -	\$35,198,986
Property taxes receivable	700,000	-	700,000
Accrued interest receivable	<u>249,556</u>	<u>-</u>	<u>249,556</u>
Total assets	<u>\$ 36,148,542</u>	<u>\$ -</u>	<u>\$36,148,542</u>
 <u>LIABILITIES</u> 			
Vouchers payable	\$ 8,770	\$ -	\$ 8,770
Due to other City funds	11,443	-	11,443
Accrued interest payable	113,407	-	113,407
Deferred revenue	578,344	(578,344)	-
Bonds payable (Note 2):			
Due within one year	-	435,000	435,000
Due after one year	<u>-</u>	<u>29,960,669</u>	<u>29,960,669</u>
Total liabilities	<u>711,964</u>	<u>29,817,325</u>	<u>30,529,289</u>
 <u>FUND BALANCE/NET ASSETS</u> 			
Fund balance:			
Reserved for debt service	1,718,708	(1,718,708)	-
Designated for future redevelopment project costs	<u>33,717,870</u>	<u>(33,717,870)</u>	<u>-</u>
Total fund balance	<u>35,436,578</u>	<u>(35,436,578)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 36,148,542</u>		
Net assets:			
Restricted for economic development projects		221,895	221,895
Restricted for debt service		1,795,885	1,795,885
Restricted for future redevelopment project costs		<u>3,601,473</u>	<u>3,601,473</u>
Total net assets		<u>\$ 5,619,253</u>	<u>\$ 5,619,253</u>
 Amounts reported for governmental activities in the statement of net assets are different because:			
Total fund balance - governmental funds			\$35,436,578
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.			578,344
Long-term liabilities applicable to the Project's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All long-term liabilities are reported in the statement of net assets.			<u>(30,395,669)</u>
Total net assets - governmental activities			<u>\$ 5,619,253</u>

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

CITY OF CHICAGO, ILLINOIS
51ST/ARCHER REDEVELOPMENT PROJECT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Property tax	\$ 717,771	\$ 101,634	\$ 819,405
Interest	<u>1,604,097</u>	<u>-</u>	<u>1,604,097</u>
Total revenues	<u>2,321,868</u>	<u>101,634</u>	<u>2,423,502</u>
Expenditures/expenses:			
Economic development projects	327,720	-	327,720
Debt service:			
Interest	<u>1,251,258</u>	<u>(81,604)</u>	<u>1,169,654</u>
Total expenditures/expenses	<u>1,578,978</u>	<u>(81,604)</u>	<u>1,497,374</u>
Excess of revenues over expenditures	742,890	183,238	926,128
Other financing sources:			
Proceeds of debt (Note 2)	30,477,273	(30,477,273)	-
Operating transfers in (Note 3)	<u>2,658,502</u>	<u>-</u>	<u>2,658,502</u>
Total other financing sources	<u>33,135,775</u>	<u>(30,477,273)</u>	<u>2,658,502</u>
Excess of revenues and other financing sources over expenditures	33,878,665	(33,878,665)	-
Change in net assets	-	3,584,630	3,584,630
Fund balance/net assets:			
Beginning of year	<u>1,557,913</u>	<u>476,710</u>	<u>2,034,623</u>
End of year	<u>\$ 35,436,578</u>	<u>\$(29,817,325)</u>	<u>\$ 5,619,253</u>

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

Net change in fund balance - governmental funds	\$ 33,878,665
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.	101,634
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, issuing debt increases notes payable in the statement of net assets and does not affect the statement of activities.	(30,477,273)
Premium received on the issuance of long-term debt is not accrued in governmental funds, but rather is amortized over the life of the bonds.	<u>81,604</u>
Change in net assets - governmental activities	<u>\$ 3,584,630</u>

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

CITY OF CHICAGO, ILLINOIS
51ST/ARCHER REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

(a) *Reporting Entity*

In May 2000, the City of Chicago (City) established the 51st/Archer 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
51ST/ARCHER REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 – Summary of Significant Accounting Policies (Concluded)

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

(d) *Assets, Liabilities and Net Assets*

Cash and Investments

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

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

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

Capital Assets

Capital assets are not capitalized in the governmental fund but, instead, are charged as current expenditures when purchased. The Government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) of the City includes the capital assets and related depreciation, if any, of the Project in which ownership of the capital asset will remain with the City (i.e. infrastructure, or municipal building). All other construction will be expensed in both the government-wide financial statements and the governmental fund as the City nor Project will retain the right of ownership.

