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# 2006 Annual Report

## Greater Southwest Industrial Corridor (East) Redevelopment Project Area



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

*JUNE 30, 2007*

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June 30, 2007

Ms. Kathleen A. Nelson  
First Deputy Commissioner  
Department of Planning and Development  
121 North LaSalle Street  
Chicago, Illinois 60602

Dear Commissioner:

Enclosed is the annual report for the Greater Southwest Industrial Corridor (East) 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

# Greater Southwest Industrial Corridor (East) Redevelopment Project Area 2006 Annual Report

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City of Chicago  
Richard M. Daley, Mayor

Department of Planning  
and Development

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

June 30, 2007

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

Dear Comptroller Hynes:

We have compiled the attached information for the Greater Southwest Industrial Corridor (East) Redevelopment Project Area (Report) pursuant to 65 ILCS 5/11-74.4-5(d).

Sincerely,

Kathleen A. Nelson  
First Deputy Commissioner



## **Greater Southwest Industrial Corridor (East) Redevelopment Project Area 2006 Annual Report**

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

The Project Area was designated on March 10, 1999. The Project Area may be terminated no later than March 10, 2022.

**Greater Southwest Industrial Corridor (East) Redevelopment Project Area  
2006 Annual Report**

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

Please see attached.

CITY OF CHICAGO, ILLINOIS  
GREATER SOUTHWEST INDUSTRIAL  
CORRIDOR (EAST)  
REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 2006

CITY OF CHICAGO, ILLINOIS  
GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST) 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 Greater Southwest Industrial Corridor (East) Redevelopment Project of the City of Chicago, Illinois, as of and for the year ended December 31, 2006, 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 Greater Southwest Industrial Corridor (East) 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, 2006, 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 Greater Southwest Industrial Corridor (East) Redevelopment Project of the City of Chicago, Illinois, as of December 31, 2006, 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 Greater Southwest Industrial Corridor (East) Redevelopment Project of the City of Chicago, Illinois. Such additional information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Bansley and Kiener, L.L.P.*

Certified Public Accountants

May 18, 2007

CITY OF CHICAGO, ILLINOIS  
GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST) REDEVELOPMENT PROJECT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)

As management of the Greater Southwest Industrial Corridor (East) 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, 2006. 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>2006</u>	<u>2005</u>	<u>Change</u>	<u>% Change</u>
Total assets	\$2,011,719	\$1,276,434	\$735,285	58%
Total liabilities	<u>11,212</u>	<u>6,917</u>	<u>4,295</u>	62%
Total net assets	<u>\$2,000,507</u>	<u>\$1,269,517</u>	<u>\$730,990</u>	58%
Total revenues	\$1,066,353	\$ 512,380	\$533,973	108%
Total expenses	<u>335,363</u>	<u>322,182</u>	<u>13,181</u>	4%
Change in net assets	<u>730,990</u>	<u>190,198</u>	<u>540,792</u>	284%
Ending net assets	<u>\$2,000,507</u>	<u>\$1,269,517</u>	<u>\$730,990</u>	58%

*Analysis of Overall Financial Position and Results of Operations*

Property tax revenue for the Project was \$1,051,696 for the year. This was an increase of 109 percent over the prior year. The change in net assets produced an increase in net assets of \$730,990. The Project's net assets increased by 58 percent from the prior year making available \$2,000,507 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.

CITY OF CHICAGO, ILLINOIS  
GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST) REDEVELOPMENT PROJECT

STATEMENT OF NET ASSETS AND  
GOVERNMENTAL FUND BALANCE SHEET  
DECEMBER 31, 2006

<u>A S S E T S</u>	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Cash and investments	\$ 998,301	\$ -	\$ 998,301
Property taxes receivable	1,000,000	-	1,000,000
Accrued interest receivable	13,418	-	13,418
Total assets	<u>\$ 2,011,719</u>	<u>\$ -</u>	<u>\$ 2,011,719</u>
 <u>L I A B I L I T I E S</u>  			
Due to other City funds	\$ 11,212	\$ -	\$ 11,212
Deferred revenue	957,838	(957,838)	-
Total liabilities	969,050	<u>(957,838)</u>	<u>11,212</u>
 <u>FUND BALANCE/NET ASSETS</u>  			
Fund balance:			
Designated for future redevelopment project costs	1,042,669	(1,042,669)	-
Total liabilities and fund balance	<u>\$ 2,011,719</u>		
Net assets:			
Restricted for future redevelopment project costs		<u>2,000,507</u>	<u>2,000,507</u>
Total net assets		<u>\$ 2,000,507</u>	<u>\$ 2,000,507</u>

