



City of Chicago
Richard M. Daley, Mayor

Department of Housing

John G. Markowski
Commissioner

318 South Michigan Avenue
Chicago, Illinois 60604
(312) 747-9000
(312) 747-1670 (FAX)
(312) 744-1691 (TTY)
<http://www.ci.chi.il.us>

IGA Memo Checklist

Department Name: Housing

Name of Proposal: Cottage View Terrace

Date submitted for review: February 1, 2000

Suggested committee: Finance

Please check that all required items are present and complete:

- Ordinance
- Letter of aldermanic support
Date of letter: January 27, 2000
- Disclosure affidavit(s)
Date of disclosure(s): _____
Date entered into database: _____
- Disclosure confirmation
 - Scofflaw letter to Revenue
 - Child support letter to Consumer Services

Please check that relevant items are attached:

(The site photograph and location map are strongly encouraged.)

- Board/Commission recommendations
Date of recommendation: _____
- Redevelopment agreement
- Location map
- Site photograph
- Fact sheet - land sales
- Articles

Project manager name: Julia Kerr

Project manager phone number: 747-6049

Project manager signature: *[Signature]*

Deputy/Supervisor sign-off: *[Signature]*

NEIGHBORHOODS





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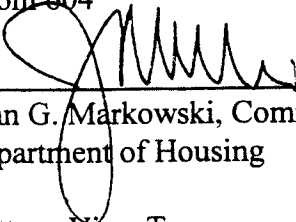
<http://www.ci.chi.il.us>

MEMORANDUM

To: Sheila O'Grady
Assistant to the Mayor
Mayor's Office of Intergovernmental Affairs
Room 406

Benjamin Gibson
1st Assistant Corporation Counsel
Law Department
Room 600

Russell Carlson
First Deputy Budget Director
Office of Budget and Management
Room 604

From: 
John G. Markowski, Commissioner
Department of Housing

Re: Cottage View Terrace

Date: February 1, 2000

I. SUMMARY

- A. Who:** The borrower, Cottage View Terrace, L.P., is an Illinois limited partnership that has been formed. The general partner of the partnership is Cottage View Terrace L.L.C., a Delaware limited liability company that will own a 0.1% interest in the limited partnership. Banc One Investment L.L.C. will be admitted to the partnership and acquire a 99.99% interest in the limited partnership at closing.
- B. What:** Authorization to issue mortgage revenue bonds, execute a DOH loan agreement, and waive certain fees allowed under this DOH program to be used for the new construction of 97-unit building to provide affordable housing for low- and moderate-income senior citizens.
- C. When:** Construction is anticipated to begin in the second quarter of 2000.

NEIGHBORHOODS



- D. Where:**
- 1. Address/Location:** 4801-59 South Cottage Grove Avenue
 - 2. Ward(s):** 4th
 - 3. Community Area(s):** Kenwood

E. Time constraints: The ordinance should be introduced at the February 2000 City Council meeting so that construction can begin.

II. AFFECTED PARTIES

A. Alderman

- 1. Name:** Toni Preckwinkle
- 2. Ward:** 4th
- 3. Last contact:** January 24, 2000
- 4. The alderman's position:** Supports
- 5. Will the alderman testify in favor of the proposal:** Yes
- 6. Is the alderman's letter of support attached:** Yes
- 7. Date of the letter:** January 27, 2000
- 8. Other issues:**

B. Impacted city departments and government agencies:

- 1. Department/Agency name(s):** Planning and Development
- 2. Contact name:** Caroline Nash
- 3. Phone number:** 4-5623
- 4. The department's/agency's position:** Supports
- 5. Analysis of position:**

C. Commission/board comments Not applicable

- 1. Commission's/Board's name:**
- 2. Commission's/ Board's position:**
- 3. Date:**

D. Supporters

1. **Name of supporters:** Allison S. Davis
2. **Analysis of support:** Supportive
3. **Will they be willing to testify?** Yes

E. Opponents

1. **Name of opposition:** None known
2. **Analysis of opposition:**
3. **Were they communicated with concerning this proposal?**

F. Controversies, questions and concerns and department response:

III. REASONS FOR THE PROPOSAL

- A. Benefit to Chicago and its citizens:** New construction of affordable housing for senior citizens.

B. Existing Program

1. **Name of program:** Multi-Family Loan Program
2. **Program start date:** 1980
3. **Brief description and goal of the program:** To finance the rehabilitation or new construction of affordable housing.

C. New initiative Not applicable

1. **Has the City of Chicago ever tried a similar project before?**
2. **Have other cities tried similar projects?**
3. **Have you researched this issue to determine if this proposal constitutes the best practices in your field?**

D. Underlying Authority:

IV. FINANCIAL INFORMATION

A. Direct costs to the City

1. **Cost:** Not applicable
2. **Source of funds and CAPS code:**

Or if a loan, identify

- 1. Amount of loan:** \$5,293,379
- 2. City interest rate:** 0%
- 3. Market interest rate:** Not applicable
- 4. Years of loan:** 42
- 5. Amount of subsidy:**
- 6. Source of funds and CAPS code:** HOME 839, Corporate 100, and Affordable Housing Bond Initiative (AHBI) 100

Or if a mortgage revenue bond issue, identify

- 1. Amount of bond volume cap:** \$7,500,000
 - 2. Interest rate:** Not to exceed 8% to be determined at bond issuance.
 - 3. Market interest rate:** Not known
 - 4. Years of loan:** 42
 - 5. Amount of subsidy:** Not applicable
 - 6. Source of funds and CAPS code:** Mortgage Revenue Bonds
CAPS codes not applicable.
- B. The City's collateral interest:** City loan funds will be secured by a second mortgage on the subject property.
- C. Implementation and related costs**
- 1. Costs:** Not applicable
 - 2. Source of funds and CAPS code:** Not applicable
- D. Potential loss in revenue, including waived fees**
- 1. Potential lost revenue:** Approximately \$15,000 in waived building permit fees. See Exhibit B for list of waived fees.
 - 2. Revenue account name and CAPS code:** Not applicable
- E. Any additional financial risk to the City?:** None

V. APPLICANT INFORMATION

- A. **Name of entity:** Cottage View Terrace, L.P.
- B. **Nature of entity:** An Illinois limited partnership
- C. **History of entity:** Formed in May 1999 for the purpose of developing and owning real estate. The development team is experienced in developing, owning, and managing affordable housing development throughout the City.
- D. **Prior business with the City:** Principals of development team have completed affordable housing projects in the City of Chicago.
- E. **How was this entity selected:** Approved by DOH's Internal Loan Committee on January 14, 2000 and by the Lending Advisory Committee on January 20, 2000.

VI. CITY STAFF INFORMATION

- A. **Name:** Edward Doherty
- B. **Title:** Legislative Liaison
- C. **Department:** Housing
- D. **Address:** 318 S. Michigan Ave., Chicago, IL 60604
- E. **Phone number:** (312)747-9481
- F. **Fax number:** (312)747-9207

- A. **Name:** Julia Kerr
- B. **Title:** Housing Development Coordinator
- C. **Department:** Housing
- D. **Address:** 318 S. Michigan Ave., Chicago, IL 60604
- E. **Phone number:** (312)747-6049
- F. **Fax number:** (312)747-2751

VII. OTHER INFORMATION

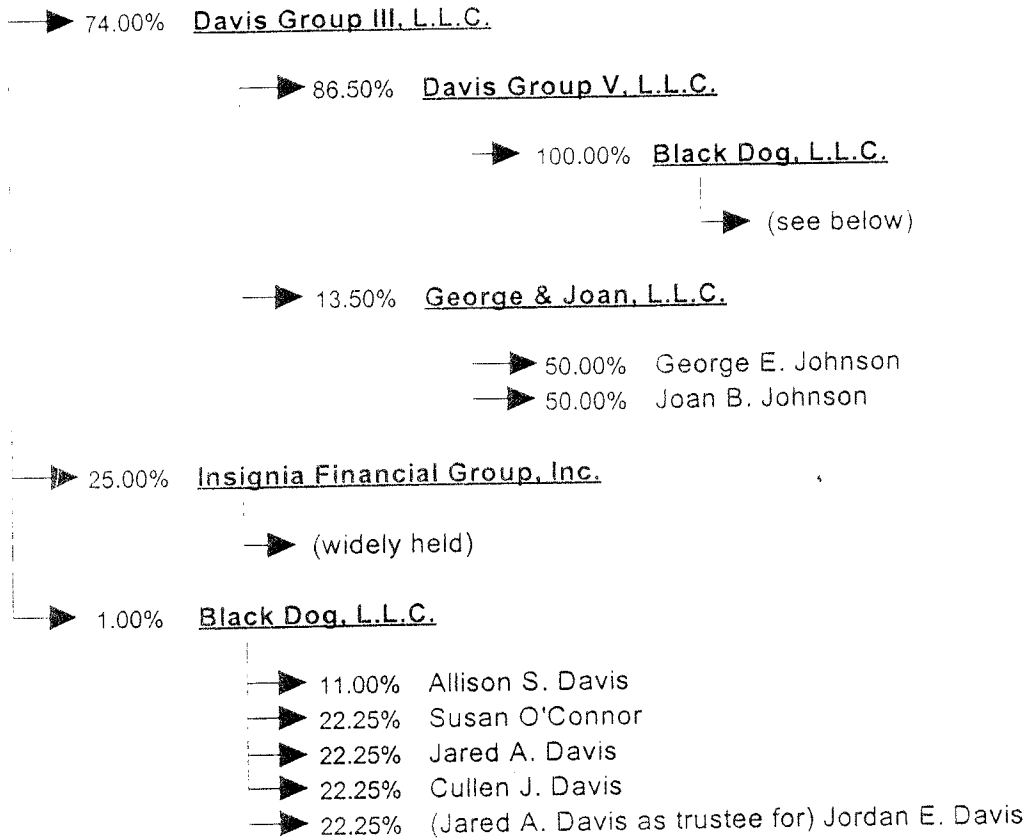
AMERICAN HOUSING, L.L.C.
OWNERSHIP/MANAGEMENT CHART

Updated 1/25/00

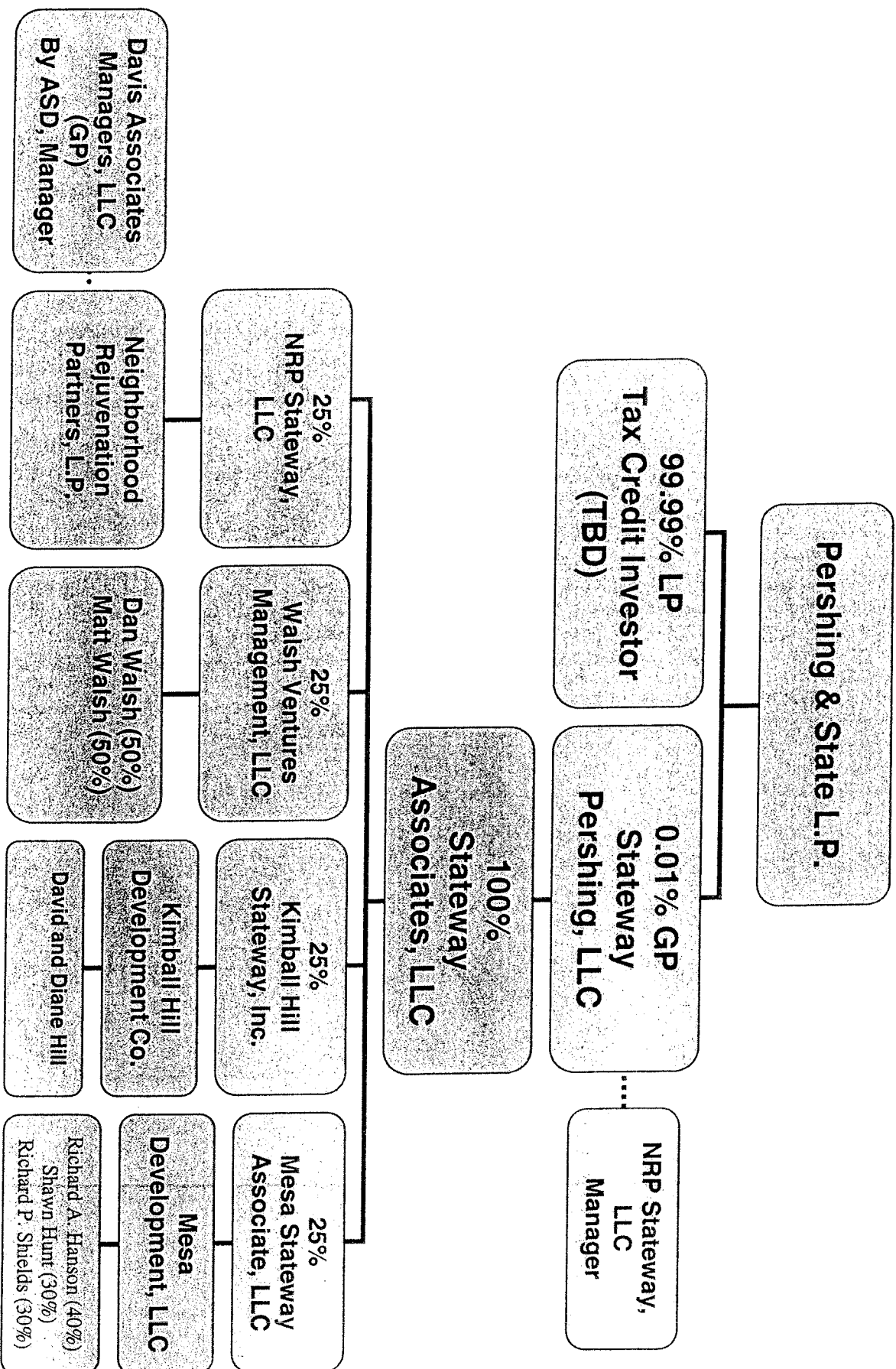
Management
Executive Officer

Board of Managers (3 Managers elected by a majority of Members)
Allison S. Davis, Chief Executive Officer

American Housing, L.L.C.



Pershing Courts: Proposed Organizational Structure



Location: 3831-57 South State Street

Developer: Stateway Associates, L.L.C., which is composed of:

- Neighborhood Rejuvenation Partners, L.P.;
- MESA Stateway Associates L.L.C. (25%);
- Walsh Investors, L.L.C. (25%); and
- Kimball Hill Stateway, Inc. (25%)

Among the principals are Allison Davis, Dick Shields, Doug Guthrie, and Dan Walsh, with Jared Davis (project manager) and Robert Koerner (project manager). Details of the L.L.C. structure are available in the EDS's submitted by the Developer.

Assistance: Financial Assistance:

The Developer has requested a total of \$734,378 in TIF assistance over the remaining life of the TIF District (expiring in 2022). This assistance will enable the developer to increase the size of its FHA first mortgage by \$436,764, based on an assumed interest rate of 6.5%, a 17 year amortization period, and annual payments of \$43,199 (from the first revenue anticipated in 2006 to the final receipt of increment in the 24th year of the TIF District, in 2022). The total amount of TIF required to support such a loan is approximable \$734,378, which is less than the increment that will be generated by the development.

The TIF assistance will be used to reimburse the developer for up to 30% of its annual interest expense. In addition to the interest expense category, the developer has other TIF-eligible costs for the project, including acquisition, site preparation and the construction of low-income housing..

Negotiated Sale:

The City intends to sell 5 vacant City-owned tax parcels to the Developer for \$1.00 per parcel. The parcels total 27,289 square feet and were acquired in the past for tax delinquencies; they were appraised in August 2002 at a price of \$7.50 /square foot, for a value of \$204,667.50. The City-owned parcels were tax-exempt at the time of the designation of the Bronzeville TIF District, and have remained tax-exempt; the two other parcels acquired and currently owned by the Developer are currently generating just under \$600 annually in increment. (List of PIN's and addresses is attached to the Resolution)

HOME Loan:

**CITY OF CHICAGO
COMMUNITY DEVELOPMENT COMMISSION**

February 11, 2003

SUMMARY SHEET

- Action Requested:**
- 1) Authorize the City of Chicago, through the Department of Planning & Development (“DPD”), to publish a notice of its intention to negotiate a redevelopment agreement with Stateway Associates L.L.C. (the “Developer”) for the use of incremental tax revenues for the development of the Pershing Courts Development, an 80-unit residential development (the “Project”) that provides part of the mixed-income housing replacement for the CHA Stateway Gardens, on 7 (seven) real estate parcels on the northeast corner of Pershing Road and South State Street (the “Site”), which are within the boundaries of the Bronzeville TIF Redevelopment Project Area (the “Area”) and;
 - 2) Authorize the City of Chicago through the Department of Planning and Development to advertise its intention to enter into a negotiated sale with Stateway Associates L.L.C. for the sale of 5 (five) City-owned tax parcels, subject to survey (the “Disposition Parcels”), which comprise part of the development Site;
 - 3) Authorize the City of Chicago to request alternative proposals for the sale and redevelopment of the Disposition Parcels; and
 - 4) Recommend to the City Council of the City of Chicago the designation of Stateway Associates L.L.C. as the developer of the Project, and the sale of the Disposition Parcels to the Developer, if no responsive alternative proposals are received.

