Industrial Revenue Bonds: Equal Opportunity In Chicago’s IRB Program?

—A report of the Illinois Advisory Committee to the United States Commission on Civil Rights

April 1986
THE UNITED STATES COMMISSION ON CIVIL RIGHTS
The United States Commission on Civil Rights, first created by the Civil Rights Act of 1957, and reestablished by The Civil Rights Commission Act of 1983, is an independent, bipartisan agency of the executive branch of the Federal Government. By the terms of the act, as amended, the Commission is charged with the following duties pertaining to discrimination or denials of the equal protection of the laws based on race, color, religion, sex, age, handicap, or national origin, or in the administration of justice; investigation of individual discriminatory denials of the right to vote; study of legal developments with respect to discrimination or denials of the equal protection of the law; appraisal of the laws and policies of the United States with respect to discrimination or denials of equal protection of the law; maintenance of a national clearinghouse for information respecting discrimination or denials of equal protection of the law; and investigation of patterns or practices of fraud or discrimination in the conduct of Federal elections. The Commission is also required to submit reports to the President and the Congress at such times as the Commission, the Congress, or the President shall deem desirable.

THE STATE ADVISORY COMMITTEES
An Advisory Committee to the United States Commission on Civil Rights has been established in each of the 50 States and the District of Columbia pursuant to section 105(c) of the Civil Rights Act of 1957 and section 6(c) of the Civil Rights Commission Act of 1983. The Advisory Committees are made up of responsible persons who serve without compensation. Their functions under their mandate from the Commission are to: advise the Commission of all relevant information concerning their respective States on matters within the jurisdiction of the Commission; advise the Commission on matters of mutual concern in the preparation of reports of the Commission to the President and the Congress; receive reports, suggestions, and recommendations from individuals, public and private organizations, and public officials upon matters pertinent to inquiries conducted by the State Advisory Committee; initiate and forward advice and recommendations to the Commission upon matters in which the Commission shall request the assistance of the State Advisory Committee; and attend, as observers, any open hearing or conference which the Commission may hold within the State.
Right of Response:
Prior to publication of a report, the State Advisory Committee affords to all individuals or organizations that may be defamed, degraded, or incriminated by any material contained in the report an opportunity to respond in writing to such material. All responses received have been incorporated, appended, or otherwise reflected in the publication.
LETTER OF TRANSMITTAL

Illinois Advisory Committee

to the

U.S. Commission on Civil Rights

November 1985

MEMBERS OF THE COMMISSION
Clarence M. Pendleton, Jr., Chairman
Morris B. Abram, Vice Chairman
Mary Frances Berry
Esther Gonzalez-Arroyo Buckley
John H. Buxel
Robert A. Destro
Francis S. Guess
Blandina Cardenas Ramirez

Susan Prado Morris, Acting Staff Director
Dear Commissioners:

The Illinois Advisory Committee submits its report, *Industrial Revenue Bonds: Equal Opportunity in Chicago’s IRB Program* as part of its responsibility to advise the Commission on civil rights problems within the state.

Industrial revenue bonds (IRBs) have become an increasingly popular economic development tool in recent years throughout the nation. (IRBs are tax exempt bonds which state and local governments issue to finance economic development. Because the interest on the bonds is exempt from Federal taxation, bond purchasers can offer private businesses below market rate loans.) Between 1977 and June 1982 the city of Chicago issued bonds totalling $197,863,000 to finance 104 projects. The primary objectives of Chicago’s IRB program are to: (1) attract and retain jobs for the city; and (2) stabilize and increase the city tax base.

Although there is a conscious effort to direct some of these bond incentives to neighborhoods with the greatest employment and investment problems, i.e., predominantly minority neighborhoods, there are no specific equal opportunity regulations attached to Chicago’s IRB program as there are in Wisconsin. The question arises, therefore, whether absent such regulations, Chicago’s disadvantaged minorities benefit in a nondiscriminatory manner from the crucial stake they have in economic growth and job creation. The Committee found that while, collectively, Chicago firms receiving IRB financing employ racial minorities and women at levels equal to or greater than their availability within their respective industries, a majority of these firms underutilize either minorities or women. Racial minorities are underutilized in 25 percent, women are underutilized in 45 percent, and in 54 percent either minorities or women are underutilized. In 20 percent of all bond projects either the firm receiving the financing or the bond purchaser has been issued reasonable cause determinations of race or sex discrimination by the U.S. Equal Employment Opportunity Commission since 1977.