(e) *Stewardship, Compliance, and Accountability*

Illinois Tax Increment Redevelopment Allocation Act Compliance

The Project's expenditures include reimbursements for various eligible costs as described in subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act and the Redevelopment Agreement relating specifically to the Project. Eligible costs include but are not limited to survey, property assembly, rehabilitation, public infrastructure, financing and relocation costs.

Reimbursements

Reimbursements, if any, are made to the developer for project costs, as public improvements are completed and pass City inspection. The semi-annual principal and interest payments are made solely from incremental real property taxes, which are paid in this redevelopment district and other contiguous redevelopment districts needed to fulfill the debt service requirements.

CITY OF CHICAGO, ILLINOIS
51ST/ARCHER REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Concluded)

Note 2 – Bonds Payable

In January 2007, the City issued \$29,090,000 of General Obligation Bonds (Modern Schools Across Chicago Program), Series 2007A at a premium. The bonds have interest rates ranging from 3.60 to 4.00 percent and maturity dates ranging from December 1, 2008 to December 1, 2024. Net proceeds of \$29,090,000 will be used to pay for a portion of the costs for construction, renovation, design and acquisition of elementary and high schools that are part of the school system operated by the Board of Education of the City of Chicago (the "Board") and refund certain outstanding obligations of the Board.

Long-term liability activity for the year ended December 31, 2007 was as follows:

Beginning balance	\$ -
Additions	29,090,000
Reductions	<u>-</u>
Subtotal	29,090,000
Plus unamortized premium	<u>1,305,669</u>
Ending balance	<u>\$30,395,669</u>
Amounts due within one year	<u>\$ 435,000</u>

The aggregate maturities of the bonds are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 435,000	\$ 1,360,885
2009	450,000	1,345,225
2010	470,000	1,329,025
2011	895,000	1,310,225
2012	930,000	1,276,662
2013-2017	7,075,000	5,724,063
2018-2022	12,055,000	3,615,250
2023-2024	<u>6,780,000</u>	<u>512,750</u>
Total	<u>\$29,090,000</u>	<u>\$16,474,085</u>

Note 3 – Operating Transfers In

During 2007, in accordance with State statutes, the Project received \$2,658,502 from two contiguous Redevelopment Projects (63rd/Pulaski \$1,387,704 and Midway Industrial Corridor \$1,270,798) to fund debt service and economic development projects.

SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS
51ST/ARCHER 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	\$ 46,037
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>1,532,941</u>
	<u>\$1,578,978</u>

**51st/Archer Redevelopment Project Area
2007 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 1125
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

Timothy 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 51st/ Archer Redevelopment Project Area (the "Redevelopment Project Area"), do hereby certify as follows:

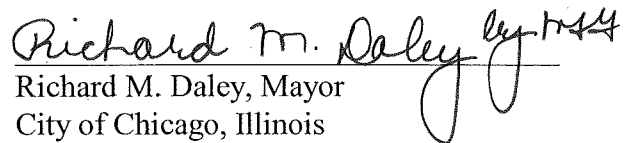
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

2. During the preceding fiscal year of the City, being January 1 through December 31, 2007, the City complied, in all material respects, with the requirements of the Act, as applicable from time to time, regarding the Redevelopment Project Area.

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

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

IN WITNESS WHEREOF, I have hereunto affixed my official signature as of this 30th day of June, 2008.

A handwritten signature in cursive script that reads "Richard M. Daley" followed by a stylized flourish. The signature is written in black ink over a horizontal line.
Richard M. Daley, Mayor
City of Chicago, Illinois

**51st/Archer Redevelopment Project Area
2007 Annual Report**

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

Please see attached.