Project : The proposed Pershing Courts development will be an 80-unit, new construction, multi-family rental building to be developed in the Bronzeville community, consisting of a single 6-story building. Two-thirds (53) of the units will be affordable to households earning no more than 60% of the Chicago PMSA median income, and one-third (27) of the units are reserved as CHA-replacement units.

Type of Development: Residential

Location: 3831-57 South State Street

Developer:

Stateway Associates, L.L.C. Principals are Allison Davis, Jared Davis, Patrick Johnson, Robert Koerner and Howard Stanback.

Assistance:

Financial Assistance:

The Developer has requested \$734,378 in TIF assistance over the remaining life of the TIF District (expiring in 2022). This amount represents the portion of the interest on the FHA first mortgage that would be paid using increment generated by the project, which will be pledged to support the mortgage financing. This is equivalent to a mortgage amount of \$436,764 at 6.5% for 17 years, with annual payments of \$43,199 (from the first revenue anticipated in 2006 to the final receipt of increment in the 24th year of the TIF District, in 2022). The total amount of TIF required to support such a loan is approximable \$734,378, which is less than the increment that will be generated by the development.

The TIF District will reimburse the developer for TIF-eligible interest expense. In addition to the interest expense category, the developer has other TIF-eligible costs for the project, including acquisition, site preparation and the construction of low-income housing..

Negotiated Sale:

The City intends to sell 5 vacant City-owned tax parcels to the Developer for \$1.00 per parcel. The parcels total 27,289 square feet and were acquired in the past for tax delinquencies; they were appraised in August 2002, and a price of \$7.50 / square foot assigned, for a value of \$204,667.50. The City-owned parcels were exempt at the time of the designation of the Bronzeville TIF District, and have remained exempt; the parcels acquired by the Developer are currently generating just under \$600 annually in increment. (List of PIN's and addresses is attached to the Resolution)

HOME Loan:

The Developer will receive a HOME loan from the Department of Housing of approximately \$4,369,970. The Department of Housing is also coordinating financing from a number of sources (FHA, CHA Capital, IHDA, and Tax Credits) to support the project, which is part of the larger Stateway Gardens redevelopment, although not within the footprint of the CHA site.

Direct Project

Assistance:

The City, through the Department of Planning and Development (DPD), is planning to provide the increment generated by the parcels of the Project to the Developer, in an amount not to exceed that interest to support a mortgage of \$436,764.

The City, through the Department of Planning (DPD), intends to sell 5 vacant City-owned tax parcels to the Developer for \$1.00 per parcel. The estimated value of the parcels is approximately \$204,667. This transaction is supported by the Alderman.

Total assistance to the developer including TIF and land disposition is approximately 4.1% of total project costs.

Alderman/Ward:

Alderman Dorothy Tillman, 3rd Ward

Public Benefits:

- Long-term affordable housing and CHA replacement housing.
- Site improvement on underutilized property
- 30 to 40 full-time construction jobs during build-out.

MBE/WBE:

The Developer will comply with all requirements regarding the use of minority and women-owned business contractors for the construction of the Project. Compliance monitoring requirements and procedures for the City and CHA will be finalized as a condition of closing. The developer is in compliance on previous DOH projects.

STAFF REPORT

MR. CHAIRMAN AND MEMBERS OF THE COMMISSION:

The resolution before the Commission requests the following actions:

- 1) Authorize the City of Chicago, through the Department of Planning & Development ("DPD"), to publish a notice of its intention to negotiate a redevelopment agreement with Stateway Associates L.L.C. (the "Developer") for the use of incremental tax revenues for the development of the Pershing Courts Development, an 80-unit residential development (the "Project") that provides part of the mixed-income housing replacement for the CHA Stateway Gardens, on 7 (seven) real estate parcels on the northeast corner of Pershing Road and South State Street (the "Site"), which is within the boundaries of the Bronzeville TIF Redevelopment Project Area (the "Area") and;
- 2) Authorize the City of Chicago through the Department of Planning and Development to advertise its intention to enter into a negotiated sale with Stateway Associates L.L.C. for the sale of 5 (five) City-owned tax parcels which comprise part of the Project's site, subject to survey (the "Disposition Parcels"), located within the Area;
- 3) Authorize the City of Chicago to request alternative proposals for the sale and redevelopment of the Disposition Parcels; and
- 4) Recommend to the City Council of the City of Chicago the designation of Stateway Associates L.L.C. as the developer of the Project, if no responsive alternative proposals are received.

PURPOSE OF THE RESOLUTION:

The purpose of this resolution is to provide Tax Increment Financing and the sale of City-owned land in order to redevelop and improve underutilized property to revitalize the Area.

BACKGROUND:

The project site is located in the Bronzeville TIF District, and adjacent to the proposed Stateway Gardens TIF District (in the process of designation.). The Site is presently vacant, while the neighborhood is a mixture of commercial and residential uses along State Street to the north and south. Despite its proximity to gentrifying areas to the east, this neighborhood has been left substantially underdeveloped due to overwhelming presence of Stateway Gardens on the west side of State Street. Despite these challenges, the community has several amenities that make it a viable area for development: excellent transportation access by CTA rail, bus, and expressway,

and redeveloping areas to the north, east and south.

PROJECT SUMMARY:

Developer and Ownership Structure:

The Developer is Stateway Associates, L.L.C. composed of:

- Neighborhood Rejuvenation Fund (25%);
- MESA Stateway Associates L.L.C. (25%);
- Walsh Construction (25%); and
- Kimball Hill Stateway, Inc. (25%)

The tax credit syndicator is to be determined.. A development entity to be formed will take responsibility for the day to day construction activities of the development, and Urban Property Advisory will assume the responsibility for on-going maintenance of the completed project.

Project Scope:

The proposed development will consist of a six-story, 80 unit masonry building on the northeast corner of Pershing Road and State Street. The building will be entirely rental residential (no retail component), of masonry construction (renderings are attached) with management offices, mechanical, building services, building utilities, and 28 parking spaces on the ground level. Twenty-seven units, approximately 1/3 of the total, are to be leased as CHA set-aside units for residents eligible for public housing. The remaining units will be leased at rates affordable to households earning 60% or less than the area median income. The majority of units (57) will be one-bedroom units, with 23 two-bedroom units; the target population of renters is primarily small families. The development will include 4 (5% of total) accessible units, 2 units for visually impaired tenants (2 1/2% of total) and 76 adaptable (95% of total) units to accommodate people with disabilities.

There will be a total of 80 off-street parking spaces, one parking space for each unit in the development. The parking spaces for the building will be provided within the ground floor of the structure, with 52 parking spaces provided to the east of the building, beneath the elevated tracks of the CTA Red Line. The Developer is negotiating a long-term landlease with the Chicago Transit Authority, to provide the necessary parking spaces and access for maintenance and repair of the elevated structure.

Rent and Unit makeup will be:

CHA Replacement Units	Sq. Ft.	Units	Rent
One-Bedroom	721	6	\$340
One-Bedroom	668	10	\$340
Two-Bedroom	912	7	\$340
Two-Bedroom	923	4	\$340
Affordable Rental Units			
One-Bedroom	721	14	\$600
One-Bedroom	668	20	\$650
Two-Bedroom	912	13	\$750
Two-Bedroom	923	6	\$775

The developer estimates a 4% annual increase in rents/payments over the 40 years and a 4% annual increase in operating expenses.

All of the land for the development is currently vacant and much of it is city-owned. The city-owned land will be conveyed to the partnership at closing. There are two parcels that were privately-owned and successfully acquired by the developer.

DEAL STRUCTURE:

Project Cost and Financing (see attached Budget)

TIF Assistance

To the extent that increment is generated by the parcels of the project, the Department of Planning and Development will provide the increment generated to the Developer, in an amount not to exceed the lesser of the 75% limit on interest payments for low-income housing provided in the TIF Act, or \$43,199 annually, as payment on interest on a FHA-insured first mortgage. The Developer has requested \$734,378 in TIF increment, to be generated by the PIN's of the development over the remaining life of the TIF District (expiring in 2022). This is equivalent to a

mortgage amount of \$436,764 at 6.5% for 17 years (from the first revenue anticipated in 2006 to the final receipt if increment in the 24th year of the TIF District, in 2022), with annual payments of \$43,199.

DPD estimates that the increment generated by the P.I.N.s of the Project, with a 2% annual inflation factor, will amount to \$940,875 over the 15 years between first tax increment received (2006) and last tax collection received in 2022, which is in excess of the amount needed by the development. If increment collections do in fact exceed the \$43,199 annual interest payment, the additional TIF revenues will be retained by the City. Any shortfall in increment will be met from the developer's net operating income, which contains a proforma payment of \$48,000 annually for real estate taxes. Disbursement is subject to the developer's meeting all applicable conditions and requirements of the redevelopment agreement including, but not limited to, MBE/WBE, prevailing wage, and City residency.

Negotiated Sale

The Project will be built on 7 individual tax parcels, 5 of which are owned by the City. Two privately owned parcels have been successfully acquired by the Developer. The City, through the Department of Planning, intends to sell the 5 City-owned tax parcels to the Developer for \$1.00 per parcel. The estimated value of these parcels is approximately \$204,667. Total DPD assistance to the developer including TIF and land disposition is approximately \$939,045 or 4.1% of total project costs.

HOME Loan

The Department of Housing will be providing the developer with a HOME Loan in the amount of approximately \$4,369,670, (with additional funding from CHA, IDHA, and tax credits).

Sources and Uses of Funds

TOTAL PROJECT COSTS

PROJECT COSTS	AMOUNT	PER UNIT	PERCENT
Acquisition	\$ 157,000	\$ 1,963	1%
Construction	13,400,032*	167,500	81%
Soft Costs	1,428,170	19,802	10%
Developer's Fee	982,310	16,993	8%
TOTAL	\$15,967,512	\$206,258	100%

* Includes 5% contingency

PROJECT FINANCING (DEVELOPMENT AND PERMANENT)

SOURCE	AMOUNT	RATE	TERM/ AMORT	PER UNIT	%	STATUS
Developers Mortgage	\$ 1,160,000	6.5%	40	\$14,500	7	TBD
DOH Loan	\$ 4,369,670	-	40	54,621	26	approved
TIF	\$ 436,764	6.5%	18	5,460	3	TBD
CHA Capital funds	\$ 2,978,100	-	40	37,226	18	approved
Equity / Synd. - tax credits	\$6,272,978	-	40	75,000	36	
IHDA	\$ 750,000	-	40	9,375	5	pending
TOTAL	\$ 15,967,512			\$206,258	100%	

(See attached Development Budget for Detail).

CONFORMANCE WITH THE REDEVELOPMENT PLAN:

The Project conforms to the plan and goals of the Bronzeville TIF District. It contributes to the goals of the plan by providing sound economic development in the project area, eliminating conditions which qualify as blighted in the Redevelopment Project Area and strengthening the economic well being of the project area as well as the City by increasing business activity and taxable values.

COMMUNITY OUTREACH:

Alderman Dorothy Tillman, 3rd Ward, supports this project and has held community meetings to inform the community of this development.

PUBLIC BENEFITS:

Long-term Affordability: The requirements of the DOH funding for the development require long-term (40 years) affordability of the units be maintained.

Site improvement on underutilized property

30 to 40 full-time construction jobs during build-out.

MBE / WBE

The Developer will comply with all requirements regarding the use of minority and women-owned business contractors for the construction/build-out of the Project. In December, 2002 the Developer notified eight minority and women-owned business associations, by certified mail, of their intent to develop this project. Copies of the certified receipts are attached to this report.

RECOMMENDATION:

The resolution before the Commission requests the following actions:

- 1) Authorize the City of Chicago, through the Department of Planning & Development ("DPD"), to publish a notice of its intention to negotiate a redevelopment agreement with Stateway Associates L.L.C. (the "Developer") for the use of incremental tax revenues for the development of the Pershing Courts Development, an 80-unit residential development (the "Project") that provides part of the mixed-income housing replacement for the CHA Stateway Gardens, on the 7 (seven) real estate parcels on the northeast corner of Pershing Road and South State Street (the "Site"), within the boundaries of the Bronzeville TIF Redevelopment Project Area (the "Area") and;
- 2) Authorize the City of Chicago through the Department of Planning and Development to advertise its intention to enter into a negotiated sale with Stateway Associates L.L.C. for the sale of 5 (five) City-owned tax parcels, subject to survey (the "Disposition Parcels"), located within the Area;
- 3) Authorize the City of Chicago to request alternative proposals for the sale and redevelopment of the City-owned land; and
- 4) Recommend to the City Council of the City of Chicago the designation of Stateway Associates L.L.C. as the developer of the Project, if no responsive alternative proposals are received.



The Neighborhood Rejuvenation Partners' (NRP) mission is to be a major participant in the redevelopment of Chicago's urban neighborhoods where access to opportunity and investment has been absent for many years. We seek to rejuvenate neighborhoods with investments that promote opportunities for existing residents, attract economically and racially diverse households, and are sustainable for many years to come. Consequently our products are of high quality, provide a variety of price options, and promote long term mobility opportunities for families.

In 2001 NRP raised a capital pool of **\$17 million** to invest in the following activities:

- Development of mixed income housing (both multi and single family) in areas, which have been impacted by public housing or disinvestment.
- Development of commercial centers in undeserved urban areas.
- The redevelopment and reinvention of Chicago's public housing stock.

Investors in NRP represent a number of Chicago's largest educational, corporate, and financial institutions and foundations.

NRP is one of the most well funded, capable and experienced organizations of its kind. With \$17 million of available capital, we are uniquely positioned, even in current market conditions, to leverage the public and private funding that will drive this development forward and insure its success. NRP and its principals have a wealth of experience in the public/private financing structures that make these types of developments.

Currently, NRP is a lead member of Stateway Associates LP that was recently selected by the Chicago housing Authority as master developer for the Stateway Gardens redevelopment effort. This project represents a potential of 1315 units of new multi-family rental and for-sale housing divided between 33% public housing, 33%affordable, and 33%market rate units. Financing for this development represents an innovative mixture of tax exempt bond financing, low-income housing tax credits, TIF financing, Federal Home Funds, public housing capital funds, and large emphasis on conventional financing driven by the for-sale component of this development. Our innovative approach to the use of all of these funding sources result is a significant reduction in required CHA/HUD subsidy for this development. We plan to apply a modified version of this financial model to the

RESTORING THE PRIDE. RENEWING THE PROMISE.



development of the Larrabee and Clybourn parcel. In addition to planned mixed income community of Stateway Gardens, NRP has been the leader developer and financial planner behind a number of other mixed income and affordable developments throughout Chicago.

ALLISON S. DAVIS

Principal

The senior member of the team, Allison S. Davis practiced law in Chicago for 30 years specializing in real estate and community development. During this time Mr. Davis, representing clients and for his own account was involved in the development of more than 2000 units of housing. In early 1996, Mr. Davis left the practice of law to establish The Davis Group L.L.C. to devote full time as a developer of neighborhood revitalization. Subsequently, the growth and success of The Davis Group led the development of a \$17 million capital pool to fuel it's growing pipeline of project. This ultimately resulted in the creation of the Neighborhood Rejuvenation Partners. Mr. Davis had previously served as General Counsel and Coordinator of The Chicago LISC program. He is currently an appointee of The Mayor of Chicago to The Chicago Plan Commission on which he has served for eight years, a former Treasurer of The Public Building Commission of Chicago, The Blue Ribbon Committee to Reform the Office of The Recorder of Deeds of Cook County, and the Committee on Character and Fitness of the Supreme Court of Illinois. He has also held numerous posts as an appointee of a past governor of Illinois and the current and past Mayor(s) of Chicago. The Mayor of Chicago and Governor of Illinois have recently and jointly appointed Mr. Davis as Vice Chairman of The Pullman Site Task force which will recommend future usage of the historic Pullman Palace Car Factory and the entire Pullman Landmark district. Mr. Davis is a Trustee of The University of Chicago Hospitals & Health Systems, The Art Institute of Chicago and New York Museum of African Art. Mr. Davis is also a former Director of The NAACP Legal Defense & Educational Fund. He holds a B.A. from Grinnell College and a Juris Doctor from Northwestern University School of Law. He is also a resident of the 4th Ward

JARED A. DAVIS

Principal

Jared A. Davis joined The Davis Group in early 1998 as a Senior Development Manager responsible for project development and management activities. Mr. Davis currently oversees the development and financing of over 200 single-family homes, 200 multifamily units, and the development of several commercial properties. He is also responsible for new project development. Mr. Davis has previously worked at The White House Office for Legislative Affairs, as an at the Haymarket Group, a Project Management Associate at The Egan Urban Center at DePaul University and as a Project Administrator of The Public



Building Commission of Chicago. He holds a Bachelor of Arts degree from DePaul University and attended Williams College. He is a member of Phi Beta Kappa and a director of The Franciscan Outreach Association, AIDS Care, Inc, and the Near North Health Service Corporation.