The Committee also found that among the 104 bond projects only four involved minority-owned firms (none were owned by Hispanics). One reason for this small participation rate by minority-owned firms is a lack of information about the IRB program among minority-owned businesses and trade organizations.

In light of these findings the Committee offers four recommendations. First, Chicago’s Department of Economic Development should promulgate affirmative
action regulations for firms receiving IRB financing and bond purchasers similar to those that apply to federal contractors under Executive Order 11246 and to city contractors under Chicago’s contract compliance program. Second, the Committee recommends that Congress enact legislation providing for similar rules applicable to IRB participants nationwide. Third, Chicago’s Department of Economic Development should disseminate information about its IRB program among minority-owned businesses and trade associations more effectively than it currently does. Fourth, the U.S. Bureau of the Census should incorporate a racial identification in its economic censuses to facilitate analysis of minority-owned businesses in the U.S.

Full support of the Commission for these recommendations would assist the city of Chicago and communities around the country in their efforts to achieve equal employment opportunity.

Sincerely,

Thomas Pugh, Chairperson
Illinois Advisory Committee
J. Thomas Pugh, Chairperson**
Peoria

Patricia T. Bergeson*
Chicago

Thomas L. Bradley*
Chicago

Irma Claudio*
Chicago

Theresa F. Cummings
Springfield

Erma M. Davis
Peoria

Denis H. Detzel*
Chicago

Preston E. Ewing, Jr.
Cairo

Alice Mae Kirby*
Springfield

Louise Q. Lawson*
Chicago

Myron D. MacLean*
Decatur

Edward A. Marciniak*
Chicago

Zena Naiditch*
Springfield

Henry H. Romero*
Chicago

Andrea Rozran*
Chicago

Joseph J. Slaw*
Decatur

Susannah A. Smith*
Chicago

Robert C. Spencer
Petersburg

Milton E. Stinson, Jr.*
Chicago

Jacqueline B. Vaughn*
Chicago

* No longer a member of the Committee.

**No longer Chairperson of the Committee.
ACKNOWLEDGMENTS

The Illinois Advisory Committee thanks the staff of the Commission's Midwestern Regional Office for its assistance in the preparation of this report.

This report was written by Gregory D. Squires, research analyst with the Midwestern Regional Office. Research assistance was provided by Thomas A. Lyson of Clemson University. Legal assistance was provided by Ruthanne Dewolfe, consultant/expert. Committee members Thomas L. Bradley, Milton E. Stinson, Jr., and Thomas Pugh also contributed to the research and writing of this report. Valuable editorial and production assistance was provided by Ada L. Williams, Mary K. Davis, and Delores Miller, staff members of the Regional Office.

Final preparation for publication was done by Vivian Hauser, Renee A. Towns, and Vivian Washington, of the Commission's Office of Management.

This project was coordinated by Valeska S. Hinton, Civil Rights Analyst, and conducted under the overall supervision of Clark G. Roberts, Regional Director of the Midwestern Regional Office.
CONTENTS

1. Introduction .................................................................................. 1
2. The Industrial Revenue Bond Debate ............................................. 4
3. Industrial Revenue Bonds and Equal Opportunity in Chicago ..... 10
4. Findings and Recommendations .................................................. 18

Appendices
A. Summary and List of Chicago Industrial Revenue Bond Projects ........... 21
B. Industrial Revenue Bond Application and Supporting Instructional Information .................................................. 32
C. Monitoring Instrument Used by Chicago Department of Economic Development in 1982 ................................................................. 42
Chapter 1

Introduction

In the spring of 1981 the Chicago Tribune launched its five-part series, “Chicago: City on the brink,” with this discomforting observation: “The City of Chicago has become an economic invalid.”1 The story noted that Chicago had one-quarter fewer factories in 1981 than in 1970, almost 13 percent fewer private sector jobs in 1978 than 1957, and while the equalized assessed valuation of Chicago real estate increased by almost 3 percent between 1972 and 1979, the cost of city government rose by more than 30 percent. Although neighborhoods throughout the city have suffered, the Tribune asserted, “It is the black neighborhoods, though, where the devastation is worst... If Chicago is dying, great chunks of it are already dead.”2 If a single explanation for the city’s failure to reverse the decline can be identified, according to the Tribune, it is the absence of a coherent master plan.3 When asked “How much time do we have,” George Ranney, Jr., chairman of the Task Force on the Future of Illinois, and a vice president of Inland Steel responded, “We have actually no time. We should have been thinking about these things 5 or 10 years ago.”4

In October 1982 the city of Chicago did release a draft of a plan for citywide development strategies.