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

Total fund balance - governmental fund	\$ 1,042,669
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>957,838</u>
Total net assets - governmental activities	<u>\$ 2,000,507</u>

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

CITY OF CHICAGO, ILLINOIS  
GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST) REDEVELOPMENT PROJECT  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Property tax	\$ 542,960	\$ 508,736	\$ 1,051,696
Interest	14,657	-	14,657
	<hr/>	<hr/>	<hr/>
Total revenues	557,617	508,736	1,066,353
Expenditures/expenses:			
Economic development projects	335,363	-	335,363
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	222,254	(222,254)	-
Change in net assets	-	730,990	730,990
Fund balance/net assets:			
Beginning of year	820,415	449,102	1,269,517
	<hr/>	<hr/>	<hr/>
End of year	<u>\$ 1,042,669</u>	<u>\$ 957,838</u>	<u>\$ 2,000,507</u>

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

Net change in fund balance - governmental fund	\$ 222,254
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the deferred property tax revenue is not available.	<hr/> 508,736
Change in net assets - governmental activities	<hr/> <u>\$ 730,990</u>

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

CITY OF CHICAGO, ILLINOIS  
GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST) REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

(a) *Reporting Entity*

In March 1999, the City of Chicago (City) established the Greater Southwest Industrial Corridor (East) Tax Increment Redevelopment Project Area (Project). The area has been established to finance improvements, leverage private investment and create and retain jobs. The Project is accounted for within the special revenue funds of the City.

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

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

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

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

The government-wide financial statements are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

The governmental fund financial statements are prepared on the *modified accrual basis of accounting* with only current assets and liabilities included on the balance sheet. Under *the modified accrual basis of accounting*, revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes are susceptible to accrual and recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within 60 days subsequent to year-end. Expenditures are recorded when the liability is incurred.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

CITY OF CHICAGO, ILLINOIS  
GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST) REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS  
(Continued)

Note 1 – Summary of Significant Accounting Policies (Continued)

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

(d) *Assets, Liabilities and Net Assets*

*Cash and Investments*

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

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

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

*Capital Assets*

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

(e) *Stewardship, Compliance, and Accountability*

*Illinois Tax Increment Redevelopment Allocation Act Compliance*

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

*Reimbursements*

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



CITY OF CHICAGO, ILLINOIS  
GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST) REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS  
(Continued)

Note 2 – Commitments

The City has pledged certain amounts solely from available excess incremental taxes to provide financial assistance to a developer under the terms of a redevelopment agreement for the purpose of paying costs of certain eligible redevelopment project costs.

SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS  
GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST) 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	\$ 14,819
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	<u>320,544</u>
	<u>\$ 335,363</u>

**Greater Southwest Industrial Corridor (East) Redevelopment Project Area  
2006 Annual Report**

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**(3) MAYOR'S CERTIFICATION - 65 ILCS 5/11-74.4-5(d)(3)**

Please see attached.

STATE OF ILLINOIS        )  
                                  ) SS  
COUNTY OF COOK         )

CERTIFICATION

TO:

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

Dolores Javier, Treasurer  
City Colleges of Chicago  
226 West Jackson Boulevard, Room 1149  
Chicago, Illinois 60606

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

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

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

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

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

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

Douglas Wright  
South Cook County Mosquito Abatement  
District  
155th & Dixie Highway  
P.O. Box 1030  
Harvey, Illinois 60426

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

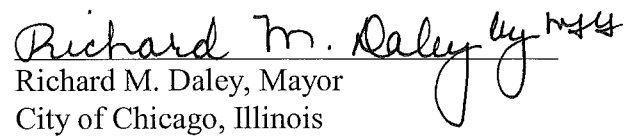
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

2. During the preceding fiscal year of the City, being January 1 through December 31, 2006, the City complied, in all material respects, with the requirements of the Act, as applicable from time to time, regarding the Redevelopment Project Area.

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

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

IN WITNESS WHEREOF, I have hereunto affixed my official signature as of this 29th day of June, 2007.