City of Chicago
Richard M. Daley, Mayor

Department of Law

Mara S. Georges
Corporation Counsel

City Hall, Room 600
121 North LaSalle Street
Chicago, Illinois 60602
(312) 744-0200
(312) 744-8538 (FAX)
(312) 744-2963 (TTY)
<http://www.cityofchicago.org>

June 30, 2008

Daniel W. Hynes
Comptroller of the State of Illinois
James R. Thompson Center
100 West Randolph Street, Suite 15-500
Chicago, Illinois 60601
Attention: June Tallamantez, Director of
Local Government

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

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135 South LaSalle Street, Suite 3800
Chicago, Illinois 60603

Timothy 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: 51st/ Archer
Redevelopment Project Area (the "Redevelopment Project
Area")

Dear Addressees:

I am Corporation Counsel of the City of Chicago, Illinois (the "City"). In such capacity, I am providing the opinion required by Section 11-74.4-5(d)(4) of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (the "Act"), in connection with the submission of the report (the "Report") in accordance with, and containing the information required by, Section 11-74.4-5(d) of the Act for the Redevelopment Project Area.



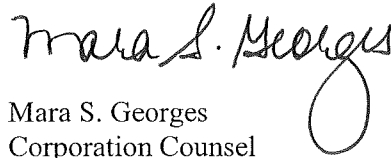
Attorneys, past and present, in the Law Department of the City familiar with the requirements of the Act have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following matters: approval of the redevelopment plan and project for the Redevelopment Project Area, designation of the Redevelopment Project Area as a redevelopment project area and adoption of tax increment allocation financing for the Redevelopment Project Area, all in accordance with the then applicable provisions of the Act. Various departments of the City, including, if applicable, the Law Department, Department of Planning and Development, Department of Housing, Department of Finance and Office of Budget and Management, have personnel responsible for and familiar with the activities in the Redevelopment Project Area affecting such Department(s) and with the requirements of the Act in connection therewith. Such personnel are encouraged to seek and obtain, and do seek and obtain, the legal guidance of the Law Department with respect to issues that may arise from time to time regarding the requirements of, and compliance with, the Act.

In my capacity as Corporation Counsel, I have relied on the general knowledge and actions of the appropriately designated and trained staff of the Law Department and other applicable City Departments involved with the activities affecting the Redevelopment Project Area. In addition, I have caused to be examined or reviewed by members of the Law Department of the City the certified audit report, to the extent required to be obtained by Section 11-74.4-5(d)(9) of the Act and submitted as part of the Report, which is required to review compliance with the Act in certain respects, to determine if such audit report contains information that might affect my opinion. I have also caused to be examined or reviewed such other documents and records as were deemed necessary to enable me to render this opinion. Nothing has come to my attention that would result in my need to qualify the opinion hereinafter expressed, subject to the limitations hereinafter set forth, unless and except to the extent set forth in an Exception Schedule attached hereto as Schedule 1.

Based on the foregoing, I am of the opinion that, in all material respects, the City is in compliance with the provisions and requirements of the Act in effect and then applicable at the time actions were taken from time to time with respect to the Redevelopment Project Area.

This opinion is given in an official capacity and not personally and no personal liability shall derive herefrom. Furthermore, the only opinion that is expressed is the opinion specifically set forth herein, and no opinion is implied or should be inferred as to any other matter. Further, this opinion may be relied upon only by the addressees hereof and the Mayor of the City in providing his required certification in connection with the Report, and not by any other party.

Very truly yours,


Mara S. Georges
Corporation Counsel

SCHEDULE 1

(Exception Schedule)

No Exceptions

Note the following Exceptions:

**51st/Archer Redevelopment Project Area
2007 Annual Report**

(5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND - 65 ILCS 5/11-74.4-5(d)(5)

Please see attached.