---

2 Ibid., May 13, 1981.
3 Ibid., May 14, 1981.
7 A plan for the central area was released in June 1983 and plans for districts created under the master plan will be prepared in the near future. Other steps have been taken in recent years to revitalize the local economy. Early in 1982 the city’s Economic Development Commission was transformed into the Department of Economic Development, its staff was doubled, and its budget was tripled. An Economic Development Commission was also created to direct the work of the department. The principal duty assigned to the department is “to develop programs and policies to encourage and promote the retention and expansion of existing commercial and industrial businesses within the City, and the attraction of new businesses to the City.” Its “main weapon” is the industrial revenue bond (IRB).

Industrial revenue bonds are essentially below market-rate loans which Chicago, and municipalities in all 50 states, provide to encourage industrial development and job creation. Because the interest on revenue bonds issued by the city is exempt from Federal taxation, bond purchasers—normally banks—are able to provide low-interest financing to assist firms in their relocation and expansion activities. Between 1977, when Chicago began its IRB

---

program, and June 1983, financing totaling $197,863,000 was provided for 104 projects.10

Given the particularly acutic economic problems plaguing Chicago's minority population and the significance of the city's industrial revenue bond program as part of its effort to generate jobs for residents, the Illinois Advisory Committee to the U.S. Commission on Civil Rights examined the extent to which minority workers and minority businesses participate in the program and whether there is any evidence of discrimination against such persons and firms. Members of the Committee and staff of the Commission met with officials of Chicago's Department of Economic Development, representatives of the business community, members of community organizations, and economic development researchers. Minority employment in a sample of firms participating in the IRB program was examined. In addition, literature on IRB programs nationwide was reviewed. This report contains the major findings and recommendations of this research.

Business Incentives and Job Creation

A central assumption underlying the IRB concept is that the key to economic revitalization is financial incentives that will encourage the private sector to initiate productive, job-generating investment activity. The twin pillars of this approach are tax reductions and deregulation.11 Not only are such incentives essential for growth in general, but they are considered particularly important for the revitalization of minority communities and job creation for minority workers.12 As one economic advisor to the President, Stanford University's Michael J. Boskin, stated, "The group in the population with the greatest stake in a pro-growth set of economic policies, even if that means temporary sacrifice by slowing social spending, is blacks."13

This is precisely the approach many municipalities and states have taken in their economic development efforts. The city of Chicago under Mayor Jane M. Byrne and the state of Illinois are no exception. A brochure published by the city of Chicago entitled "Chicago's Economic Incentives for Business" begins:

The Economic Development Commission, in a continuing effort to expand business activity in the City of Chicago, provides economic incentives to encourage local industrial development.

The first incentive described in this brochure is industrial revenue bonds. Others included are: revolving loans available at preferred rates for fixed asset financing; federally guaranteed loans, again at reduced interest rates; Urban Development Action Grants, another source of low interest loans; land cost write downs; property tax relief which can reduce by 60 percent the real estate taxes on new industrial construction or substantial rehabilitation; public works and infrastructure improvements provided by the city; job training funds which can compensate a company for half the wages of new trainees for up to one year; and Chicago's Foreign Trade Zone, the only free port in the metropolitan region.14

But Chicago's industrial revenue bond program is, as the Tribune stated in its special report, the city's "main weapon." The significance attached to this program by city officials was captured in the following testimony given by the former Executive Director of the Economic Development Commission, Charles C. Sklavinitis, before a subcommittee of the Ways and Means Committee of the U.S. House of Representatives:

The industrial revenue bond program has proved to be one of the most valuable tools available to us in our work to keep Chicago one of the nation's most vital industrial areas. The use of industrial revenue bonds as a means to access private capital markets appears to me to be crucial to the reindustrialization of America. It is imperative that we continue to encourage the private sector to invest in new plants and equipment, especially in the inner city.15

Officials of the state of Illinois, which issued 258 bonds totalling $1,148,702,000 between 1973 and July 1980, have expressed similar sentiments. John Castle, then Director of the Illinois Department of Commerce and Community Affairs, told that same House subcommittee:

Industrial revenue bonds (IRB) are essential in helping Illinois retain and attract business. Without this tool, many Illinois communities would have fewer new jobs and a slower expansion of their economic base.