A handwritten signature in cursive script that reads "Richard M. Daley" followed by a flourish and the initials "MSH".  
Richard M. Daley, Mayor  
City of Chicago, Illinois

**Greater Southwest Industrial Corridor (East) Redevelopment Project Area  
2006 Annual Report**

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**(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 29, 2007

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

Dolores Javier, Treasurer  
City Colleges of Chicago  
226 West Jackson Boulevard, Room 1149  
Chicago, Illinois 60606

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

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

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

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

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

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

Douglas Wright  
South Cook County Mosquito Abatement  
District  
155th & Dixie Highway  
P.O. Box 1030  
Harvey, Illinois 60426

Re: Greater Southwest Industrial Corridor (East)  
Redevelopment Project Area (the "Redevelopment Project  
Area")

Dear Addressees:

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





June 29, 2007

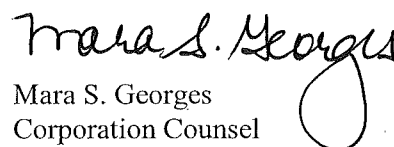
Attorneys, past and present, in the Law Department of the City familiar with the requirements of the Act have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following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

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

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

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

Very truly yours,

  
Mara S. Georges  
Corporation Counsel

**SCHEDULE 1**

(Exception Schedule)

No Exceptions

Note the following Exceptions:

# Greater Southwest Industrial Corridor (East) Redevelopment Project Area 2006 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, 2006	
	2006
<b>Revenues</b>	
Property tax	\$ 542,960
Sales tax	-
Interest	<u>14,657</u>
Total revenues	557,617
<b>Expenditures</b>	
Costs of studies, admin., and professional services. (q)(1)	14,819
Marketing costs. (q)(1.6)	-
Property assembly, demolition, site preparation and environmental site improvement costs. (q)(2)	320,544
Costs of rehabilitation, reconstruction, repair or remodeling and of existing buildings. (q)(3)	-
Costs of construction of public works and improvements. (q)(4)	-
Cost of job training and retraining. (q)(5)	-
Financing costs. (q)(6)	-
Approved capital costs of overlapping taxing districts. (q)(7)	-
Cost of reimbursing school district for their increase costs caused by TIF assisted housing projects (q)(7.5)	-
Relocation costs. (q)(8)	-
Payments in lieu of taxes. (q)(9)	-
Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. (q)(10)	-
Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. (q)(11)(A-E)	-
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	335,363
Revenues over expenditures	222,254
Fund balance, beginning of year	<u>820,415</u>
Fund balance, end of year	<u>\$ 1,042,669</u>
<b>Fund balance</b>	
Reserved for debt service	\$ -
Reserved for encumbrances	-
Designated for future redevelopment project costs	<u>1,042,669</u>
Total fund balance	<u>\$ 1,042,669</u>

## Greater Southwest Industrial Corridor (East) Redevelopment Project Area 2006 Annual Report

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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 <sup>1</sup>	Administration	\$11,132
Gateway Park, LLC	Development	\$320,544

<sup>1</sup> These costs are used to pay the TIF-related portions of the salaries and fringe benefits of those employees who work on tax increment financing matters.

**Greater Southwest Industrial Corridor (East) Redevelopment Project Area  
2006 Annual Report**

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

During 2006, the City did not purchase any property in the Project Area.

## **Greater Southwest Industrial Corridor (East) Redevelopment Project Area 2006 Annual Report**

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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 12/31/06, and of such investments expected to be undertaken in year 2007; also, a project-by-project ratio of private investment to public investment from 11/1/99 to 12/31/06, and an estimated ratio of such investments as of the completion of each project and as estimated to the completion of the redevelopment project.

SEE TABLES AND/OR DISCUSSIONS ON FOLLOWING PAGES.

## **Greater Southwest Industrial Corridor (East) Redevelopment Project Area 2006 Annual Report**

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

During 2006, no projects were implemented

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

Redevelopment activities undertaken within this Project Area during the year 2006, if any, have been made pursuant to i) the Redevelopment Plan for the Project Area, and ii) any Redevelopment Agreements affecting the Project Area, and are set forth on Table 5 herein by TIF-eligible expenditure category.

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

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

## **Greater Southwest Industrial Corridor (East) Redevelopment Project Area 2006 Annual Report**

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

The Project Area has received \$2,655,718 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 2006, no contracts were entered into by the City's tax increment advisors or consultants with entities or persons that have received, or are receiving, payments financed by tax increment revenues produced by the Project Area.