PATRICK JOHNSON

Principal

Patrick Johnson is President of American Housing, LLC, a syndicator of low income housing tax credits and Chief Financial Officer of The Davis Group. He was the founding president of the National Equity Fund, the nation's largest syndicator of Low Income Housing Tax Credit investments, and the founding president of the nation's first LIH Tax Credit syndication company and predecessor to NEF, the Chicago Equity Fund, which together have generated and managed corporate LIH Tax Credit investments of more than \$2 billion, representing low income housing developments valued at nearly \$5 billion. Mr. Johnson began his career in low income housing development/ syndication in 1979, directing housing development for the nation's largest Neighborhood Housing Services program in eight Chicago communities. There, he helped to pioneer non-profit syndications of low income housing, and originated the investment structure and terms, which have evolved as the national and federal model for LIH Tax Credit syndications. Mr. Johnson was active in the drafting and passage of the 1986 Tax Reform Act's provision of LIH Tax Credits.

ROBERT E. KOERNER

Principal

Robert Koerner joined The Davis Group in May of 2002. Prior to that, Mr. Koerner was Director of Public Housing Investments for the National Equity Fund (NEF), the nation's oldest and largest syndicator of Low Income Housing Tax Credits. During his five years at NEF, Mr. Koerner was responsible for underwriting and closing over \$80 million in investments involving partnerships with local housing authorities. Previously, he managed \$8 million in capital improvement projects for the Chicago Housing Authority, including coordination of activities between contractors, residents, property managers, and architectural/engineering consultants. Mr. Koerner is a magna cum laude graduate of Brown University, and holds a Master in Public Policy degree from Harvard University. Mr. Koerner lives approximately one mile from the Clybourn and Larrabee site, and he will serve as the primary point of contact for the Davis Group for this development.



HOWARD STANBACK

Principal

Howard J. Stanback joined The Davis Group in January 1998 as Managing Director of its affiliate New Kenwood, L.L.C. Dr. Stanback was formerly Vice President of Shorebank Corporation, a nationally respected Chicago bank specializing in community development lending. Dr. Stanback was also President of Shorebank's Detroit Development Corporation. Dr. Stanback was previously Executive V.P. of Aviation Resource Partners, a firm providing facility development and consulting services to airlines and airports. From 1988 to 1989, Dr. Stanback was Commissioner of The Department of Aviation of The City of Chicago, which managed, maintained, operated and planned for the future of Chicago-O'Hare International Airport, Midway Airport and Meigs Field. He is a former City Manager of Hartford, Connecticut, an administrative assistant to and a Deputy Director of Strategic Planning for The Mayor of Chicago. He has taught at the University of Chicago and New School of Social Research of New York, the University of Connecticut and Atlanta University. He is currently a member of the Committee on Policy for Racial Justice, Joint Center for Political Studies, Washington, D.C., the Board of Governors of the Chicago Metropolitan Planning Council, Vice President Board of Directors Woods Fund of Chicago, the Board of Visitors of Wake Forest University in Winston-Salem, N.C., the Board of Directors of Metropolitan Chicago Information Center and Co-chairman, Board of Directors of the Parental Involvement Program. He is the author of numerous papers on community development and airport issues. Dr. Stanback holds a B.A. degree from Wake Forest University, an M.A. from Case Western University and a Ph.D. from the University of Massachusetts. Mr. Stanback currently resides within the 4th Ward.

Report date:

03-Dec-02

PROJECT DESCRIPTION

PROJECT SUMMARY:

Developer:	JP TEB	Team/DO:	South/Sheran
Project Name:	Pershing Court	Program:	Multi-family
Address:	600 South State Street	Funding Src:	HOME-TIF
Code:	1100000	Building Type:	MULTIFAMILY
Ward/Community Area:	37 Douglas	RESIDENTIAL	TOTAL
Alderman:	Dorothy Hillman	Units:	80 80
		Square Footage:	100,151

SOURCES OF FUNDS:

Source	Amount	Percentage	Per Unit	Rate	Amort Per.	Term	Adj/Fix
1st Mortgage	\$1,180,000	7.3%	\$14,500				
1st Mortgage TIF	\$50,000	2.7%	\$5,460				
2nd Mortgage	\$5,000,000	27.4%	\$54,621				
3rd Mortgage	\$2,970,000	18.7%	\$37,226				
4th Mortgage	\$1,300,000	4.7%	\$9,375				
Equity-Synd(Net):		39.3%	\$78,412				
Equity-Owner:		0.0%	NA	* RATE, AMORT PER., & TERM ARE NOT USED IN 2ND, 3RD AND OTHER DEBT SVC CALCULATIONS			
SOURCES OF FUNDS: TOTAL	\$15,967,512	100.0%	\$199,594				

USES OF FUNDS:

Category	Amount	Percentage
ACQUISITION COSTS:		
Land/Building	✓ 157,000	1.0%
Other Expenses		0.0%
TOTAL ACQUISITION COSTS	157,000	1.0%
HARD COSTS:		
Site Work/Demolition		0.9%
Rehab/Construction		69.0%
General Requirements		4.2%
Contractor Overhead/Profit		5.5%
Other Hard Costs/Bond Prem		0.4%
Contingency @ 5.00%	630,954	4.0%
TOTAL HARD COSTS	13,400,032	83.9%
SOFT COSTS:		
Professional Services		
Architect		2.8%
Design		0.4%
Supervision		0.9%
Legal Fees		0.1%
Consultant		0.0%
Engineering		0.1%
Accounting		0.1%
Market Study		0.1%
Environmental Report		0.1%
Taxes and Insurance		
Real Estate Tax Escrow		0.1%
Insurance Escrow		0.2%
Title & Recording		0.1%
Const. Period Taxes		0.2%
Const. Period Insurance		0.2%
Financing Costs		
Loan Orig. Fees		0.2%
Tax Credit Fees		0.0%
Credit Enhancement		0.1%
Appraisal & Survey		0.1%
Construction Interest		0.4%
Leasing Fees / Marketing Costs		0.0%
Replacement Reserve - FHA		0.3%
Other Soft Costs		0.5%
Contingency		0.2%
Developer's Fee <i>Dot formula</i>		6.2%
Rent Up Reserve		
Operating Reserve <i>amount</i>	252,200	1.6%
TOTAL SOFT COSTS	2,410,480	15.1%
SOURCES OF FUNDS: TOTAL	\$15,967,512	100.0%

ASSUMPTIONS:

Hard Cost Contingency	
Class 9 RE application?	
Rent Inflation Rate	2.00%
Expense Inflation Rate	3.00%
Residential Vacancy Rate	5.00%
Commercial Vacancy Rate	
Replacement Reserve	3.96%
Anticipated Loan Closing	
Construction Period	days
Rent-Up Period	mos
Date of First Payment	
(2nd & 3rd Mortgages)	Apr-03
Adj. Mortgage Info:	
1st Adj. Period	years
Adjustment Rate	
Subsqnt Adj. Period	years
Adjustment Rate Cap	

ANALYTICAL DATA:








Appraised Value (After Rehab):	
Total Loan-To-Value Ratio:	NA
1st Mortgage Loan-To-Value Ratio:	NA
Developer Fee	6.56%
Per Square Ft Construction Cost:	\$134
Per Unit Construction Cost:	\$167,500
Per Unit Total Development Cost:	\$199,594
Per Unit Operating Cost:	\$5,180
1st Full Yr (2004) Debt Svc Ratio	0.85

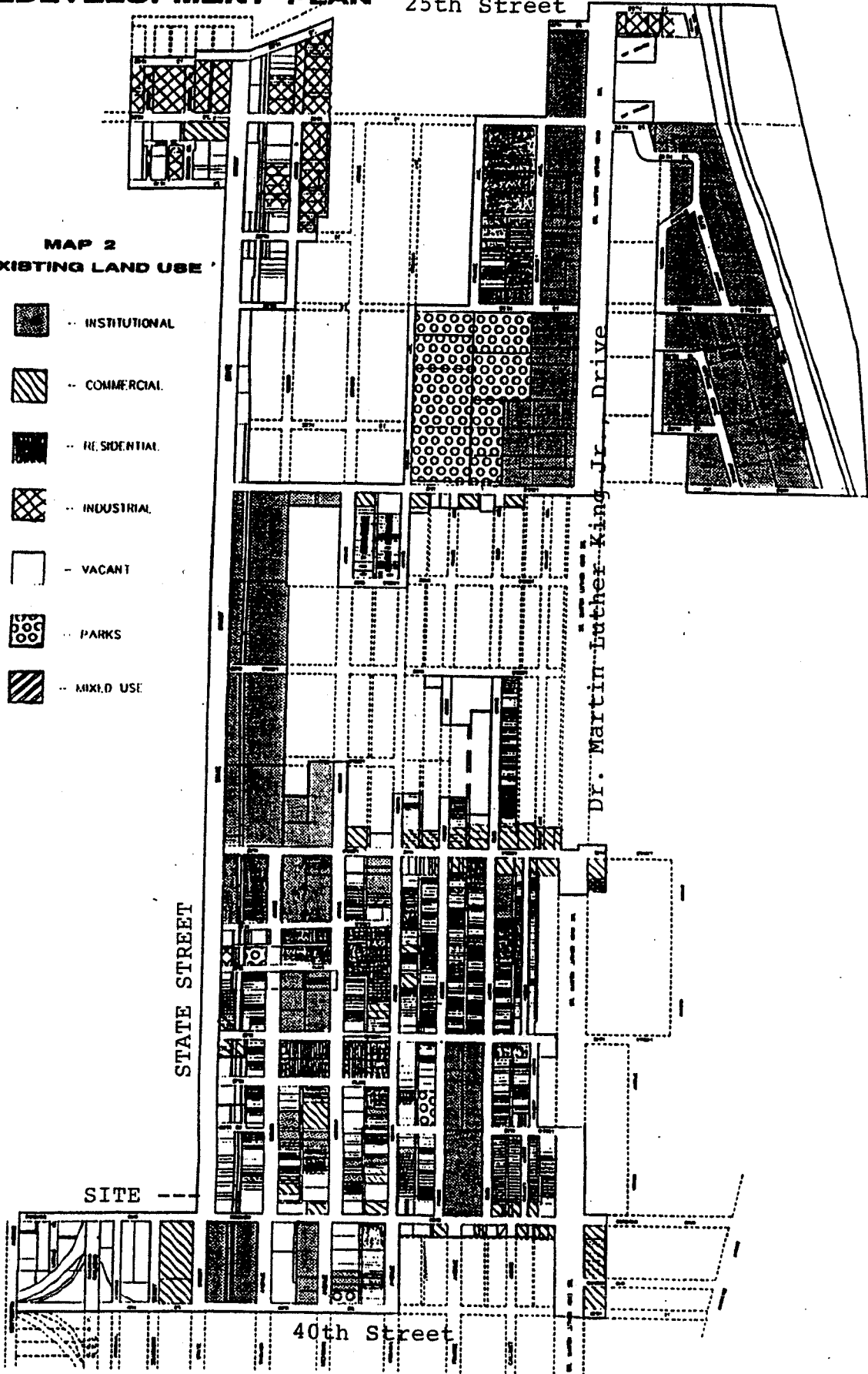
TAX CREDIT ANALYSIS:

Tax Credit Reservation	\$836,397
Premium? (Y/N)	Y
Source of Credits	DOH
Net Equity Amount	\$6,272,978
Source of Equity	Related Capit
Pricing	\$0.75
Historic Tax Credit Amount	
Historic Tax Credit Equity	
Historic Pricing	
Internal Rate of Return	ERR
Net Sale Proceeds Scenarios:	
Mortgages Plus \$1	ERR
Cap Rate	ERR

**CITY OF CHICAGO
BRONZEVILLE
REDEVELOPMENT PLAN** 25th Street

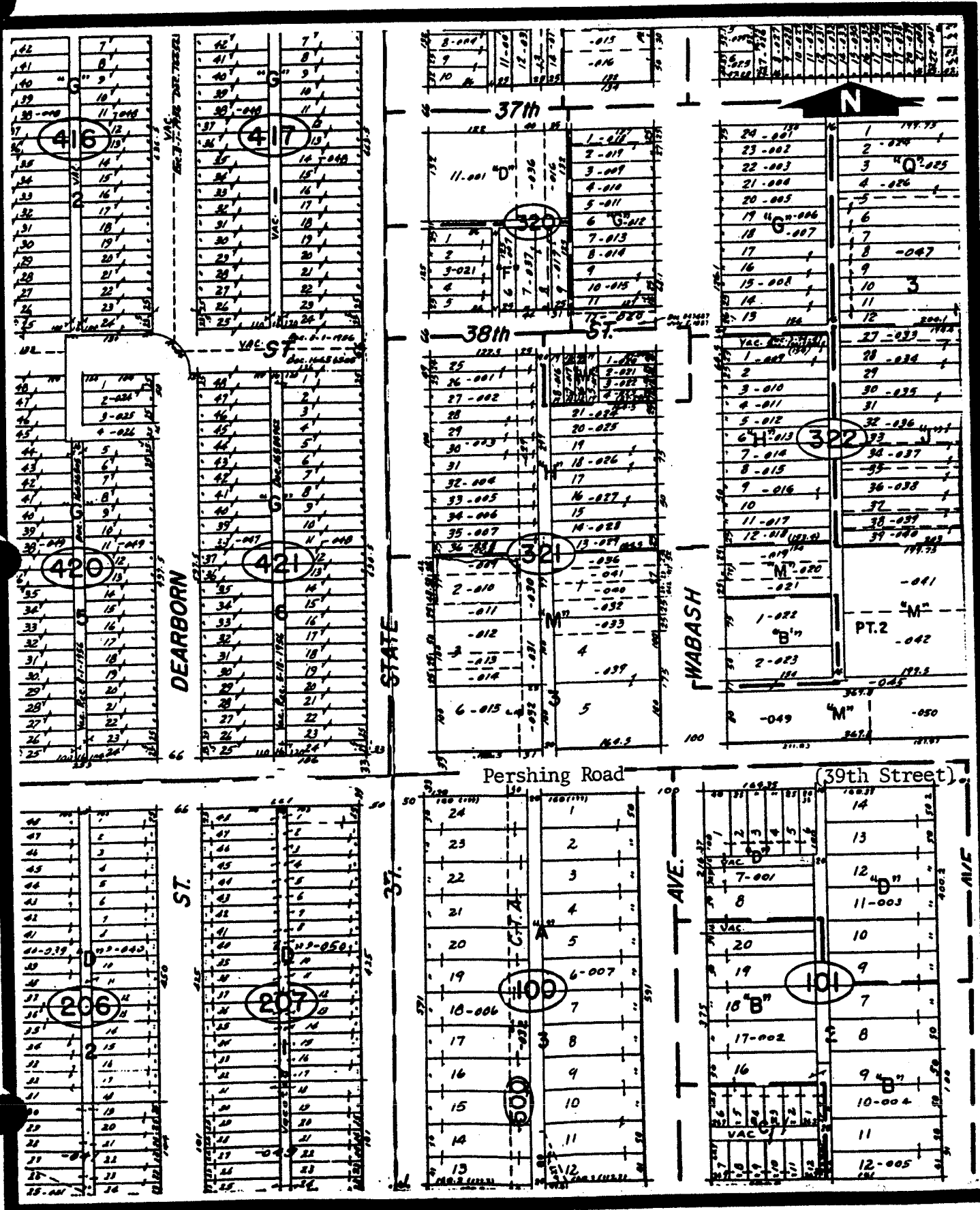
**MAP 2
EXISTING LAND USE**

-  -- INSTITUTIONAL
-  -- COMMERCIAL
-  -- RESIDENTIAL
-  -- INDUSTRIAL
-  -- VACANT
-  -- PARKS
-  -- MIXED USE



Plat Map

17-34



City Developer
CTA



CITY COUNCIL
CITY OF CHICAGO
121 N. LASALLE STREET
ROOM 300
CHICAGO, ILLINOIS 60602
TELEPHONE 312 744-8734

**DOROTHY TILLMAN
ALDERMAN, 3RD WARD**

**PUBLIC SERVICE OFFICE
4645 SOUTH KING DRIVE
CHICAGO, ILLINOIS 60653
TELEPHONE 773-373-3228
FAX: 773-373-8293
www.ward03cityofchicago.org**

COMMITTEE MEMBERSHIPS
—
BUDGET AND GOVERNMENT OPERATIONS
—
COMMITTEE RULES AND ETHICS
—
EDUCATION
—
FINANCE
—
HEALTH
—
HOUSING AND REAL ESTATE
—
TRANSPORTATION AND PUBLIC WAY

November 27, 2002

Arnold Randall
Deputy Commissioner
Department of Planning and Development
121 North LaSalle Street, 10th Floor
Chicago, Illinois 60602

Dear Commissioner:

This correspondence is to provide my support for the development of Pershing Court, an 80 unit family development at the Northwest corner of Pershing Road and State Street. Stateway Associates will be development this project as a leading and integral project for the redevelopment of Stateway Gardens. Tax credit allocation and HOME funds from the Department of Housing are vital to the completion of Pershing Court in 2003.

