



DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT
CITY OF CHICAGO

24 October 2012

Joseph Ferguson
Inspector General
City of Chicago
740 N. Sedgwick Street, Suite 200
Chicago, Ill 60654

Attn: Kathryn Richards, Assistant Inspector General

Dear Mr. Ferguson:

This is a response to your letter of 9 October 2012 regarding the issue of public benefits clauses in Tax Increment Financing (TIF) redevelopment agreements.

Pursuant to a conversation that I and Steve Holler of the City's Department of Law held today with Kathryn Richards and Christopher McClellan of your office, the Department of Housing and Economic Development ("DHED") is prepared to revise the City's Policy Guidelines for TIF Financing to clarify the City's true intent on the public benefits payment clause issue. In short, the City stopped the practice under question in 2009 and the current administration re-emphasizes that the practice is not permissible. Please see the attached revision to the policy guidelines, which we reviewed with Ms. Richards and Mr. McClellan, and which we think will make our position clearer. The revision will be posted on-line in the Policy Guidelines within seven days after your office confirms in writing that it adequately addresses the concerns in the 9 October 2012 letter.

Separately, and consistent with the revised policy, we advised Ms. Richards and Mr. McClellan that at an upcoming City Council meeting, DHED will seek the approval of City Council to redirect an unpaid public benefit payment that, under the 2005 Block 37 Redevelopment Agreement will soon be due and payable, from the private not-for-profit entities originally designated in such 2005 agreement, to the City or to the Chicago Transit Authority for downtown public improvements.

If you or any member of your staff have additional questions, please call me at 312.744.9476.

Sincerely,

Andrew Mooney
Commissioner