51ST/ARCHER REDEVELOPMENT PROJECT AREA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2007

	2007
Revenues	
Property tax	\$ 717,771
Sales tax	-
Interest	<u>1,604,097</u>
Total revenues	2,321,868
Expenditures	
Costs of studies, admin., and professional services. (q)(1)	46,037
Marketing costs. (q)(1.6)	-
Property assembly, demolition, site preparation and environmental site improvement costs. (q)(2)	-
Costs of rehabilitation, reconstruction, repair or remodeling and of existing buildings. (q)(3)	-
Costs of construction of public works and improvements. (q)(4)	-
Cost of job training and retraining. (q)(5)	-
Financing costs. (q)(6)	1,532,941
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)	<u>-</u>
Total expenditures	1,578,978
Revenues over expenditures	742,890
Other financing sources	
Proceeds of debt	30,477,273
Operating transfers in	<u>2,658,502</u>
Total other financing sources	33,135,775
Revenues and other financing sources over expenditures	33,878,665
Fund balance, beginning of year	<u>1,557,913</u>
Fund balance, end of year	<u>\$ 35,436,578</u>
Fund balance	
Reserved for debt service	\$ 1,718,708
Reserved for encumbrances	-
Designated for future redevelopment project costs	<u>33,717,870</u>
Total fund balance	<u>\$ 35,436,578</u>

**51st/Archer Redevelopment Project Area
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**(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	\$11,299
U.S. Equities Realty LLC	Professional Service	\$27,870
Wells Fargo Bank	Financing	\$1,251,258
Siebert Brandford Shank & Co., LLC	Financing	\$138,863
Ambac Assurance Corporation	Financing	\$92,937
Kutak Rock LLP	Financing	\$16,291
Johnson Research Group	Financing	\$7,212
Greene and Letts	Financing	\$6,797

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

* This table may include payments for Projects that were undertaken prior to 11/1/1999.

**51st/Archer Redevelopment Project Area
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(6) DESCRIPTION OF PROPERTY - 65 ILCS 5/11-74.4-5(d)(6)

During 2007, the City did not purchase any property in the Project Area.

**51st/Archer Redevelopment Project Area
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(7) STATEMENT OF ACTIVITIES - 65 ILCS 5/11-74.4-5(d)(7)

- (A)** Projects implemented in the preceding fiscal year.
- (B)** A description of the redevelopment activities undertaken.
- (C)** Agreements entered into by the City with regard to disposition or redevelopment of any property within the Project Area.
- (D)** Additional information on the use of all Funds received by the Project Area and steps taken by the City to achieve the objectives of the Redevelopment Plan.
- (E)** Information on contracts that the City's consultants have entered into with parties that have received, or are receiving, payments financed by tax increment revenues produced by the Project Area.
- (F)** Joint Review Board reports submitted to the City.
- (G)** Project-by-project review of public and private investment undertaken from 11/1/99 to 12/31/07, and of such investments expected to be undertaken in year 2008; also, a project-by-project ratio of private investment to public investment from 11/1/99 to 12/31/07, and an estimated ratio of such investments as of the completion of each project and as estimated to the completion of the redevelopment project.

SEE TABLES AND/OR DISCUSSIONS ON FOLLOWING PAGES.

**51st/Archer Redevelopment Project Area
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(7)(A) - 65 ILCS 5/11-74.4-5(d)(7)(A)

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

NAME OF PROJECT
Southwest (Sandoval) Elementary School

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

Redevelopment activities undertaken within this Project Area during the year 2007, if any, have been made pursuant to i) the Redevelopment Plan for the Project Area, and ii) any Redevelopment Agreements affecting the Project Area, and are set forth on Table 5 herein by TIF-eligible expenditure category.

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

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

PARTIES TO AGREEMENT WITH CITY	NATURE OF AGREEMENT	PROJECT DESCRIPTION	ADDRESS	JOBS CREATED/RETAINED
Southwest (Sandoval) Elementary School	Redevelopment Agreement	Construction of School	5534 S. Saint Louis Ave	0/0

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

The Project Area has received \$2,158,563 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 2007, no contracts were entered into by the City's tax increment advisors or consultants with entities or persons that have received, or are receiving, payments financed by tax increment revenues produced by the Project Area.

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

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

CITY OF CHICAGO
JOINT REVIEW BOARD

Report of proceedings of a hearing
before the City of Chicago, Joint Review
Board held on July 13, 2007, at 10:10 a.m.
City Hall, Room 703, Conference Room,
Chicago, Illinois, and presided over by
Mr. John McCormick.