To Move this project forward I am providing support for the following three essential actions.

1. Transfer of City-owned land for the project from the Department of Planning and Development to the Department of Housing. The City-owned parcels requiring transfer are PIN's:

17-34-321-015)
17-34-321-014
17-34-321-013
17-34-321-012
17-34-321-011
17-34-321-007

2. Appropriate rezoning for the site. This will require a zoning amendment change from the current C1-3 Restricted Commercial District to a B4-4 Restricted Service District, this allowing for the building's height.

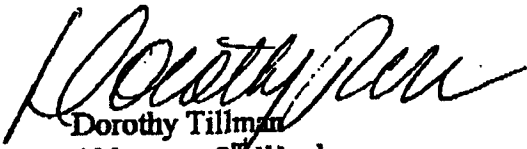
3. A special use permit to allow ground parking on the first floor of the building. The rezoning change is needed to make the application for the special use permit allowing first floor parking.

4. Bronzeville TIF funding for the project.

If the zoning amendment is introduced at the City Council meeting on December 4, 2002, and no delays occur in the rezoning or special use permitting process, the B4-4 zoning and special use permits can be obtained by the end of April 2003.

I appreciate the help from DOH and DPD in committing to this project and moving it along expeditiously.

Sincerely,



Dorothy Tillman
Alderman, 3rd Ward

Cc: Allison Davis

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

Postage	\$ 0.37	UNIT ID: 0101 Postmark Here Clerk: KZ6Q7W 01/09/03
Certified Fee	2.30	
Return Receipt Fee (Endorsement Required)	1.75	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.42	

Sent To
Federation of Women Contractors
 Street, Apt. No., or PO Box No. **330 S. Wells, Suite 1110**
 City, State, ZIP+4 **Chicago, IL 60606**

7002 0510 0001 9272 5209

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

Postage	\$ 0.37	UNIT ID: 0101 Postmark Here Clerk: KZ6Q7W 01/09/03
Certified Fee	2.30	
Return Receipt Fee (Endorsement Required)	1.75	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.42	

Sent To
Black Contractors United
 Street, Apt. No., or PO Box No. **400 W 76th Street**
 City, State, ZIP+4 **Chicago, IL 60620**

7002 0510 0001 9272 5216

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

Postage	\$ 0.37	UNIT ID: 0101 Postmark Here Clerk: KZ6Q7W 01/09/03
Certified Fee	2.30	
Return Receipt Fee (Endorsement Required)	1.75	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.42	

Sent To
Mexican American Chamber of Commerce
 Street, Apt. No., or PO Box No. **122 South Michigan Ave. Suite 106**
 City, State, ZIP+4 **Chicago, IL 60603**

6922 5271 2000 0150 0002

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

Postage	\$ 0.37	UNIT ID: 0101 Postmark Here Clerk: KZ6Q7W 01/09/03
Certified Fee	2.30	
Return Receipt Fee (Endorsement Required)	1.75	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.42	

Sent To
Hispanic American Construction Industry
 Street, Apt. No., or PO Box No. **901 West Jackson, Suite 205**
 City, State, ZIP+4 **Chicago, IL 60607**

7002 0510 0001 9272 5193

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only, No Insurance Coverage Provided)

CHICAGO, IL 60601
OFFICIAL USE

Postage	\$ 0.37	UNIT ID: 0101	Postmark Here
Certified Fee	2.30		
Return Receipt Fee (Endorsement Required)	1.75		
Restricted Delivery Fee (Endorsement Required)			
Total Postage & Fees	\$ 4.42	Clerk: KZ687W	01/09/03

Sent To
 Illinois Association of Minority Contractors
 Street, Apt. No.,
 or PO Box No. 1643 East 71st Street
 City, State, ZIP+4
 Chicago, IL 60649

7002 0510 0002 1375 2238

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only, No Insurance Coverage Provided)

CHICAGO, IL 60601
OFFICIAL USE

Postage	\$ 0.37	UNIT ID: 0101	Postmark Here
Certified Fee	2.30		
Return Receipt Fee (Endorsement Required)	1.75		
Restricted Delivery Fee (Endorsement Required)			
Total Postage & Fees	\$ 4.42	Clerk: KZ687W	01/09/03

Sent To
 Association of Asian Construction Enterprises
 Street, Apt. No.,
 or PO Box No. 333 N. Ogden Avenue
 City, State, ZIP+4
 Chicago IL 60607

7002 0510 0002 1375 2252

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only, No Insurance Coverage Provided)

CHICAGO, IL 60601
OFFICIAL USE

Postage	\$ 0.37	UNIT ID: 0101	Postmark Here
Certified Fee	2.30		
Return Receipt Fee (Endorsement Required)	1.75		
Restricted Delivery Fee (Endorsement Required)			
Total Postage & Fees	\$ 4.42	Clerk: KZ687W	01/09/03

Sent To
 Women Business Development Center
 Street, Apt. No.,
 or PO Box No. 8 South Michigan Ave, Suite 400
 City, State, ZIP+4
 Chicago, IL 60603

7002 0510 0002 1375 2245

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only, No Insurance Coverage Provided)

CHICAGO, IL 60653
OFFICIAL USE

Postage	\$ 0.37	UNIT ID: 0101	Postmark Here
Certified Fee	2.30		
Return Receipt Fee (Endorsement Required)	1.75		
Restricted Delivery Fee (Endorsement Required)			
Total Postage & Fees	\$ 4.42	Clerk: KZ687W	01/09/03

Sent To
 African American Contractors Assoc.
 Street, Apt. No.,
 or PO Box No. 3706 S. Indiana
 City, State, ZIP+4
 Chicago, IL 60653

7002 0510 0001 9272 5225

**COMMUNITY DEVELOPMENT COMMISSION
OF THE
CITY OF CHICAGO**

RESOLUTION NO. 03 - CDC -

**AUTHORITY TO PUBLISH NOTICE
OF THE INTENTION OF THE CITY OF CHICAGO (THE "CITY")
TO NEGOTIATE A
REDEVELOPMENT AGREEMENT WITH
STATEWAY ASSOCIATES L.P.
FOR THE USE OF INCREMENTAL TAXES
AND/OR TAX INCREMENT FINANCING BOND PROCEEDS FOR THE
REDEVELOPMENT OF PROPERTY LOCATED WITHIN THE
BRONZEVILLE REDEVELOPMENT PROJECT AREA (THE "AREA")**

AND

**AUTHORITY TO PUBLISH A NOTICE OF THE INTENTION OF THE CITY
TO ENTER INTO A NEGOTIATED SALE
OF FIVE PARCELS (THE "DISPOSITION PARCELS"),
LOCATED WITHIN THE AREA**

AND

**TO REQUEST ALTERNATIVE PROPOSALS
FOR THE DISPOSITION PARCELS,**

AND

**TO RECOMMEND TO
THE CITY COUNCIL OF THE CITY OF CHICAGO
THE DESIGNATION OF
STATEWAY ASSOCIATES L.P.
FOR THE SALE OF THE DISPOSITION PARCELS AND
AS THE DEVELOPER IF NO OTHER
RESPONSIVE ALTERNATIVE PROPOSALS ARE RECEIVED**

WHEREAS, the Community Development Commission (the "Commission") of the City of Chicago (the "City") has heretofore been appointed by the Mayor of the City with the approval of its City Council (the City Council referred to herein collectively with the Mayor as the "Corporate Authorities") as codified in Section 2-124 of the City's Municipal Code; and

WHEREAS, the Commission is empowered by the Corporate Authorities to exercise certain powers enumerated in Section 5/11-74.4-4(k) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.), (as amended from time to time, the "Act"); and

WHEREAS, the City Council, upon the Commission's recommendation pursuant to Resolution 98-CDC-94 and pursuant to the Act, enacted three ordinances on November 4, 1998 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Bronzeville Redevelopment Project Area (the "Area"), designated the Area as a redevelopment project area and adopted tax increment allocation financing for the Area. The street boundaries of the Area are described on Exhibit A hereto; and

WHEREAS, Stateway Associates Limited Partnership (the "Developer") has presented to the City's Department of Planning & Development ("DPD") and the Department of Housing ("DOH") a proposal for the redevelopment of the site generally located on the northeast corner of South State Street and Pershing Road (the "Project") that is in compliance with the Plan, which redevelopment consists of the construction of a six-story, 80 unit residential building for CHA replacement and affordable housing; and

WHEREAS, DPD has entered into discussions with the Developer concerning the sale and development of certain City-owned parcels (the "Disposition Parcels") located within the Area and as described in Exhibit A; and

WHEREAS, the Developer has submitted a project budget and evidence of having financial ability to complete the Project and DPD has reviewed these and found them to be satisfactory; and

WHEREAS, the Developer has proposed to pay \$1.00 per parcel as consideration for the purchase of the Disposition Parcels; and

WHEREAS, DPD has review this proposal and has found it to be satisfactory and in conformance with the Plan; and

WHEREAS, pursuant to Section 5/11-74.4-4(c) of the Act, the City may not enter into any agreement relating to the development of City-owned property within the Area without first making public disclosure of the terms of such agreement and all bids and proposals related thereto and providing reasonable opportunity for any person to submit an alternative proposal or bid; and

WHEREAS, DPD requests the authority of the Commission to make the required disclosure by publishing notice substantially in the form set forth as Exhibit B hereto (the "Notice") in the Chicago Sun-Times or the Chicago Tribune, being newspapers of general circulation within the Area; and

WHEREAS, DPD requests that the Commission recommend to City Council that the Developer be designated as the developer for the Project and that DPD be authorized to negotiate, execute and deliver a redevelopment agreement with the Developer for the Project, if no responsive alternative proposals are received by DPD within thirty (30) days after publication of the first Notice; now, therefore,

BE IT RESOLVED BY THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF CHICAGO:

- Section 1. The above recitals are incorporated herein and made a part hereof.
- Section 2. The Commission hereby authorizes DPD to publish the Notice.
- Section 3. The Commission hereby recommends to City Council that the Developer be designated as the developer for the Project and that DPD be authorized to negotiate, execute and deliver on the City's behalf a redevelopment agreement with the Developer for the Project, so long as no responsive alternative proposals are received by DPD within the time recited above.
- Section 4. DPD is hereby authorized to advertise the City's intent to negotiate the sale and redevelopment of the Disposition Parcels and to request responsive alternative proposals.
- Section 5. Said proposals must be submitted in writing to Alicia Mazur Berg, Commissioner, Department of Planning and Development, Attn: Arnold Randall, City Hall- Room 1006, 121 North LaSalle Street, Chicago, Illinois 60602 within 30 days of the date of the first publication of the Notice and shall contain names of parties, offer prices for the Disposition Parcels, evidence of financial qualifications, and a timetable for redevelopment before said proposal will be considered.
- Section 6. In the event that no responsive alternative proposals to acquire and redevelop the Disposition Parcels are received, DPD may request the City Council to approve the sale of such City-owned parcels, subject to survey, to the Developer without further Commission action.
- Section 7. If any provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this resolution.
- Section 8. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.

Section 9. This resolution shall be effective as of the date of its adoption.

Section 10. A certified copy of this resolution shall be transmitted to the City Council.

ADOPTED: _____, 2003

Attachments: Exhibit A, PINs and Street Addresses of Disposition Parcels and TIF Area
Street Boundary Description
Exhibit B, Form of Notice Requesting Alternative Proposals

EXHIBIT A

Street Address and P.I.N.s of Disposition Parcels
and
Street Boundaries of the
Bronzeville Tax Increment Financing
Redevelopment Project Area

Street Addresses:

P.I.N.s:

3837 South State	17-34-321-011
3839 South State	17-34-321-012
3841 South State	17-34-321-013
3843 South State	17-34-321-014
3851 South State	17-34-321-015

Bronzeville Area Tax Increment Financing Redevelopment Project Area:

The Area lies within the area generally bounded by 25th Street on the north, Dr. Martin Luther King Jr. Drive and Lake Park Avenue on the east, 40th Street on the south, and State Street and Wentworth Avenue on the west.

EXHIBIT B
Form of Public Notice

PUBLIC NOTICE is hereby given by the Community Development Commission ("CDC") of the City of Chicago (the "City") pursuant to Section 5/11-74.4-4(c) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.) (the "Act"), that the City's Department of Planning & Development ("DPD") intends to negotiate a redevelopment agreement (the "TIF Redevelopment Agreement") with Stateway Associates Limited Partnership (the "Developer"), pursuant to which the City intends to provide financial assistance to the Developer in an amount equal to the interest payments on first mortgage financing in the amount of \$436,764 using tax increment financing bond proceeds and/or incremental tax revenues pursuant to the Act, for eligible costs related to the construction of a six-story, 80-unit residential building on seven parcels (five of which are currently owned by the City of Chicago). The Project is located on the northeast corner of State Street and Pershing Road in the Bronzeville TIF District. The City also intends to negotiate a redevelopment agreement (the "Negotiated Sale Redevelopment Agreement") with the Developer for the sale of 5 (five) individual tax parcels, described in Schedule 1 attached hereto (the "Disposition Parcels"), of the Property for \$1.00 per parcel. The Property is located within the Bronzeville Tax Increment Financing Redevelopment Project Area (the "Area") established pursuant to the Act, and the Project is in compliance with the Plan. The Area is generally bounded as follows:

The Area lies within the area generally bounded by 25th Street on the north, Dr. Martin Luther King Jr. Drive and Lake Park Avenue on the east, 40th Street on the south, and State Street and Wentworth Avenue on the west.

THE CITY HEREBY INVITES ALTERNATIVE PROPOSALS FOR THE SALE AND REDEVELOPMENT OF THE SITE FOR CONSIDERATION BY THE CITY.

The documents listed below related to the Area and the Properties are available for public inspection at the offices of DPD, Room 1000, City Hall, 121 North LaSalle Street, Chicago, Illinois, commencing February 11th, 2003 between the hours of 9:00 a.m. and 4:00 p.m. Monday through Friday:

- 1) "Bronzeville Tax Increment Financing Redevelopment Plan and Project" (the "Plan") (which has attached as an exhibit the Bronzeville Redevelopment Plan and Project Eligibility Study (the "Report")), which constitutes the City's redevelopment plan for the Area;
- 2) A term sheet showing all proposed material terms of the Redevelopment Agreements as of the date hereof, including but not limited to an estimated Project budget setting forth the amount of financial assistance the City intends to provide the Developer for the Project; and

- 3) The terms of all bids and proposals received, if any, by the City related to the Project and the Redevelopment Agreements.

Please contact Bob Ruhloff at (312) 744-0958 to review these materials and for information regarding the form required for proposals submitted to the City. Proposals shall include the general plan for the redevelopment of the Disposition Parcels, the names of the party or parties making the proposal, the price offered, evidence of financial qualifications and capacity to complete said redevelopment, and the timetable for implementation. The City reserves the right to reject any and all proposals. Proposals will be received by the City at DPD's offices, Room 1000, City Hall, 121 North LaSalle Street, Chicago, Illinois 60602, until March 18th, 2003 at 2:00 p.m., at which time all alternative proposals will be opened.