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

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



**Greater Southwest Industrial Corridor (East) 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: Gateway Park, LLC (Regent Stylemaster)	***	\$30,129,127	\$650,428	\$14,000,000	***	2.2 : 1
Project 2: Small Business Improvement Fund (SBIF) **	Program is Ongoing	\$1,000,000	\$0	\$500,000	Program is Ongoing	2.0 : 1

Projects Estimated To Be Undertaken During 2007	Private Investment Undertaken	Public Investment Undertaken	Ratio of Private/Public Investment
Project 1: Marquette Village	\$33,466,682	\$6,093,318	5.5 : 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.

## **Greater Southwest Industrial Corridor (East) Redevelopment Project Area 2006 Annual Report**

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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 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.

\*\*\* 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.

CITY OF CHICAGO  
JOINT REVIEW BOARD

Report of proceedings of a hearing  
before the City of Chicago, Joint Review  
Board held on December 2, 2005, at 10:06 a.m.  
City Hall, Room 201A, Chicago, Illinois, and  
presided over by Mr. John McCormick.

PRESENT:

MR. JOHN McCORMICK, Chairman  
MS. KAY KOSMAL  
MR. ERIC REESE  
MS. SUSAN MAREK  
MR. KEN GOTSCH

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

ACCURATE REPORTING SERVICE (312) 263-0052

1                   MR. McCORMICK: My name is John  
2 McCormick. I am the representative of the  
3 City of Chicago, which under Section  
4 11-744-5 of the Tax Increment Allocation  
5 Redevelopment Act as one of the statutorily  
6 designated members of the Joint Review  
7 Board.

8                   Upon election of a chairperson, I  
9 will moderate, until election of a  
10 chairperson, I will moderate the Joint  
11 Review Board Meetings.

12                   For the record, there will be a  
13 meeting of the Joint Review Board to review  
14 the proposed Amendment No. 1 to the Greater  
15 Southwest Industrial East Tax Increment  
16 Financing District.

17                   The date of this meeting was  
18 announced at and set by the Community  
19 Development Commission of the City of  
20 Chicago at its meeting of November 8<sup>th</sup>, 2005.

21                   Notice of this meeting of the  
22 Joint Review Board was also provided by  
23 Certified Mail to each taxing district  
24 represented on the Board, which includes the

1 Chicago Board of Education, the Chicago  
2 Community Colleges District 508, the Chicago  
3 Park District, Cook County, and the City of  
4 Chicago.

5 Public notice of this meeting was  
6 also posted as of Wednesday, November 30<sup>th</sup>,  
7 2005 in various locations throughout City  
8 Hall.

9 Our first order of business is to  
10 select a chairperson for this Joint Review  
11 Board. Are there any nominations?

12 MS. MAREK: I'll nominate John  
13 McCormick.

14 MR. McCORMICK: Is there a second for  
15 this nomination?

16 MR. GOTSCH: I'll second it.

17 MR. McCORMICK: Are there any other  
18 nominations? Let the record reflect there  
19 were no other nominations. All in favor of  
20 the nomination, please vote by saying aye.

21 IN CHORUS: Aye.

22 MR. McCORMICK: All opposed, please  
23 vote by saying, no. Let the record reflect  
24 that John McCormick has been elected

1 chairperson, and will now serve as the  
2 chairperson for the remainder of this  
3 meeting.

4 As I mentioned, at this meeting,  
5 we will be reviewing a plan for Amendment  
6 No. 1 to the Greater Southwest Industrial  
7 East Tax Increment Financing District  
8 proposed by the City of Chicago.

9 Staff of the City's Department of  
10 Planning and Development, and Law, and other  
11 departments have reviewed this Plan  
12 Amendment, which was introduced to the  
13 City's Community Development Commission on  
14 November 8<sup>th</sup>, 2005.

15 We will listen to a presentation  
16 by the consultant on the plan following the  
17 presentation. We can address any questions  
18 that members might have for the consultant or  
19 City staff.

20 An Amendment to the TIF Act  
21 requires us to base our recommendation to  
22 approve or disapprove Amendment No. 1 to the  
23 Greater Southwest Industrial East Tax  
24 Increment Financing District on the basis of

1 the area and the plan, satisfying the plan  
2 requirements, the eligibility criteria  
3 defined in the TIF Act, and objectives of the  
4 TIF Act.