PRESENT:

MR. JOHN MCCORMICK, CHAIRMAN
MS. SUSAN MAREK
MS. JACQUELYN HARDER
MS. PHOEBE WOOD

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

1 MR. McCORMICK: For the record, my
2 name is John McCormick. I am the
3 representative of the City of Chicago under
4 Section 11-74.4-5 of the Tax Increment
5 Allocation Redevelopment Act is one of the
6 statutorily designated members of the Joint
7 Review Board. Upon election of a
8 Chairperson, I will moderate the Joint
9 Review Board Meetings.

10 For the record, there will be two
11 meetings of the Joint Review Board. The
12 first meeting is to review the proposed
13 Amendment No. 2 for the 51st and Archer Tax
14 Increment Financing District.

15 The date of this meeting was
16 announced at and set by the Community
17 Development Commission of the City of
18 Chicago at its meeting of June 12, 2007.

19 Notice of this meeting of the
20 Joint Review Board was also provided by
21 Certified Mail to each taxing district
22 represented by the Board which includes the
23 Chicago Board of Education, the Chicago
24 Community Colleges District 508, the Chicago

1 Park District, Cook County and the City of
2 Chicago.

3 Public notice of this meeting was
4 also posted July 11, 2007 in various
5 locations throughout City Hall.

6 When a proposed redevelopment
7 plan would result in displacement of 10 or
8 more inhabited residential units, and will
9 include 75 or more inhabited residential
10 units, the TIF Act requires that the Public
11 Member of the Joint Review Board must reside
12 in the proposed redevelopment project area.

13 In addition, if the
14 Municipalities Housing Impact Study
15 determines that the majority of the
16 residential units in the proposed
17 redevelopment project area are occupied by
18 very low or moderate income households as
19 defined in Section 3 of the Illinois
20 Affordable Housing Act, the Public Member
21 must be a person who resides in a low, very
22 low housing or proposed redevelopment area.

23 I want to interject here just
24 since we have a full people here, just the

1 introduction of the members before I
2 introduce the Public Member. I'm John
3 McCormick with the City of Chicago.

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

6 MS. HARDER: Jackie Harder, Cook
7 County.

8 MS. WOODS: Phoebe Woods, City
9 Colleges of Chicago.

10 MR. McCORMICK: Okay. And with us
11 today is Rudy Acosta. Are you familiar with
12 the boundaries of the 51st and Archer Tax
13 Increment Financing Redevelopment project
14 area?

15 MR. ACOSTA: I am.

16 MR. McCORMICK: What is the address
17 of your primary residence?

18 MR. ACOSTA: 4548 South Avers.

19 MR. McCORMICK: Is such address
20 within the boundaries of the 51st and Archer
21 Tax Increment Financing Redevelopment
22 project area?

23 MR. ACOSTA: Yes.

24 MR. McCORMICK: Have you provided

1 representatives of the City's Department of
2 Planning and Development with accurate
3 information concerning your income and
4 income of any other members of your household
5 residing at such address?

6 MR. ACOSTA: Yes.

7 MR. McCORMICK: Mr. Acosta, are you
8 willing to serve as the Public Member for the
9 Joint Review Board for the 51st and Archer
10 Tax Increment Financing Redevelopment
11 project area?

12 MR. ACOSTA: I am.

13 MR. McCORMICK: I will entertain a
14 motion that Rudy Acosta be selected as the
15 Public Member. Is there such a motion?

16 MS. MAREK: So moved.

17 MR. McCORMICK: Is there a second?

18 MS. WOODS: Second.

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

21 (Chorus of ayes.)

22 MR. McCORMICK: All opposed, please
23 vote by saying no. Let the record reflect
24 that Rudy Acosta has been selected as the

1 Public Member for the 51st and Archer Tax
2 Increment Financing Redevelopment project
3 area.

4 Our next order of business is to
5 select a Chairperson for the Joint Review

6 Board. Are there any nominations?

7 MS. MAREK: I'll nominate John
8 McCormick.

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

11 MS. WOODS: Second.

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

16 (Chorus of ayes.)