Joseph Williams, Chairman
Community Development Commission
City of Chicago

SCHEDULE 1

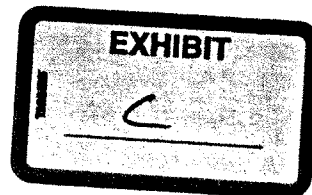
Street Address and P.I.N.s of Disposition Parcels

Street Addresses:

P.I.N.s:

3837 South State
3839 South State
3841 South State
3843 South State
3851 South State

17-34-321-011
17-34-321-012
17-34-321-013
17-34-321-014
17-34-321-015



**UNANIMOUS WRITTEN CONSENT OF
THE DIRECTORS OF
FUND DEVELOPMENT CORPORATION,
AN ILLINOIS NOT-FOR-PROFIT CORPORATION**

The undersigned being all of the Directors of the Fund Development Corporation, an Illinois not-for-profit corporation, (the "Corporation"), acting pursuant to Section 108.45 of the Illinois General Not for Profit Corporation Act of 1986, do hereby waive all notice otherwise required by law or the By-laws of the Corporation, and hereby consent and agree that the following resolutions are hereby adopted by this written action without holding a special meeting of the Directors of the Corporation, to wit:

"WHEREAS, the Corporation was organized for the purpose, among others, of developing and operating low-income housing and stabilizing impoverished communities; and

WHEREAS, the Corporation wishes to develop a low and very low income housing project through rehabilitation of the buildings and improvements located on the property commonly known as 6446 S. Kenwood Avenue and 5630 S. Michigan Avenue, including two surface parking lots located on the property commonly known as 6436-42 S. Kenwood Avenue and 5637-43 S. Michigan Avenue (the "Parking Lot Parcels") in Chicago, Illinois (collectively, the "Project") through an Illinois limited partnership known as Woodlawn Partners Limited Partnership (the "Partnership");

WHEREAS, the Corporation's sole Member, Fund for Community Redevelopment and Revitalization ("FCRR") is a Member of Woodlawn Partners L.L.C., an Illinois limited liability company, which serves as general partner of the Partnership, and FCRR intends to transfer any and all of its interest in Woodlawn Partners L.L.C. to the Corporation;

WHEREAS, the Project will be financed by a combination of loans from First National Bank of Chicago, the City of Chicago, Illinois Housing Development Authority, the Chicago Low Income Housing Trust Fund, and a grant through the FHLB's Affordable Housing Program and the Apollo Housing Capital L.L.C. ("Apollo") will invest as a limited partner in the Partnership;

Woodlawn/Michigan Development

Project Summary

March, 1997

Project Location: 5630 South Michigan
6446 South Kenwood
6400 South Vernon
Woodlawn & Washington Park Communities
Chicago, Illinois

*(Differs from chart
↓)*

Unit Mix:	<u>Quantity</u>	<u>Avg. Rent</u>
One Bedroom	2	\$450
Two Bedroom	62	\$500
Three Bedroom	34	\$580
Three Bedroom Duplex	9	\$580

Developer: Woodlawn Partners L.L.C., the general partner of Woodlawn Partners Limited Partnership, consisting of the following members:

Rezmar Corporation
853 North Elston Avenue
Chicago, Illinois 60622
(312) 666-8887

and

The Fund for Community Redevelopment
& Revitalization
822 East 63rd Street
Chicago, Illinois 60637
(312) 363-4300

Equity Source: Chicago Equity Fund
One East Superior
Suite 604
Chicago, Illinois 60611
(312) 943-2266

**First Mortgagee
& AHP Grantor:** LaSalle National Bank
120 South LaSalle Street
Chicago, Illinois 60603
(312) 904-6293

Second Mortgagee: DOH Loan (CDBG Funds preferred)
318 South Michigan Avenue
Chicago, Illinois 60604
(312) 747-9000

Third Mortgagee: IHDA Trust Fund Program
401 North Michigan Avenue
Chicago, Illinois 60611
(312) 836-5200

Architect: Phillip Kupritz & Associates
727 South Dearborn Street
Chicago, Illinois 60605
(312) 663-0466

General Contractor: Custom Construction & Remodeling
7645 North Western Avenue
Chicago, Illinois 60645
(312) 761-1500

Project Attorney: William Miceli, Esq. & Laura Tilly, Esq.
Miner, Barnhill & Galland
14 West Erie Street
Chicago, Illinois 60610
(312) 751-1170

**Tax Opinion &
Syndication Attorney:** Thomas McNulty, Esq.
John Trazkowski, Esq.
Keck, Mahin & Cate
77 West Wacker Drive
Chicago, Illinois 60601
(312) 634-7700

Project Orientation: The Woodlawn/Michigan Development, consisting of the three buildings at 6446 South Kenwood, 6400 South Vernon and 5630 South Michigan, will contain a total of 107 units. This development will be rented only to low and very-low income families and contains primarily two and three bedroom units.

The tenant mix will be as follows:

20% Very Low Income (up to 50% of median income)
80% Low Income (up to 60% of median income)

**Property Design
Characteristics:**

Woodlawn/Michigan Development, will be designed to provide a secure living environment for a low income tenant community. To that end, a variety of unit configurations and common area amenities will be provided. These include:

Exterior

- * Decorative wrought iron gate surrounding building and land
- * Double intercom security system
- * Beautiful new walkways and landscaping, including planters with flowers and grass areas
- * Exterior lighting

Interior

- * 9 duplexed units
- * Primarily large two or three bedroom units for families
- * All areas to be well lighted at night for security

**Unusual Features of
the Development:**

- * Located in targeted area for redevelopment by the City of Chicago
- * Buildings are currently vacant and boarded
- * Units available as replacement units for CHA Housing in this area
- * Units available for CHA waiting list tenants
- * Project utilizes tax credits to raise equity and private first mortgage dollars to leverage DOH funds

Location:

6446 South Kenwood and 6400 South Vernon are located just south of the University of Chicago and only blocks from the 63rd Street shopping area. The Woodlawn area is currently receiving considerable attention from developers and community based organizations constructing new townhouses and detached single-family homes. It is also the subject of redevelopment efforts resulting in the rehabilitation of existing housing stock.

5630 South Michigan is located in Washington Park where there has been a significant amount of demolition of the existing housing stock. 5630 South Michigan is located within one block of two other Rezmar affordable housing developments financed by the City of Chicago, Department of Housing at 5751-59 South Michigan and 5606 South Wabash.

**Enhancement of City
Redevelopment Efforts:**

The Woodlawn location is a targeted community conservation redevelopment area for the City of Chicago. 5630 S. Michigan is located in a federally designated Empowerment Zone. The subject properties are currently vacant and boarded. Since the buildings are vacant, there is no tenant relocation.

Financing:

1 st Mortgage - LaSalle National Bank	\$1,690,000
2 nd Mortgage - DOH CDBG Fund	\$1,242,388
3 rd Mortgage - IHDA Trust Fund	\$ 500,000
Grant - AHP	\$ 250,000
Equity - Chicago Equity Fund	<u>\$5,980,000</u>
TOTAL PROJECT COST	\$9,662,488

Conclusion:

The proposed development is important in that three, large, vacant buildings which are currently abandoned and therefore a potential magnet to gangs and drugs, will be converted to 107 fully rehabilitated apartment units for the community. The conversion will transform three abandoned buildings into a secure residential environment which will provide desperately needed affordable housing to large families.

PLAN FOR COMMUNITY INPUT

List of Woodlawn/Washington Park Community Organizations

20th Ward Alderman: Arenda Troutman

Community Organizations:

Woodlawn Preservation & Investment Corporation
822 East 63rd Street
Chicago, Illinois 60637

St. Edmund's Development Corporation
6105 South Michigan
Chicago, Illinois 60637

Garfield/Washington Park Neighborhood Association
366 East 63rd Street, Suite 2
Chicago, Illinois 60637

WOODLAWN PARTNERS LIMITED PARTNERSHIP
5630 S. MICHIGAN/6446 S. KENWOOD

June 19, 1997
Revised 7/2/98 to
reflect comments of
ILC, LAC& Law

proceeds will be disbursed on a pro rata basis.

CONDITIONS FOR CLOSING:

1. All financing is to be committed and available at closing.
2. All building permits must be issued.
3. Final Construction approval must be issued.
4. Pay-in rate from syndicator must be a minimum of \$.65; DOH loan would reduce accordingly.

COMMUNITY INPUT

The Fund is an organization based in the Woodlawn Community and enjoys broad support. A letter of support from Alderman Arenda Troutman was submitted last year with the tax credit application; an updated letter has been requested.

BACKGROUND INFORMATION

The Rezmar Corporation is an experienced for-profit developer of both affordable and market-rate housing. They have successfully completed numerous projects with funding from the Department of Housing over the past ten years. The company is owned by two shareholders, each with a 50% interest, Dan Mahru and Antoin Rezko.

The Fund for Community Redevelopment and Revitalization (FCRR) was formed by the Fund Development Corporation in 1992. FCRR's board is composed of representatives of the Kenwood, Oakland, Hyde Park and Woodlawn communities. Its objective in Woodlawn is to plan for, stimulate, and undertake redevelopment of both residential and commercial areas, in addition to improvements of schools, parks and other community resources. A list of board members is attached.

DEVELOPMENT/PROJECT RISKS

Can the borrower adequately sponsor the rehab and property management of this project?

Yes. The partnership has assembled an experienced development team. The Rezmar Corporation is known to DOH as a capable developer and property manager of affordable housing. Despite turnover in the staffs of both Rezmar and The Fund, both organizations are committed to providing the staff and resources necessary for the successful redevelopment of these buildings and the broader Woodlawn community.

STRATEGIC IMPORTANCE AND JUSTIFICATION

This project clearly meets the Department of Housing's Multi-Family Rehabilitation Program goals and

**WOODLAWN PARTNERS LIMITED PARTNERSHIP
5630 S. MICHIGAN/6446 S. KENWOOD**

June 19, 1997
Revised 7/2/98 to
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guidelines by supporting the development of greatly needed housing units that are affordable to low-income families. This development will provide 84 units of decent affordable housing that is in demand in this community. This project furthers the goals of Rezmar and The Fund in their efforts to stimulate reinvestment in the community and promote neighborhood self-confidence.

FUND FOR COMMUNITY REDEVELOPMENT AND REVITALIZATION
BOARD OF DIRECTORS

Dr. Arthur M. Brazier
Chairman

Dr. Leon D. Finney, Jr.
Secretary

Mrs. Sidney R. Dillard
Treasurer

Dr. Arthur M. Brazier
Pastor
Apostolic Church of God
6320 South Dorchester Avenue
Chicago, Illinois 60637
(773) 667-1500

Mrs. Marion Coleman
4411 South Berkeley
Chicago, Illinois 60653
(773) 373-5254 (H) (773) 379-4412 (O)

Mr. James W. Compton
President and CEO
Chicago Urban League
4510 South Michigan Avenue
Chicago, Illinois 60653
(773) 285-5800

Ms. Izora Davis
3983 South Lake Park Avenue
Apartment 807
Chicago, Illinois 60653
(773) 268-5231

Mrs. Sidney R. Dillard
4436 South Berkeley Avenue
Chicago, Illinois 60653
(312) 444-3118(w) (773) 548-4556(h)

Dr. Leon D. Finney, Jr.
The Woodlawn Organization
1313 East 60th Street
Chicago, Illinois 60637
(773) 753-2470 (His office) (773) 288-5840 (TWO)

**Fund For Community Redevelopment and Revitalization
Board of Directors (Cont'd)**

Ms. Toya D. Horn
6416 South Minerva Avenue
Chicago, Illinois 60637
(773) 363-8551(h) (312) 368-6271(o)

Ms. Valerie B. Jarrett
The Habitat Company
350 West Hubbard Street
Suite 500
Chicago, Illinois 60610
(312) 527-5400 (W)

Mr. George Kyros
809 Wilson Lane
Hinsdale, Illinois 60521
(630) 654-0984(h)
(602) 945-7205 (Arizona)

Mr. Robert Lucas
Executive Director
Kenwood-Oakland Community Organization
1238 East 46th Street
Chicago, Illinois 60653
(773) 548-7500

Mrs. Seniorities Bracey Mayberry
4357 South Berkeley Avenue
Chicago, Illinois 60653
(773) 624-4579

Father Carl Markelz, O.Carm.
Principal
Mount Carmel High School
6410 South Dante Avenue
Chicago, Illinois 60637
(773) 324-1020

Mrs. Marion Moore
3347 South Prairie
Chicago, Illinois 60616
(312) 567-9471 (h); (773) 753-5765 (w)

**Fund For Community Redevelopment and Revitalization
Board of Directors (Cont'd)**

Gregory S. Newsome
4036 South Ellis
Chicago, Illinois 60653
(773) 285-4715

Mr. Henry S. Webber
Vice President
Community Affairs
The University of Chicago
5801 South Ellis Avenue
Room 605
Chicago, Illinois 60637
(773) 702-3627

Mrs. Sandra Williamson
6231 South Ellis Avenue
Chicago, Illinois 60637
(773) 493-1926(h)

**FUND FOR COMMUNITY REDEVELOPMENT
AND REVITALIZATION**

FINANCIAL STATEMENTS

DECEMBER 31, 1996 AND 1995

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Statement of Financial Position, December 31, 1996 and 1995	2
Statement of Activities, Years Ended December 31, 1996 and 1995	4
Statement of Cash Flows, Years Ended December 31, 1996 and 1995	5
Notes to Financial Statements, December 31, 1996 and 1995	7

PHILIP ROOTBERG & COMPANY, LLP

Certified Public Accountants

250 South Wacker Drive
Suite 800
Chicago, Illinois
60606-5891

312.930.9600
Fax 312.930.0176

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fund for Community
Redevelopment and Revitalization

We have audited the accompanying statement of financial position of the Fund for Community Redevelopment and Revitalization (the "Fund") (an Illinois not-for-profit corporation) as of December 31, 1996 and 1995, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund for Community Redevelopment and Revitalization as of December 31, 1996 and 1995, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Philip Rootberg & Company, LLP

April 28, 1997

FUND FOR COMMUNITY REDEVELOPMENT AND REVITALIZATION
STATEMENT OF FINANCIAL POSITION

December 31,	1996	1995
ASSETS		
Current Assets		
Cash:		
Restricted	\$ 55,134	\$ 194,988
Unrestricted	<u>21,732</u>	<u>4,609</u>
Total Cash	76,866	199,597
Prepaid expenses	2,655	2,655
Contributions receivable	34,375	60,000
Due from Woodlawn Preservation and Investment Corporation	5,292	-
Miscellaneous receivables	<u>966</u>	<u>966</u>
Total Current Assets	<u>120,154</u>	<u>263,218</u>
Fixed Assets		
Computer equipment	17,894	17,894
Furniture and fixtures	18,653	18,653
Leasehold improvements	<u>19,555</u>	<u>19,555</u>
Total	56,102	56,102
Less accumulated depreciation	<u>29,757</u>	<u>24,690</u>
Net Fixed Assets	<u>26,345</u>	<u>31,412</u>
Other Assets		
Organization costs (net of accumulated amortization of \$11,664 and \$8,748, respectively)	2,914	5,830
Land held for redevelopment	206,897	152,499
Development costs	302,180	203,998
Advance to Fund Development Corporation	200,000	200,000
Investment in KRMB L.L.C.	128,880	10,000
Deposits	<u>181</u>	<u>833</u>
Total Other Assets	<u>841,052</u>	<u>573,160</u>
Total Assets	<u>\$ 987,551</u>	<u>\$ 867,790</u>

FUND FOR COMMUNITY REDEVELOPMENT AND REVITALIZATION
STATEMENT OF FINANCIAL POSITION - Continued

December 31,	1996	1995
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current portion of long-term debt	\$ 262,500	\$ 38,500
Capital lease obligations	1,786	3,680
Accrued real estate taxes	6,000	4,000
Accrued payroll taxes and benefits	16,940	21,035
Other accrued expenses	32,099	71,663
Due to Woodlawn Preservation and Investment Corporation	-	4,609
Recoverable grant	<u>25,000</u>	<u>25,000</u>
Total Current Liabilities	<u>344,325</u>	<u>168,487</u>
Long-Term Debt		
Loan payable, net of current portion	<u>487,500</u>	<u>511,500</u>
Net Assets		
Unrestricted	84,874	91,732
Temporarily restricted	<u>70,852</u>	<u>96,071</u>
Total Net Assets	<u>155,726</u>	<u>187,803</u>
Total Liabilities and Net Assets	<u>\$ 987,551</u>	<u>\$ 867,790</u>

**FUND FOR COMMUNITY REDEVELOPMENT AND REVITALIZATION
STATEMENT OF ACTIVITIES**

Years Ended December 31,	1996	1995
Changes in Unrestricted Net Assets		
Support:		
Contributions	\$ 10,000	\$ 5,000
Interest income	5,177	4,371
Partnership income	<u>2,541</u>	<u>-</u>
Total Unrestricted Support	17,718	9,371
Net assets released from restrictions - satisfaction of program restrictions	<u>413,736</u>	<u>328,997</u>
Total Unrestricted Support and Reclassifications	<u>431,454</u>	<u>338,368</u>
Expenses:		
Program Services:		
Salaries and related expenses (net of reimbursements)	200,060	226,880
Employee benefits	48,845	47,243
South Side School Demonstration Project	30,965	20,956
Meetings	10,278	4,862
Professional fees	48,563	59,326
Marketing	1,363	-
Travel	<u>410</u>	<u>1,373</u>
Total Program Services	<u>340,484</u>	<u>360,640</u>
Administration:		
Office rent (net of reimbursements)	10,498	6,981
Insurance	10,781	7,359
Repairs and maintenance	378	1,134
Scavenger	2,508	3,416
Office	26,589	17,021
Telephone	3,097	4,454
Security	990	1,069
Interest	35,004	26,224
Depreciation and amortization	<u>7,983</u>	<u>10,312</u>
Total Administration	<u>97,828</u>	<u>77,970</u>
Total Expenses	<u>438,312</u>	<u>438,610</u>
Decrease in Unrestricted Net Assets	<u>(6,858)</u>	<u>(100,242)</u>
Changes in Temporarily Restricted Net Assets		
Contributions	388,517	400,000
Net assets released from restrictions	<u>(413,736)</u>	<u>(328,997)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(25,219)</u>	<u>71,003</u>
Decrease in Net Assets	<u>(32,077)</u>	<u>(29,239)</u>
Net Assets - Beginning of Year	<u>187,803</u>	<u>217,042</u>
Net Assets - End of Year	<u>\$ 155,726</u>	<u>\$ 187,803</u>