5 If the Board approves the Plan  
6 Amendment, the Amendment will then issue an  
7 advisory, non-binding recommendation by the  
8 vote of the majority of those members present  
9 and voting.

10 Such recommendation will be  
11 submitted to the City within 30 days after  
12 the Board meeting. Failure to submit such a  
13 recommendation shall be deemed to constitute  
14 approval by the Board.

15 If the Board disapproves the Plan  
16 Amendment, the Board must issue a written  
17 report describing why the plan in an area  
18 failed to meet one or more of the objectives  
19 of the TIF Act, and both the plan  
20 requirements and the eligibility criteria of  
21 the TIF Act.

22 The City will then have 30 days  
23 to resubmit a revised plan. The Board and  
24 the City must also confer during this time to

1 try and resolve the issues that led to the  
2 Board's disapproval.

3 If such issues cannot be  
4 resolved, or if the revised plan is  
5 disapproved, the City may proceed with the  
6 plan, but the plan can only be approved by a  
7 three-fist vote of the City Council,  
8 excluding positions of members that are  
9 vacant and those members that are ineligible  
10 to vote because of conflicts of interest.

11 We will now have the presentation  
12 by S.B. Friedman & Company.

13 MS. STEEN: Good morning. I'm Jill  
14 Steen with S.B. Friedman & Company, and we  
15 were contracted to prepare the Amendment  
16 document for the Greater Southwest  
17 Industrial Corridor East Amendment No. 1.

18 The original plan was adopted on  
19 March 7<sup>th</sup>, 1999, and the overall purpose of  
20 the Amendment is to update the plan language  
21 to incorporate recent amendments to the law  
22 to include residential development as one of  
23 the goals of the plan, and to change the  
24 proposed future land use of three parcels



1 from industrial to residential.

2 The proposed land use change  
3 consists of the three parcels, located on  
4 74<sup>th</sup> and Rockwell, right around here. And,  
5 these parcels make up the Kraft Foods Plant,  
6 which was closed in 2003.

7 The Plant was once used for  
8 manufacturing Koolaid and other dry products  
9 and seasonings from Kraft.

10 These parcels lie outside of the  
11 Greater Southwest Industrial Planned  
12 Manufacturing District, which is actually to  
13 the south of the parcel, so it was not part  
14 of that Industrial Manufacturing District.

15 The primary reason for the land  
16 use change is because recent marketing  
17 efforts for the site have been unsuccessful  
18 to -- the property as industrial.

19 The primary reasons why are the  
20 highly specialized nature of the building is  
21 making it very difficult for other  
22 industrial users to come in and relieve the  
23 facility without substantial renovation  
24 costs.

1                   The site is also surrounded by  
2                   residential development on two sides, to the  
3                   north and to the east, and it makes it  
4                   unattractive for certain manufacturers due  
5                   to the potential impact on the adjoining  
6                   residential neighborhoods in terms of fumes,  
7                   smoke and basically the truck traffic, and  
8                   stuff like that some industrial users have  
9                   been reluctant to locate there for that  
10                  reason.

11                  And, the site also has no direct  
12                  access to major arterial roads, which makes  
13                  it difficult for trucking, which most  
14                  industrial users require these days, and,  
15                  so, there's no arterial access, direct  
16                  access, that would not affect the  
17                  residential neighborhoods surrounding the  
18                  site.

19                  In addition to the land use  
20                  change, we did add an additional project cost  
21                  line item to the budget, and that was for  
22                  daycare services in order to accommodate  
23                  this line item we shifted \$100,000.00 from  
24                  the interest subsidy line item to daycare

1 services. But, however, the overall bottom  
2 line budget, we have not changed, and that  
3 was \$40.15 million.

4 In addition, S.B. Friedman &  
5 Company will get potential housing impact in  
6 the need to complete a housing impact study.  
7 We did do field work, and encountered a  
8 number of residential units and noted the  
9 location.

10 We estimated that there are  
11 currently six occupied residential units,  
12 all of which are along Western Avenue, and  
13 upper fourth floor uses, because there are  
14 fewer than ten, and it is not anticipated  
15 that the Amendment would affect or displace  
16 any of those units, the housing impact  
17 study is not required. Do you have any  
18 questions?