17 MR. McCORMICK: All opposed, please
18 vote by saying no. Let the record reflect
19 that John McCormick has been elected
20 Chairperson and will now serve as
21 Chairperson for the remainder of the
22 meeting.

23 As I mentioned at this meeting,
24 we will be reviewing Amendment No. 2 for the

1 51st and Archer Tax Increment Financing
2 District proposed by the City of Chicago,
3 staff of the City's Departments of Planning,
4 Development and Law, and other departments
5 have reviewed this plan which was introduced
6 at the City's Community Development
7 Commission on June 12, 2007.

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

13 An amendment to the TIF Act
14 requires us to base our recommendation to
15 approve or disapprove Amendment 2 for the
16 51st and Archer Tax Increment Financing
17 District on the basis of the area and the
18 plan satisfying plan requirements, the
19 eligibility criteria defined in the TIF Act,
20 and objectives of the TIF Act.

21 If the Board approves the plan,
22 the Board will issue an advisory non-binding
23 recommendation by the vote of the majority of
24 those members present and voting. Such

1 recommendation will be submitted to the City
2 within 30 days after the Board Meeting.

3 Failure to submit such
4 recommendation will be deemed to constitute
5 approval by the Board.

6 If the Board disapproves the
7 plan, the Board must issue a written report
8 describing why the plan and the area failed
9 to meet one or more objectives of the TIF
10 Act, and both the plan requirements and
11 eligibility criteria of the TIF Act.

12 The City will have 30 days to
13 resubmit a revised plan. The Board and the
14 City must also confer during this time to try
15 to resolve the issues that led to the Board's
16 disapproval.

17 If such issues cannot be
18 resolved, or if the revised plan is
19 disapproved, the City may proceed with the
20 plan, but the plan can only be approved with
21 a three-fifths vote of the City Council,
22 excluding positions of members that are
23 vacant, and those members that are
24 ineligible to vote because of conflict of

1 interest.

2 We will now have the presentation
3 by the consultant, Louik/Schneider &
4 Associates.

5 MS. MORENO: Hi. My name is Trisha

6 Moreno. I'm with Louik/Schneider &
7 Associates. We were retained by the City of
8 Chicago to prepare the Amendment to the 51st
9 and Archer Tax Increment Financing
10 Redevelopment Plan and project, which was
11 originally by the City on May 17th in 2000.

12 The TIF boundaries are roughly
13 Archer Avenue on the north, 60th on the
14 south, Kedzie on the east and just of -- the
15 west.

16 The purpose of this Amendment was
17 to add language to the original plan in light
18 of recent amendment to the --

19 Secondly, to change the proposed
20 land uses to reflect changes in the area, and
21 to adjust the budget to reflect the potential
22 new development in plans --

23 The existing land uses in the
24 area now consist of commercial along Archer

1 Avenue, residential scattered sections
2 throughout, and institutional uses and
3 industrial uses.

4 The area is currently operating
5 industrial companies that are limited to a
6 large manufacturer, a smaller company
7 concentrated throughout the area at 49th and
8 Lawndale, 51st and Mallard, and 59th and
9 Central Park.

10 New development that has
11 occurred since the designation has been
12 limited to conversion development at 50th
13 and Kedzie -- development, residential
14 development at 51st over here, and a new fire
15 station, you see that construction right
16 down here.

17 Despite the continued efforts of
18 the City to maintain industrial uses with the
19 designation of the plan, the industrial and
20 commercial sites have remained obsolescent.
21 Much of the older, the land is older
22 industrial and commercial sites.

23 Some of that land has not been
24 desirable for industrial use. Residential

1 conversion is occurring on properties that
2 the former industrial --

3 Factors contributing to the
4 area's declining industry include
5 obsolescence and deteriorated buildings,
6 expansion of the adjacent area's
7 configuration of the industrial site, the
8 development of the Orange Line has increased
9 desirability of the area from residential
10 use. It has two stops, one at the east end
11 on Kedzie, and one in the middle on Pulaski.
12 And so new residential development has been
13 occurring in the area.