See accompanying notes to financial statements

FUND FOR COMMUNITY REDEVELOPMENT AND REVITALIZATION
STATEMENT OF CASH FLOWS

Years Ended December 31,	1996	1995
Cash Flows From Operating Activities		
Decrease in net assets	\$(32,077)	\$(29,239)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation and amortization	7,983	10,312
(Increase) decrease in operating assets:		
Contributions receivable	25,625	(60,000)
Miscellaneous receivables	-	1,003
Deposits	652	-
Increase (decrease) in operating liabilities:		
Accrued real estate taxes	2,000	700
Accrued payroll and related taxes	(4,095)	(126)
Accrued expenses	<u>(39,564)</u>	<u>48,021</u>
Net Cash Used by Operating Activities	<u>(39,476)</u>	<u>(29,329)</u>
Cash Flows From Investing Activities		
Decrease in unreimbursed payroll from Woodlawn Preservation and Investment Corporation	-	27,091
Investment in KRMB L.L.C.	(118,880)	(10,000)
Advance to Fund Development Corporation	-	(200,000)
Purchase of land held for development	(54,398)	(22,338)
Payment of development costs	<u>(98,182)</u>	<u>(50,166)</u>
Net Cash Used by Investing Activities	<u>(271,460)</u>	<u>(255,413)</u>
Cash Flows From Financing Activities		
Capital lease payments	(1,894)	(5,173)
Proceeds from long-term debt	225,000	300,000
Repayment of long-term debt	(25,000)	-
Net payments to Woodlawn Preservation and Investment Corporation	<u>(9,901)</u>	<u>4,609</u>
Net Cash Provided by Financing Activities	<u>188,205</u>	<u>299,436</u>
Net Increase (Decrease) in Cash	(122,731)	14,694
Cash - Beginning of Year	<u>199,597</u>	<u>184,903</u>
Cash - End of Year	<u>\$ 76,866</u>	<u>\$ 199,597</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 39,504</u>	<u>\$ 10,474</u>

December 31, 1996 and 1995

1 - Organization

The Fund for Community Redevelopment and Revitalization (the "Fund") was organized in August 1992 as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. The purpose of the Fund is to combat deterioration and blight and to develop or rehabilitate residential housing and related supporting commercial uses in the Chicago, Illinois communities known as Woodlawn and North Kenwood-Oakland (the "Communities"). Another Fund mission is to improve the social fabric of the Communities and work toward school improvement. The Fund achieves its charitable purpose by providing, directly or indirectly, modern, safe, healthy and economically varied housing opportunities to current and future residents of the Communities. The Fund also provides technical assistance in order to foster, encourage and implement the foregoing redevelopment activities, as well as coordinate the efforts of other charitable organizations serving the Communities that are dedicated to combating deterioration and blight. In addition, the Fund attempts to reduce the high unemployment among its population through employment-creation activities and the delivery of social services, which should result in a lessening of the burdens of government.

2 - Summary of Significant Accounting Policies

Method of Accounting - The accompanying financial statements have been prepared on the accrual basis method of accounting.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Fund is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted Net Assets - Amounts included in this category represent resources which can be used currently for the general purposes of the Fund.

Temporarily Restricted Net Assets - Amounts included in this category represent resources which are to be used for a specific purpose for a stated period of time. Once these funds have been released from restriction, they are transferred to the unrestricted fund and used for the general purposes of the Fund.

Permanently Restricted Net Assets - Amounts in this category represent resources which are to be permanently used for a specific purpose determined by the donor. The Fund does not have any permanently restricted net assets at December 31, 1996 and 1995.

December 31, 1996 and 1995

Fixed Assets - Fixed asset additions are recorded at cost and depreciated using accelerated methods over their estimated useful lives.

Organization Costs - Costs incurred in connection with the formation of the Fund are being amortized using the straight-line method over a five-year period.

Income Taxes - The Fund is exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code.

3 - Restricted Cash

Restricted cash at December 31, 1996 and 1995, consists of the following:

	<u>1996</u>	<u>1995</u>
John D. and Catherine T. MacArthur Foundation Grant (see Note 4)	\$ 16,971	\$ 22,620
Land acquisition account (see Note 5)	1,686	136,297
South Side School Demonstration Grants (see Note 6)	36,477	26,071
University of Chicago (see Note 6)	<u>-</u>	<u>10,000</u>
Total	<u>\$ 55,134</u>	<u>\$ 194,988</u>

4 - Restricted Contingent Grant Receivable

In December 1992, the Fund was awarded a three-year grant of up to \$1,200,000 from the John D. and Catherine T. MacArthur Foundation ("Foundation"). In December 1995, the Fund was awarded an additional three-year grant of \$900,000. The Fund received \$300,000 of the Foundation grants in each of the years 1995 and 1996.

Subsequent payments of the grant are contingent upon the review of progress, satisfactory to the Foundation, of the Fund's use of the grant proceeds. The grant is being used by the Fund substantially in accordance with the approved budget. Any grant funds and income earned thereon which are not expended or committed for the purposes of the grant are required to be returned to the Foundation. At December 31, 1996 and 1995, \$16,971 and \$22,620, respectively, of committed but unexpended funds was on deposit in a restricted cash account.

Additionally in 1995, the Fund was awarded a \$90,000 grant from the Field Foundation. The grant is payable in nine quarterly installments of \$10,000 beginning June 15, 1995. Through December 31, 1996, the Fund has received \$60,000 and has recorded a contribution receivable in the amount of \$10,000 representing the balance of the second year's installment under the grant agreement. The grant is to be used to support the salary of a project director for the South Side School Demonstration Project.

December 31, 1996 and 1995

Subsequent payments of the grant are contingent upon the review of progress satisfactory to the Field Foundation. The Fund anticipates receiving \$20,000 during the period June 1997 through September 15, 1997.

5 - Loan Payable

In 1993, the Fund entered into a loan agreement with the Local Initiatives Support Corporation ("LISC"), a not-for-profit corporation, restricted to the acquisition of land for residential development, which was subsequently amended to include the acquisition of properties, both residential and commercial, which are critical to the Fund's development strategy. Additionally, the Fund was allowed to use \$200,000 of the loan proceeds for the purpose of funding a \$200,000 earnest money deposit with the City of Chicago. The notes issued pursuant to the loan agreement provide for interest to be payable quarterly at 6% per annum and mature at various dates through July 1, 1999.

Borrowing activity under the loan agreement for 1995 and 1996 is as follows:

Balance - January 1, 1995	\$ 250,000
Borrowings - 1995	<u>300,000</u>
Balance - December 31, 1995	550,000
Borrowings - 1996	225,000
Repayments - 1996	<u>(25,000)</u>
Balance - December 31, 1996	\$ <u>750,000</u>

Required principal payments of the notes under the amended loan agreements are as follows:

1997	\$ 262,500
1998	369,750
1999	<u>117,750</u>
Total	\$ <u>750,000</u>

The loans are guaranteed by the University of Chicago and the University of Chicago Hospitals to the extent of \$258,750. In the event that the guarantors are obligated to pay any amounts under the Guarantee Agreement, the Fund agrees to repay such amount as soon as possible with interest at the "Corporate Base Rate," as established from time to time by the First National Bank of Chicago, until repaid. The loans are also secured by mortgages on the real estate purchased from the proceeds of the loan and a pledge of the \$200,000 earnest money deposit with the City of Chicago (see Note 9).

As of December 31, 1996, the Fund utilized \$748,314 of the loan proceeds. The remaining balance of \$1,686 is deposited in a restricted cash account.

FUND FOR COMMUNITY REDEVELOPMENT AND REVITALIZATION
NOTES TO FINANCIAL STATEMENTS

December 31, 1996 and 1995

During 1996, the Fund was awarded a grant from LISC in the amount of \$32,500 to fund redevelopment of the Kenwood/Oakland and Woodlawn areas. As of December 31, 1996, the Fund has received \$8,125 and has recorded a contribution receivable in the amount of \$24,375.

In February 1997, the Fund repaid \$178,000 of the outstanding loans to LISC.

6 - South Side School Demonstration Project Grants

During 1996 and 1995, in addition to the Field Foundation grant (see Note 4), the Fund was awarded the following grants in support of the South Side School Demonstration Project:

	<u>1996</u>	<u>1995</u>
Clinton Company	\$ -	\$ 10,000
Chicago Community Trust	-	40,000
University of Chicago	-	10,000
Annenberg Foundation	<u>22,155</u>	<u>-</u>
	<u>\$ 22,155</u>	<u>\$ 60,000</u>

7 - Recoverable Grant

In 1994, the Fund received \$25,000 from LISC restricted to predevelopment costs associated with a proposed shopping center on 47th Street between Woodlawn and Lake Park Avenues.

In the event that the project cannot proceed due to the lack of financing or some other reason beyond the Fund's control, repayment shall not be required.

8 - Related Party Transactions

The Fund has an agreement with Woodlawn Preservation and Investment Corporation ("WPIC"), a related not-for-profit corporation, to be reimbursed for shared office space (see Note 13) and shared employees. The Fund is reimbursed by WPIC for 50% of the cost of the office space, and 50% of the gross salaries of the executive director, the executive assistant and the director of development. Under the agreement, the Fund allocated \$160,124 and \$21,047 for reimbursements of salary and overhead, respectively, during 1996, and \$107,269 and \$11,223, respectively, during 1995. At December 31, 1996, the Fund had a receivable from WPIC for \$5,292 of unreimbursed shared expenses; at December 31, 1995, the Fund owed WPIC \$4,609, representing an overpayment of shared expenses.

December 31, 1996 and 1995

9 - Advance to Fund Development Corporation

The Fund advanced \$200,000 to the Fund Development Corporation, an affiliated company ("Corporation"). The Corporation then loaned the \$200,000 to Lake Park L.L.C. ("Lake Park"), which is owned 60% by the Corporation, to enable Lake Park to make an earnest money deposit with the City of Chicago for a commercial development. The advance is non-interest-bearing and is to be repaid when the City of Chicago releases the earnest money deposit.

The Fund is expected to receive developer's fees of \$161,000 in both 1997 and 1998 in connection with the development.

10 - Investment in KRMB L.L.C.

During 1995, the Fund invested \$10,000 for a one-third (1/3) interest in KRMB L.L.C., formerly known as Kenwood Oakland L.L.C. ("Venture"), which is rehabbing two apartment buildings in the Kenwood Oakland area of Chicago. The buildings will contain 102 apartment units. During 1996, the Fund invested an additional \$118,880 in the Venture.

The Venture began operations in 1997. In February 1997, the Fund received approximately \$330,000 from the Venture representing a return of its investment as well as a developer's fee. Additional developer's fees of \$13,000 and \$151,000 are expected to be received in 1997 and 1998, respectively.

11 - Development Costs

The Fund has incurred costs for preliminary site plans and a tax increment financing analysis for the following projects: a proposed commercial development on the north side of 47th Street between Woodlawn and Lake Park Avenues; various analyses and site plans for proposed developments along 63rd Street east of Cottage Grove Avenue; a rehabilitation of two apartment buildings in the Kenwood/Oakland area; construction of 25 single-family and duplex homes on Kenwood Avenue; 10 new two-flat homes at 44th and Drexel; and 10 single-family market rate homes on Drexel Boulevard between 42nd and 43rd streets. It cannot be determined at this time whether these projects will go forward and, if they do, whether the Fund will be reimbursed for the above-described costs.

December 31, 1996 and 1995

12 - Temporarily Restricted Contributions

For the years ended December 31, 1996 and 1995, temporarily restricted contributions consists of the following:

<u>Donor</u>	<u>1996</u>	<u>1995</u>
University of Chicago	\$ -	\$ 10,000
Local Initiatives Support Corporation	32,500	-
John D. and Catherine T. MacArthur Foundation	300,000	300,000
Field Foundation	30,000	40,000
Chicago Annenberg Challenge	22,155	-
Chicago Community Trust	-	40,000
Clinton Company	-	10,000
Other	<u>3,862</u>	<u>-</u>
Total	<u>\$ 388,517</u>	<u>\$ 400,000</u>

The Fund believes it is in compliance with the restrictions placed on the above contributions by the donors.

13 - Lease Commitment

The Fund leases its office space from an affiliate of WPIC under a five-year operating lease expiring March 31, 1998. The lease provides for varying base rentals plus the payment of real estate taxes. A security deposit of \$833 is held by the lessor.

As described in Note 8, the Fund shares this office space with WPIC. The Fund is reimbursed by WPIC for its share of the rent.

Future minimum lease payments for subsequent years are as follows:

1997	\$ 14,499
1998	<u>3,750</u>
Total	<u>\$ 18,249</u>

Rent expense (net of reimbursements of \$4,998 and \$3,015, respectively), was \$4,998 and \$6,981 for 1996 and 1995, respectively.

At December 31, 1996 and 1995, \$5,500 and \$833, respectively, are owed to the affiliate for rent.

DANIEL S. MAHRU

DECEMBER 31, 1997

DANIEL S. MAHRU

DECEMBER 31, 1997

CONTENTS

	Page
Accountants' report	1
Statement of financial condition	2
Notes to statement of financial condition	3-6
Additional information:	
Nonmarketable securities	7
Real estate	8
Other assets	9
Life insurance	10
Banks where credit has been obtained	10
Personal information	11



Certified Public Accountants
NBC Tower - Suite 2600
455 N. Cityfront Plaza Dr.
Chicago, IL 60611-5555

Telephone 312.670.7444
Facsimile 312.670.8301
E-mail orba@orba.com
Web site www.orba.com
Chicago . Kankakee . Joliet

Affiliate of BKR International

Mr. Daniel S. Mahru
Glencoe, Illinois

We have reviewed the accompanying statement of financial condition of Mr. Daniel S. Mahru as of December 31, 1997, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in this financial statement is the representation of Daniel S. Mahru.

A review of personal financial statements consists principally of inquiries of the individual whose financial statements are presented and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, with the exception of the matter described in the following paragraph, we are not aware of any material modifications that should be made to the accompanying statement of financial condition in order for it to be in conformity with generally accepted accounting principles.

Generally accepted accounting principles require that personal financial statements include a provision for estimated income taxes on the difference between the estimated current values of assets and the estimated current amounts of liabilities and their tax bases. The accompanying statement of financial condition does not include such a provision, and the effect of this departure from generally accepted accounting principles has not been determined.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the statement of financial condition in order for it to be in conformity with generally accepted accounting principles. The additional information on pages 7 through 11 is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the statement of financial condition, and we are not aware of any material modifications that should be made thereto.

Ostrow Reisin Berk & Abrams, Ltd.

September 8, 1998

Allen M. Abrams
Bernard Q. Berk
Nicola K. Chalik
Joel A. Herman
Jeffrey C. Newman
Joseph A. Odzer
Bernard J. Reisin
Richard A. Reisin
Kalman K. Shiner
Stanley A. Simunic
Laurence A. Sophian
Melvyn R. Strauss
Mark A. Thomson
Danielle M. Winkle
Alan M. Witt

DANIEL S. MAHRU

STATEMENT OF FINANCIAL CONDITION

December 31, 1997

ASSETS

Cash	\$	13,100
Marketable securities (Note 2)		24,100
Notes receivable		62,500
Nonmarketable securities (Note 7)		5,000,000
Real estate, wholly-owned (Notes 3 and 5)		3,200,000
Real estate, 50%-owned		9,085,000
Cash value of life insurance		11,300
Other assets		264,400

Total assets \$ 17,660,400

LIABILITIES AND NET WORTH

Liabilities:

Note payable, secured (Note 3)	\$	1,956,300
Note payable, unsecured (Note 4)		18,500
Due to Rezmar Corporation		228,800
Mortgages payable (Note 5)		888,900

Total liabilities 3,092,500

Contingent liabilities (Note 6)

Net worth 14,567,900

Total liabilities and net worth \$ 17,660,400

See accountants' review report and notes to financial statements.