19 MS. MAREK: The area that's going to  
20 remain industrial, is that going to have, are  
21 you going to have problems marketing that now  
22 because it's such a small --

23 MS. STEEN: I'm not sure how many of  
24 those are currently vacant. I think --

1 MS. MAREK: Well, I'm thinking about  
2 the, it looks like its got a street that's  
3 underneath.

4 MS. STEEN: This is rail, it's a  
5 railroad that --

6 MS. MAREK: Oh, that's a, okay.

7 MS. STEEN: Yeah, these are railroad  
8 lines.

9 MS. MAREK: Oh, okay.

10 MS. STEEN: So --

11 MS. MAREK: So, there's a natural  
12 reason for that?

13 MS. STEEN: Right. And, there are  
14 active, there's currently active industrial  
15 on the other site, and it's the intent of the  
16 City by making it a Planned Industrial  
17 Manufacturing District, a Planned  
18 Manufacturing Disctrict, that they are going  
19 to try to keep that industrial and market it  
20 as such provided we have an improvement time  
21 period to improve the marketing of cotton.

22 MR. McCORMICK: Any other questions?  
23 If there are no further questions, I will  
24 entertain a motion if this Joint Review Board

1 finds that the proposed Amendment No. 1 to  
2 the Greater Southwest Industrial East Tax  
3 Increment Financing Redevelopment Project  
4 Area satisfies the redevelopment plan  
5 requirements under the TIF Act.

6 The eligibility criteria defined  
7 in Section 11-744-3 of the TIF Act and the  
8 objectives of the TIF Act, and that based on  
9 such findings approve such plan under the TIF  
10 Act. Is there a motion?

11 MS. MAREK: So moved.

12 MR. McCORMICK; Is there a second to  
13 the motion?

14 MR. GOTSCH: Second.

15 MR. McCORMICK: Is there any further  
16 discussion? If not, all please vote by  
17 saying aye.

18 IN CHORUS: Aye.

19 MR. McCORMICK: All opposed, please  
20 vote by saying no. Let the record reflect  
21 the Joint Review Board's approval of the  
22 proposed Amendment No. 1 to the Greater  
23 Southwest Industrial East Tax Increment  
24 Financing Redevelopment Project Area under

1 the TIF Act. Is there a motion to adjourn?

2 MS. MAREK: So moved.

3 MR. McCORMICK: Second it, and we're  
4 done.

5 MR. GOTSCH: Second.

6 MR. McCORMICK: Thank you all very  
7 much.

8 MS. STEEN: Thank you.

9 (Whereupon the meeting adjourned  
10 at 10:25 a.m.)

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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 30TH DAY OF  
DECEMBER, A.D. 2005.

  
 NOTARY PUBLIC

OFFICIAL SEAL  
 RONALD LEONARD JR  
 NOTARY PUBLIC - STATE OF ILLINOIS  
 MY COMMISSION EXPIRES: 10-11-08

**Greater Southwest Industrial Corridor (East) 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 2006, there were no obligations issued for the Project Area.



## **Greater Southwest Industrial Corridor (East) Redevelopment Project Area 2006 Annual Report**

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

During 2006, there were no obligations issued for the Project Area.

## **Greater Southwest Industrial Corridor (East) Redevelopment Project Area 2006 Annual Report**

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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 fund balance sheet of Greater Southwest Industrial Corridor (East) Redevelopment Project of the City of Chicago, Illinois as of December 31, 2006, and the related statement of activities and governmental fund revenues, expenditures and changes in fund balance for the year then ended, and have issued our report thereon dated May 18, 2007.

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 Greater Southwest Industrial Corridor (East) Redevelopment Project of the City of Chicago, Illinois.

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

*Bansley and Kiener, L.L.P.*

Certified Public Accountants

May 18, 2007

# Greater Southwest Industrial Corridor (East) Redevelopment Project Area 2006 Annual Report

## (11) GENERAL DESCRIPTION AND MAP

The Greater Southwest Industrial Corridor (East) Redevelopment Project Area is bounded roughly by Kedzie Avenue, Damen Avenue, 73<sup>rd</sup> Street, and 79<sup>th</sup> Street. The Project Area includes the area between 74<sup>th</sup> Street and 77<sup>th</sup> Street, between Kedzie and Rockwell, the southeast side of Columbus between Western and Kedzie, the majority of the properties on and around Western between 74<sup>th</sup> and 79<sup>th</sup> Streets, and several blocks north of the Wabash Railroad between Oakley and Wolcott. 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.