14 The plan was also amended to
15 expand the goal to accommodate the -- and the
16 institutional uses the growing number of
17 residents can support.

18 The budget was also modified to
19 adjust for the increased development and was
20 changed from a projected increment of --

21 A Housing Impact Study was not
22 prepared in conjunction with this plan
23 because there is less than 75 units, and we
24 certified that there will be no

1 displacement. Any questions?

2 MR. McCORMICK: If there are no
3 further questions, I'll entertain a motion
4 that this Joint Review Board finds that
5 Amendment No. 2 of the 51st and Archer Tax

6 Increment Financing project area satisfies
7 the redevelopment plan requirements under
8 the TIF Act, and the eligibility criteria
9 defined in the TIF Act, and the objectives of
10 the TIF Act, and that based on such findings
11 approve such proposed plan under the TIF Act.
12 Is there a motion?

13 MS. MAREK: So moved.

14 MR. McCORMICK: Is there a second for
15 the motion?

16 MR. ACOSTA: I'll second it.

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

20 (Chorus of ayes.)

21 MR. McCORMICK: All opposed, please
22 vote by saying no. Let the record reflect
23 that the Joint Review Board's approval of
24 Amendment No. 2 of the 51st and Archer Tax

1 Increment Financing plan and area under the
2 Act.

3 We're going to adjourn. First of
4 all, I want to thank our Public Member for
5 participating. We wouldn't be able to do
6 this without your involvement. Many thanks.

7
8 We'll take a brief adjournment
9 and then we'll get to the second item on our
10 agenda, the Hollywood/Sheridan TIF Joint
11 Review Board Meeting.

12 (Whereupon the meeting was
13 adjourned)

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

JACK ARTSTEIN

SUBSCRIBED AND SWORN TO
BEFORE ME THIS 3RD DAY OF
August, A.D. 2007.

[Signature]

NOTARY PUBLIC

OFFICIAL SEAL
RONALD N. LEGRAND, JR.
Notary Public - State of Illinois
My Commission Expires Oct 03, 2010

**51st/Archer Redevelopment Project Area
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(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: Southwest (Sandoval) Elementary School	***	\$910,083	\$1,532,941	\$30,300,000	***	0.0 : 1
Projects Estimated To Be Undertaken During 2008						
Project 1: Park Place / 51 st / Lawndale		\$54,500,000		\$7,400,000		7.4 : 1
Project 2: 51 st / Homan		\$63,509,590		\$7,200,000		8.8 : 1

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

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

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

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

**51st/Archer Redevelopment Project Area
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**(8) DOCUMENTS RELATING TO OBLIGATIONS ISSUED BY THE
MUNICIPALITY - 65 ILCS 5/11-74.4-5(d)(8)(A)**

During 2007, the City issued the 2007 Modern Schools G.O. bonds, which authorize the use of general obligation (G.O.) bond proceeds for a school construction and/or renovation project within this Project Area, and which expressly states the City's intention to use TIF increment from this Project Area or, in some instances, from adjacent TIF projects areas, for the repayment of some or all of that project's costs. Please refer to the 2007 Modern School G.O. bond issue supplement to these annual reports for more information.

**51st/Archer Redevelopment Project Area
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(9) ANALYSIS OF DEBT SERVICE - 65 ILCS 5/11-74.4-5(d)(8)(B)

During 2007, there were no obligations issued for the Project Area.

**51st/Archer 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 51st/Archer Redevelopment Project of the City of Chicago, Illinois as of December 31, 2007, 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 20, 2008.

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 51st/Archer 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 20, 2008

51st/Archer Redevelopment Project Area 2007 Annual Report

(11) GENERAL DESCRIPTION AND MAP

The 51st/Archer Redevelopment Project Area contains land along Archer Avenue from Central Park on the east to the Belt Line Railroad on the west, and along the Chicago & Grand Trunk & Western railroad right-of-way along Central Park Avenue, from 47th Street on the north to 59th Place on the south. The map below illustrates the location and general boundaries of the Project Area. For precise boundaries, please consult the legal description in the Redevelopment Plan.