DANIEL S. MAHRU

NOTES TO STATEMENT OF FINANCIAL CONDITION

1. Summary of significant accounting policies

General:

The accompanying statement of financial condition includes the assets and liabilities of Daniel S. Mahru. Assets are stated at their current values as estimated by Daniel S. Mahru and liabilities at their estimated current amounts.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires Daniel S. Mahru to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Marketable securities

Marketable securities are held in brokerage margin accounts and can be used by the brokers to cover amounts due to them.

3. Notes payable, secured

Home equity credit line collateralized by the residence at 350 Sheridan Road, Glencoe, Illinois. The loan, which bears interest at 1% above the prime rate, matures August 2000	\$ 54,800
Line of credit collateralized by 224 Country Club Drive, Mountain Village, Colorado, real estate. The loan, which bears interest at 3/4% above the prime rate, matured September 1998	338,000
First Bank of Palatine, collateralized by 302 Greenwood. The loan bears interest at 1.5% above the prime rate. However, the rate cannot exceed 10%, with monthly payments of interest only. The loan matured September 1998	500,000
LaSalle Bank, collateralized by Lot 155, Mountain Village Co. The loan bears interest at 8.25%, requires monthly payments of \$5,676 and matures February 2003	337,500

See accountants' review report.

DANIEL S. MAHRU

NOTES TO STATEMENT OF FINANCIAL CONDITION (CONTINUED)

3. Note payable, secured (continued)

First Bank of Palatine, collateralized by 25% interest in Financial Place, interest at 1.5% above the prime rate, with monthly payments of \$3,000 plus interest, matured January 1998 and extended to January 1999

726,000

\$ 1,956,300

4. Note payable, unsecured

Demand note, TCF Bank, interest at prime plus .5%; monthly payments of \$1,212 including interest

\$ 18,500

5. Mortgages payable

NBD Bank, collateralized by the residence at 350 Sheridan Road, Glencoe, interest at 7.75%, monthly payments of \$3,014, maturing December 2020

\$ 389,000

Cole Taylor Bank, collateralized by 727 N. Milwaukee, Chicago, interest at 7.76%, monthly payments of \$2,072, maturing November 2008

184,900

Harris Bank, in "name of" Automatic Ice, Inc., collateralized by 853 N. Elston, Chicago, interest at 9%, monthly payments of \$3,329 including interest, maturing September 1, 2001

315,000

\$ 888,900

See accountants' review report.

DANIEL S. MAHRU

LIFE INSURANCE

DECEMBER 31, 1997

Insurance company	Owner of policy	Beneficiary	Face amount	Cash value
Provident Mutual	Daniel S. Mahru	Ruth Mahru	\$ 245,400	\$ 10,300
Provident Mutual	Daniel S. Mahru	Ruth Mahru	30,600	1,000
New York Life	Daniel S. Mahru	Children	250,000	
			\$ 526,000	\$ 11,300

BANKS WHERE CREDIT HAS BEEN OBTAINED

Lender	Credit in the name of	Secured or unsecured	Original date	High credit	Current balance
American National Bank	Daniel S. Mahru	Both	11/85	\$ 800,000	
Cole Taylor Bank	Daniel S. Mahru	Secured	11/93	\$ 220,000	\$ 184,900
TCF Bank	Daniel S. Mahru	Both	Various	\$ 1,100,000	\$ 18,500

See accountants' review report.

DANIEL S. MAHRU

PERSONAL INFORMATION

DECEMBER 31, 1997

Sources of income for year ended December 31, 1997:

Salary	\$ 388,100
Interest and rental income	78,000
	\$ 466,100

Daniel S. Mahru's personal income taxes have been settled through December 31, 1996

Daniel S. Mahru is obligated to pay alimony of \$49,000 per year.

The executor of Daniel S. Mahru's will is Joseph Mahru.

Daniel S. Mahru is not a defendant in any lawsuit or legal action.

Daniel S. Mahru has never been declared bankrupt.

Daniel S. Mahru has ownership interests in the following ventures, to which no value has been assigned:

Venture	Percentage of ownership
DSM Realty, Ltd.	100%
CPMC, Inc.	50%

See accountants' review report.

Statement of Financial Condition

Antoin Rezko

As of May 31, 1998



George Korbakes & Co., LLP

Certified Public Accountants

7808 College Drive, Suite 3 West

Palos Heights, IL 60463

Tel. (708) 448-5344

Fax (708) 361-5666

Antoine Rezko
2750 Charlie Court
Glenview, Il. 60610

We have reviewed the accompanying statement of financial condition of Antoine Rezko as of May 31, 1998, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of the individuals whose financial statements are presented. We have not audited or reviewed the accompanying statement of financial condition and, accordingly, do not express an opinion or any other form of assurance on it. However, we did become aware of a departure from generally accepted accounting principles that is described in the following paragraph.

Generally accepted accounting principles require that personal financial statements include a provision for estimated income taxes on the differences between the estimated current values of assets and the estimated current amounts of liabilities and their tax bases. The accompanying statement of financial condition does not include such a provision, and the effect of this departure from generally accepted accounting principles has not been determined.

Antoine Rezko has elected to omit the summary financial information or a description of the business on the non marketable equity securities as required by generally accepted accounting principles. If this disclosure were included in the statement of financial condition, it might influence the user's conclusions about the financial condition of Antoine Rezko. Accordingly, this statement of financial condition is not designed for those who are not informed about such matters.

GEORGE KORBAKES & CO., LLP
Certified Public Accountants

June 18, 1998

ANTOINE REZKO
STATEMENT OF FINANCIAL CONDITION
AS OF MAY 31, 1998

ASSETS

Cash and Equivalents	\$ 1,074,000
Marketable Securities	344,000
Non Marketable Securities	27,938,000
Loan Receivable	1,400,000
Real Estate	3,150,000
Cash Value of Life Insurance	<u>49,000</u>
Total Assets	\$ <u>33,955,000</u>

LIABILITIES AND NET WORTH

Credit Debt Payable	\$ 10,000
Loan Payable	1,400,000
Mortgages Payable	<u>1,520,000</u>
Total Liabilities	2,930,000
Net Worth	<u>31,025,000</u>
Total Liabilities and Net Worth	\$ <u>33,955,000</u>

See Accompanying Notes and Accountants' Report

ANTOINE REZKO
NOTES TO STATEMENT OF FINANCIAL CONDITION
AS OF MAY 31, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

Assets are stated at their estimated current values and liabilities at their estimated current amounts. Only the assets and liabilities of Antoine Rezko are included on the statement of financial condition. The assets and liabilities of his spouse, Rita Rezko are not included.

2. NON MARKETABLE SECURITIES

<u>Entity</u>	<u>Ownership</u>	<u>Estimated Value</u>	<u>Method</u>
Rezmar Corporation (An Illinois S Corp.)	A. Rezko 50%	\$1,500,000	Multiple of development cashflow plus estimated net sales proceeds of buildings underlying partnership interests.
Financial Place Apartments, LLC	A. Rezko 50%	2,500,000	Estimated net sales proceeds of building plus development fees.
Rezko Concessions, Inc. (An Illinois S Corp.) which owns 78-2/3% of Rezko Enterprises, LLC which owns 50% of Rezko Citadel, LLC and 100% of PJ Chicago, LLC	A. Rezko 80%	23,138,000	Based on private placement memorandum sale of 21-1/3% of Rezko Enterprises, LLC for \$8,000,000.
Ogden Place Apartments, LLC	A. Rezko 33-1/3%	800,000	Estimated net sales proceeds of building.

Total		\$ <u>27,938,000</u>	

ANTOINE REZKO
NOTES TO STATEMENT OF FINANCIAL CONDITION
AS OF MAY 31, 1998

3. REAL ESTATE AND MORTGAGES

<u>Address</u>	<u>Ownership</u>	<u>Description</u>	<u>Current Value</u>	<u>Mortgage Lender Due Date</u>	<u>Monthly Payment Interest</u>
5109 S. Ellis Ave. Hyde Park, IL	A. Rezko 100%	Rental Condo	\$250,000 Appraisal	\$35,000 Midland Federal 2000	\$1,100 7.25%
1135 E. 49th St. Hyde Park, IL	A. Rezko 100%	Rental House/Land	950,000 Appraisal	520,000 ANB 2004	\$8,000 9.125%
880 L.S.D. Lake Geneva, WI	A. Rezko 100%	Rental Condo	1,300,000 Appraisal	600,000 Bank One 2012	\$5,000 8.2%
2750 Charlie Ct. Glenview, IL	A. & R. Rezko 100%	(1)Personal Residence	350,000 Appraisal	185,000 Bank One 2014	\$3,700 8.5%
4701 S. Woodlawn Hyde Park, IL	A. Rezko 100%	Rental Residence	300,000 Appraisal	180,000 Northwest Mortgage 2007	\$2,000 7.5%
Total (2)			<u>\$3,150,000</u>	<u>\$1,520,000</u>	

(1) Only 50% of the value and mortgage are included in this schedule.

(2) Does not include 1524 Forest, Riverforest, IL residence occupied by brother;
current value \$980,000, mortgage balance \$600,000.

ANTOINE REZKO
NOTES TO STATEMENT OF FINANCIAL CONDITION
AS OF MAY 31, 1998

4. CASH VALUE OF LIFE INSURANCE

<u>Insurance Company</u>	<u>Policy Face</u>	<u>Insured Beneficiary</u>	<u>Cash Value</u>
State Farm	1200-2058 \$250,000	A. Rezko R. Rezko	\$7,000
State Farm	0899-7498 \$100,000	A. Rezko R. Rezko	9,000
The Equitable	44212503 \$1,000,000	A. Rezko R. Rezko	<u>33,000</u>
Total			<u>\$49,000</u>

5. CONTINGENT LIABILITIES

<u>Lender</u>	<u>Company</u>	<u>Guarantee</u>	<u>Loan Balance</u>
Bank One	Rezko Foods, Inc.	\$300,000	\$ 140,000
American National	Rezmar Corporation	980,000	980,000
Bank of America	Rezko Citadel, Ltd.	<u>3,000,000</u>	<u>1,700,000</u>
Total		<u>\$4,280,000</u>	<u>\$2,820,000</u>

6. Loan Payable /Loan Receivable

In order to create tax basis in Rezko Concessions, Inc., Antoine Rezko borrowed \$1,400,000 from a bank, and lent the funds to Rezko Concessions.

ANTOINE REZKO
NOTES TO STATEMENT OF FINANCIAL CONDITION
AS OF MAY 31, 1998

Personal Information

Expected sources of income and cash flow for the year ended December 31, 1998.

Salary	\$ 200,000
Consulting Income (Outside Parties)	200,000
Distributions (Rezmar Corporation)	165,000
Rental Income	60,000
Interest Income (Net of Related Expense)	<u>20,000</u>
	\$ <u>645,000</u>

Income Taxes Payable

Income taxes are settled through 1996. Due to the 1995 and 1996 \$515,000 net operating loss carry forward, and \$71,000 of tax credit carry forwards, the Rezkos will not owe any additional income tax for 1997.

Law Suits

A. Rezko is neither plaintiff nor defendant in any lawsuits.

Bankruptcy

A. Rezko has never filed for bankruptcy protection.

Estate Planning

The executor of A. Rezko's will is his attorney, Alfred Lipton.

Appraisal Research Counselors, Ltd.

400 EAST RANDOLPH STREET, SUITE 715 CHICAGO, ILLINOIS 60601-7388
312/565-0977
FAX 312/565-3436

EUGENE W. STUNARD, MAI
JOAN A. STUNARD
BETTY BOGIE LONG
RON DeVRIES, SRA

GAIL LIPPMAN LISSNER, SRA
DONALD E. KLEIN, SRA

WILLIAM H. MILLER
ALBANY, NY
518-782-9708
FAX: 518-782-9614

JAMES K. KUTILL
JOHN R. JAEGER
PATRICIA A. ABELES
MIKE W. WINGADER
SIGRID M. SCHMIDT
CHRISTOPHER B. MYERS
RANDAL D. DAWSON

LAURA STUNARD KUTILL
BYRON A. JONES
JOSEPH P. DVORAK
MICHAEL L. COOPER
DAVID DUNNE

December 16, 1996

Ms. Katherine Mazzocco
Vice President
Cole Taylor Bank
330 East Dundee Road
Wheeling, Illinois 60090

RE: 6446 S. Kenwood
Chicago, Cook County, Illinois

Dear Ms. Mazzocco:

In accordance with your authorization, we have made an inspection and analysis of the above-referenced property for the purpose of estimating market value. The appraisal was completed in accordance with our best understanding of current FIRREA regulations.

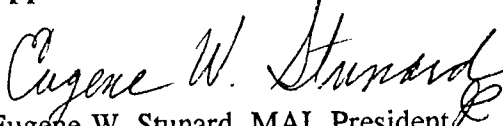
Attached to this letter, you will find a self-contained report based on a complete appraisal process which identifies the property rights analyzed, defines value, and includes the facts, data, and reasoning underlying our opinion.

This letter, the attached certification and the attached assumptions and limiting conditions set forth all of the terms (imposed by the assignment or by the undersigned) affecting the analyses, opinions and conclusions.

Thank you for the opportunity to be of service. Should you have any questions or desire further information, please contact us at any time.

Respectfully,

Appraisal Research Counselors, Ltd.


Eugene W. Stunard, MAI, President
Illinois Certified Real Estate Appraiser, No. 153-000142

SMS:sms
(13515.w51)

OPERATIONAL DIVISIONS
COUNSELING AND SPECIAL STUDIES • COMMERCIAL PROPERTIES • INDUSTRIAL PROPERTIES
MULTI-FAMILY AND RESIDENTIAL PROJECTS • SINGLE FAMILY AND FORM REPORTS • NEIGHBORHOOD PROPERTIES
PROFESSIONAL SERVICE SINCE 1968

CERTIFICATION

We certify that, to the best of our knowledge and belief: The statements of fact contained in this report are true and correct. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.

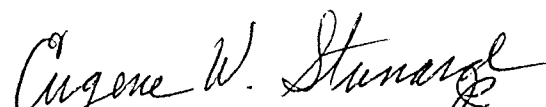
Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan. We are experienced and competent in appraising this property type.


To the best of our knowledge and belief, the reported analyses, opinions and conclusions were developed and this report has been prepared, in conformity with the requirements of (1) the minimum appraisal standards effective June 7, 1994 under Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) of 1989, (2) the Uniform Standards of Professional Appraisal Practice (USPAP), and (3) the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.


The use of this report is subject to the requirements of the Appraisal Institute relating to its review by duly authorized representatives. As of the date of this report, Eugene W. Stunard, MAI, Ron DeVries, SRA, and Gail Lippman Lissner, SRA, have completed the requirements of the continuing education program of the Appraisal Institute.

Sigrid M. Schmidt made an inspection of the property. Eugene W. Stunard, MAI and Ron De Vries, SRA did not inspect the property. In arriving at the analyses, opinions and conclusions contained in this report, Eugene W. Stunard, MAI, Ron De Vries, SRA and Sigrid M. Schmidt were consulted and their professional contribution to the analyses, opinions and conclusions contained in this report is hereby acknowledged.

Appraisal Research Counselors, Ltd. Valuation Conclusions			
Appraisal Process/Format	Complete appraisal presented in a Self-Contained format		
Client/Engagement and Use	Cole Taylor Bank/ Financing		
Property Name/Description	76 Unit Apartment Building		
Location	6446 S. Kenwood, Chicago, Cook County, Illinois		
Site Square Feet	24,748	Building Square Feet	57,759
Valuation Date	December 3, 1996	Report Date	December 16, 1996
Property Rights Appraised	Fee Simple	Prior Market Exposure	Six to nine months
"As-Is" Value Estimate	FOUR HUNDRED EIGHTY THOUSAND DOLLARS (\$480,000)		


 Eugene W. Stunard, MAI, President
 Il. Cert. R. E. Appraiser No. 153-000142 Exp. 9/97


 Ron De Vries, SRA, Vice President
 Il. Cert. R. E. Appraiser No. 153-000145 Exp. 9/97


 Sigrid M. Schmidt, Appraiser
 Il. Lic. R. E. Appraiser No. 154-001541 Exp. 9/97

Appraisal Research Counselors, Ltd.

400 EAST RANDOLPH STREET, SUITE 715 CHICAGO, ILLINOIS 60601-7388

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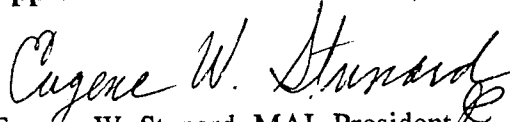
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Thank you for the opportunity to be of service. Should you have any questions or desire further information, please contact us at any time.

Respectfully,

Appraisal Research Counselors, Ltd.


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SMS:sms
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PROFESSIONAL SERVICE SINCE 1968

CERTIFICATION

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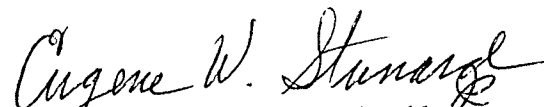
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To the best of our knowledge and belief, the reported analyses, opinions and conclusions were developed and this report has been prepared, in conformity with the requirements of (1) the minimum appraisal standards effective June 7, 1994 under Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) of 1989, (2) the Uniform Standards of Professional Appraisal Practice (USPAP), and (3) the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

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"As-Is" Value Estimate	FOUR HUNDRED EIGHTY THOUSAND DOLLARS (\$480,000)		


 Eugene W. Stunard, MAI, President
 Il. Cert. R. E. Appraiser No. 153-000142 Exp. 9/97


 Ron De Vries, SRA, Vice President
 Il. Cert. R. E. Appraiser No. 153-000145 Exp. 9/97



 Sigrid M. Schmidt, Appraiser
 Il. Lic. R. E. Appraiser No. 154-001541 Exp. 9/97

Exhibit "A".

Borrower: Woodlawn Partners Limited Partnership, of which Woodlawn Partners L.L.C., an Illinois limited liability company, is the sole general partner (the "General Partner") and others to be hereafter selected as the limited partners. The current members of the General Partner are Rezmar Corporation and Fund for Community Redevelopment and Revitalization ("F.C.R.R."). Fund Development Corporation may hereafter replace F.C.R.R. as a member of the General Partner.

Project: Acquisition and rehabilitation of two buildings located at 6446 -- 6450 South Kenwood Avenue and 5630 -- 5638 South Michigan Avenue (the "Improved Property", which, together with the Parking Facilities shall be collectively referred to herein as the "Property") and of 84 dwelling units contained therein as one-, two-, three- and four-bedroom units for low- and moderate-income families, and construction of parking lots on the Parking Facilities.

Loan:

Source:	HOME Program / Corporate Funds / Program Income.
Amount:	Not to exceed \$3,159,168.
Term:	Not to exceed 32 years.
Interest:	0% per annum.
Security:	Second mortgage on the Property.

Additional Financing:

1. **Amount:** \$1,477,000.

Term:	17 years.
Source:	The First National Bank of Chicago, or a financial institution acceptable to the Commissioner.

- Interest: Adjustable rate, not to exceed 10% per annum.
- Security: First Mortgage on the Property.
2. Amount: \$500,000.
- Term: 30 years.
- Source: Illinois Housing Development Authority, or a financial institution acceptable to the Commissioner.
- Interest: 1% per annum.
- Security: Third mortgage on the Property.
3. Amount: \$250,000.
- Source: Grant from Avondale Federal Savings Bank, through the Federal Home Loan Bank's Affordable Housing Program, or a financial institution acceptable to the Commissioner, to F.C.R.R., which will then make the grant proceeds available to the Borrower.
4. Low-Income Housing Tax Credit ("L.I.H.T.C.")
Proceeds: Approximately \$2,830,000.
- Source: To be derived from the syndication by the General Partner of \$435,370 L.I.H.T.C. allocation by the City.
5. Amount: \$100.
- Source: General Partner.

**WOODLAWN PARTNERS LIMITED PARTNERSHIP
SWORN OWNER'S STATEMENT**

STATE OF ILLINOIS
COUNTY OF COOK

DRAW
ESCROW #

1

Property: 5630 S. Michigan/6446-58 S. Kenwood, Chicago, IL ("Woodlawn-Michigan Development")

The Affiant, Woodlawn Partners Ltd Partnership, being first duly sworn, on oath deposes and says that he is the owner/beneficiary of Escrow # C9800096 held by Near North Nat'l Title Corp. which is the owner of the described premises in Cook County, Illinois to wit:

1. That he is thoroughly familiar with all the facts and circumstances concerning the premises described above;
2. That during the six months last past the only work done or materials furnished in connection with the mentioned premises are listed below;
3. That the only contracts let for the furnishing of future work or materials relative to the contemplated improvements are listed below; and
4. That this statement is a true and complete statement of all such contracts, previous payments, and balances due, if any.

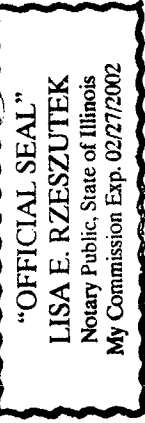
Name	Kind of Work	Original Contract	Previously Paid	Amount of This Payment	Balance To Become Due
Custom Construction	Construction	\$ 5,087,397.00	\$ -		\$ 5,087,397.00
Custom Construction	Construction - Parking Lots	165,000.00	-		165,000.00
Custom Construction	Constructn Contingency	525,239.00	-		525,239.00
ACES	Hazardous Material Removal	20,000.00	-	1,650.00	18,350.00
Gaiatech/Rezmar Corp	Environmental Audit	4,000.00	-	2,200.00	1,800.00
Cole Taylor Bank/Rezmar	Land/Building	503,461.63	-	503,461.63	-
Rezmar	Preconstruction Carrying Costs	230,524.00	-	230,524.00	-
Philip Kupritz & Assoc.	Architect Design	210,095.00	-	208,200.00	1,895.00
Philip Kupritz & Assoc.	Supervision	78,786.00	-	-	78,786.00
First Chicago	Construction Interest	53,380.00	-	-	53,380.00
First Chicago/Rezmar Corp	Const&Perm Loan Fees @3%	22,170.00	-	15,000.00	7,170.00
First Chicago	Lender Inspections	12,250.00	-	-	12,250.00
Runnel Associates, Inc.	Const. Period Insurance	40,000.00	-	-	40,000.00
Near North Title	Const. Period R/E Taxes	25,000.00	-	-	25,000.00
Near North Title	R/E Tax & Ins. Escrow	62,000.00	-	-	62,000.00
Near North Title	Title Ins. & Recording	12,000.00	-	11,500.00	500.00
Near North Title	Transfer Taxes	1,000.00	-	900.00	100.00
Near North Title	Kenwood Property Taxes	31,209.43	-	31,209.43	-
Near North Title	Michigan Property Taxes	29,200.00	-	29,200.00	-
Near North Title	1995 Property Taxes Title Indemnity	26,231.00	-	26,231.00	-
Gremley & Biederman	Site Survey	2,250.00	-	2,250.00	-
Miner Barnhill & Galland	Legal - Transaction	47,500.00	-	46,500.00	1,000.00
Hinshaw & Culbertson	Legal - Lender	22,000.00	-	22,000.00	-
Doug Antonio	Legal - Tax Opinion	8,500.00	-	8,500.00	-
Applegate&T-T/Apollo	Legal - Orgn/Syndication	25,000.00	-	25,000.00	-
Friduss, Lukee & Schiff	Accounting	5,500.00	-	-	5,500.00
Woodlawn Partners L.L.C.	Marketing and Leasing	44,713.59	-	-	44,713.59
Woodlawn Partners L.L.C.	Const. Period Security/Utilities	45,650.35	-	-	45,650.35
First Chicago	Wkng Cap/Inlt Opertg Defict Rsrv	92,627.00	-	-	92,627.00
First Chicago	Replacement Reserve	84,000.00	-	-	84,000.00
Woodlawn Partners L.L.C.	Developer Fee	624,584.00	-	312,292.00	312,292.00
First Chicago	Additional Collateral	100,000.00	-	100,000.00	-
Total		\$ 8,241,268.00		\$ 1,576,618.06	\$ 6,664,649.94

Woodlawn Partners Limited Partnership
By: **Woodlawn Partners, L.L.C., General Partner**
By: **Rezmar Corporation, Manager**
By: *Robert S. Williams*

Robert S. Williams, Chief Financial Officer

Subscribed and sworn to before me this 21 day of November, 1998.

Notary Public



Sources of Funds:		\$
First Chicago		739,000.00
City of Chicago DOH-HOME		3,159,168.00
IHDA		500,000.00
ARC-HOME		663,000.00
AHP		250,000.00
Apollo/American		2,905,000.00
Woodlawn Partners L.P.		25,100.00
		<u>\$ 8,241,268.00</u>

**Woodlawn Partners Limited Partnership
Pay-out Instructions**

DRAW # 1

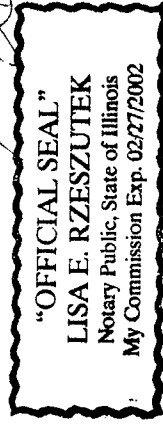
ESCROW #

<u>Payee</u>	<u>Address</u>	<u>Description</u>	<u>Amount</u>
<u>Hazardous Materials Removal</u> ACES	P.O. Box 945 Wheaton, IL 60189	Asbestos Removal Services	\$ 1,650
<u>Environmental Audit:</u> Rezmar Corporation	853 N. Elston Avenue Chicago, IL 60622	Repay fee for environmental audit	2,200
<u>Land/Building:</u> Rezmar Corporation Cole Taylor Bank	853 N. Elston Avenue Chicago, IL 60622 4801 W. Golf Rd. Skokie, IL 60077	Reimburse Closing Costs Repay Mortgage Loan	12,900 490,562
			<u>503,462</u>
<u>Pre-Construction Carrying Costs:</u> Rezmar Corporation Rezmar Corporation Rezmar Corporation Rezmar Corporation Rezmar Corporation Rezmar Corporation	853 N. Elston Avenue Chicago, IL 60622 853 N. Elston Avenue Chicago, IL 60622 853 N. Elston Avenue Chicago, IL 60622 853 N. Elston Avenue Chicago, IL 60622 853 N. Elston Avenue Chicago, IL 60622 853 N. Elston Avenue Chicago, IL 60622	Prof. Services, Fees & Permits Property Maintenance/Upkeep Security Insurance Interest Miscellaneous Costs	25,515 19,194 53,515 38,893 90,127 3,280
			<u>230,524</u>
<u>Title Insurance, Recording Fees & Delinquent Property Taxes:</u> Near North Title Insurance Co. Near North Title Insurance Co. Near North Title Insurance Co. Near North Title Insurance Co. Near North Title Insurance Co.	222 N. LaSalle Street Chicago, IL 60601 222 N. LaSalle Street Chicago, IL 60601 222 N. LaSalle Street Chicago, IL 60601 222 N. LaSalle Street Chicago, IL 60601 222 N. LaSalle Street Chicago, IL 60601	Title Insurance & Related Fees Transfer Taxes Kenwood Property Taxes Michigan Property Taxes 1995 Property Taxes Title Indemnity	11,500 900 31,209 29,200 26,231
			<u>99,040</u>
<u>Site Survey:</u> Grenley & Biederman	4505 N. Elston Avenue Chicago, IL 60630	Survey Fees	2,250
<u>Legal Fees - Transaction:</u> Miner, Barnhill & Galland	14 W. Erie Street Chicago, IL 60610	Legal Services for Partnership	46,500
<u>Legal Fees - Lender:</u> Hinshaw & Culbertson	222 N. LaSalle Street Chicago, IL 60601	Legal Services for Lender	22,000
<u>Legal Fees - Tax Opinion:</u> Antonio & Associates	180 N. LaSalle Street, Suite 2225 Chicago, IL 60601	Tax Opinion Letter	8,500
<u>Legal - Organization/Syndication:</u> Applegate & Thorne-Thomson	322 S. Green Street, Suite 412 Chicago, IL 60607	Legal Services re: Org/Synd.	25,000
<u>Architect Design:</u> Phillip Kupritz & Assoc.	727 S. Dearborn, Chicago, IL 60605	Architect Design	208,200
<u>Loan Origination Fee:</u> Rezmar Corporation	853 N. Elston Avenue Chicago, IL 60622	Reimburse Loan Origination Fee	15,000
<u>Developer's Fee:</u> Rezmar Corporation IHDA	853 N. Elston Avenue Chicago, IL 60622 401 North Michigan Ave, Suite 900, Chicago, IL	1/2 Developer's Fee Upon Closing Washington Court 7/1/98 Payment	300,292 12,000
			<u>312,292</u>
<u>Additional Collateral</u> First Chicago	20 S. Clark, Suite 0736 Chicago, IL 60670	Additional Collateral	100,000
			<u>\$ 1,576,618</u>

By: *Robert S. Williams* C.F.O., Rezmar Corp., as manager
By: Woodlawn Partners, L.L.C., as General Partner
For: Woodlawn Partners Limited Partnership

Subscribed and sworn to before me this 21 day of NOVEMBER, 1998.

Lisa E. Rzeszutek
 Notary Public





ARENDA TROUTMAN
 ALDERMAN, 20TH WARD
 366 EAST 63RD STREET #2
 CHICAGO, ILLINOIS 60637
 TELEPHONE: (773) 324-3224
 FAX: (773) 324-5326

CITY HALL, ROOM 209 OFFICE 19
 121 NORTH LA SALLE STREET
 CHICAGO, ILLINOIS 60602
 TELEPHONE: (312) 744-6840
 FAX: (312) 744-4481

Michael J. Sreenan
 Senior Vice President
 Rezmar Corporation
 853 North Elston
 Chicago, Illinois 60622

Dear Mr. Sreenan:

This letter is my support of Rezmar Corporation and The Fund for Community Redevelopment and Revitalization (The Fund) for the rehabilitation of buildings located at 6446 South Kenwood and 5630 South Michigan. I welcome the addition of approximately 80 units of affordable housing with adjacent parking lots.

I am pleased with the exceptional work that Rezmar and The Fund have done in the 20th Ward and the city at large. We are in the midst of development, rehabilitation and revitalization that is comparable to none in the entire city, and Rezmar and The Fund have established themselves as sensitive to the issues that are of great concern to me—your work with minority contractors; the hiring of 20th Ward residents who can take pride not only in the fact that they can now be counted among the employed but also because they helped to enhance the quality of life in the ward; and the preservation of abandoned buildings which are structurally sound.

Your accomplishments speak for themselves; quality housing at affordable prices; jobs that help contribute to the economic well-being of the ward; a knack for understanding the pulse of the community and the willingness to work with the Aldermanic office to create a stable, secure environment for the 20th Ward residents.

I wholeheartedly support Rezmar Corporation and The Fund for Community Redevelopment and Revitalization in this endeavor and extend an invitation to contact me should you need further assistance.

Sincerely,

Arenda Troutman
 Alderman - 20th Ward

AT:ct

CITY COUNCIL
 CITY OF CHICAGO

COMMITTEE MEMBERSHIPS
 HISTORICAL LANDMARK PRESERVATION
 (CHAIRMAN)
 HOUSING AND REAL ESTATE
 (VICE-CHAIRMAN)
 BUDGET AND GOVERNMENT OPERATION
 BUILDINGS
 COMMITTEES, RULES AND ETHICS
 EDUCATION
 FINANCE
 POLICE AND FIRE
 ZONING



CHICAGO HOUSING AUTHORITY

Sharon Gist Gilliam
Chairperson

Board of Commissioners

Hallie Amey
Mamie Bone
Leticia Peralta Davis
Earnest Gates
Dr. Mildred Harris
Michael Ivers
Sandra Young

Terry Peterson
Chief Executive Officer

Montel Gayles
Chief of Staff

Gail A. Niemann
General Counsel

October 4, 2002

Peter Dwars
Executive Director
Illinois Housing Development Authority
401 N. Michigan Ave., Suite 900
Chicago, IL 60611

Re: Stateway Gardens Development -- Phase 1 Off-site
Pershing Courts -39th & State St.

Dear Mr. Dwars:

It is our pleasure to support Stateway Associates, an Illinois limited liability company consisting of MESA Development, LLC, The Davis Group/ Neighborhood Rejuvenation Partners LLC, Walsh Construction and Kimball Hill Homes, in their efforts to redevelop the Stateway Gardens community. Stateway Gardens was a major step in the ominous march of public housing along south State Street. It was built in the city's mid-south area, in the once the thriving African-American community known in the early 1900's as Bronzeville or the Black Metropolis. Stateway Gardens is located in the Douglas Community along the western edge of the Bronzeville, only 4 miles from downtown Chicago. It represents the mid-point of CHA's noted "State Street Corridor", a nearly 3.5 mile stretch of public housing. The approval of this Trust Fund Application will assist in the creation of high quality residential and economic opportunities for public housing residents, affordable and market-rate renters.

In November 2000, CHA and the Habitat Company, as Receiver, issued a Request For Qualifications for the redevelopment of Stateway Gardens. In February 2001, the CHA Board of Commissioners approved the Working Group's selection of Stateway Associates. The CHA and The Habitat Company, as Receiver, anticipate that pending CHA Board approval, approximately \$2,978,100 in capital funds will be available for this phase of redevelopment.

CHA anticipates housing construction will commence 1st quarter 2003. We encourage IHDA to join CHA/Habitat to commit to financing so that we can meet the above schedule and begin the transformation of public housing in this important community in Chicago. This redevelopment proposal is a high priority for the Chicago Housing Authority and the Receiver in 2003.

Sincerely,

CHICAGO HOUSING AUTHORITY

Terry Peterson
Chief Executive Officer

THE HABITAT COMPANY

Valerie B. Jarrett
Executive Vice President