By making funds available at lower interest rates, revenue bonds provide companies with an incentive for enlarging and expanding their productive capabilities, which results in new jobs.16

17 “Hearings,” p. 935.

In Chicago the IRB program was viewed as a particularly valuable tool for the creation of jobs for minorities. In many public statements, Sklavanitis maintained that a significant number of jobs have been created for minorities and in inner city communities with IRB financing. This contention accounts for the Advisory Committee’s interest in this inquiry.

The following chapter reviews the history of IRBs nationally and describes the Chicago program in greater detail so that the reader may be informed fully of the nature of the program under review. Chapter 3 examines the extent of minority participation in the Chicago IRB program. The major findings and recommendations of this study are reported in the concluding Chapter 4.

The Industrial Revenue Bond Debate

History of Industrial Revenue Bonds

Industrial revenue bonds (IRBs) are tax exempt bonds that state and local governments issue to provide financing for private sector investment in plants and equipment. Because the interest earned on the bonds is exempt from Federal taxation, purchasers of the bonds, generally banks, can offer low-interest loans to businesses to support expansion and relocation of their facilities, primarily for industrial development. In essence, the Federal government subsidizes the borrowing costs of private industry. While state and local governments issue the bonds, thus transferring their tax exempt status to private borrowers, funds are provided by private lenders and responsibility for repayment belongs to the businesses receiving the loans. If a borrower defaults, the loss is borne by the bondholder, not the unit of government that issued the bond.¹

Utilization of tax-exempt bonds to finance plant and equipment for private industry began in 1936 when the state of Mississippi passed legislation authorizing cities and towns to issue bonds to finance construction of manufacturing facilities for lease to private companies. The first bond, for $85,000, was issued to Realsilk Hosiery Mills in Durant.² At first the growth of IRBs was slow. By 1950 only two additional states, Alabama and Kentucky, authorized their use. In 1960 only 17 states issued IRBs. During the 1960s, however, use of IRBs jumped as sales rose from $100 million in 1960 to $1.8 billion in 1968 and the number of states issuing them reached 40. Between 1975 and 1980 annual sales ballooned from $1.3 billion to $8.4 billion.³ Today all fifty states issue IRBs.⁴

While each state and municipality issuing IRBs administers its own program, certain Federal regulations must be met for the bonds to maintain their tax exempt status. The principal Federal statute governing IRBs is the Revenue Expenditure and Control Act of 1968.⁵ In the late 1960's Congress became concerned with the sudden growth of IRBs primarily because of the resulting losses in Federal revenue, the criticism that public funds were often utilized for projects that would have otherwise occurred with conventional financing, fear that the proliferation of IRBs undermined a central purpose of such financ-

² CBO Report, p. 7. Technically, this was an industrial development bond (IDB), a term generally used interchangeably with industrial revenue bond. While both refer to bonds issued by public agencies to finance facilities for private enterprises, one
ing which was to attract industry to depressed areas, and fear that the costs of state and local borrowing for traditional purposes were increased by the overall growth in tax exempt bonds. As a result, Congress passed the 1968 Act that withdrew the tax exemption for IRBs except for those projects that met specific public purposes including: air and water pollution-control equipment; airports, docks, wharves, and related storage and training facilities; facilities furnishing electric energy, gas, and water; land acquisition and infrastructure development for industrial parks; mass transportation and parking facilities; residential housing; sewage and solid waste disposal facilities; sports facilities; and trade show and convention centers. This Act also retained the tax exemption only for bonds not exceeding $1 million. A few months later this ceiling was raised to $5 million.4

In 1978 Congress raised the ceiling again to $10 million primarily because inflation had eroded the value of the previous limitation. In addition, where the amount exceeds $1 million, total capital expenditures on all the firm’s facilities in the city or county cannot exceed $10 million for the six-year period beginning from three years before the bond is issued to three years after the issue. But for those projects in distressed areas receiving Urban Development Action Grant (UDAG) funds under Section 119 of the 1977 Amendments to the Housing and Community Development Act of 1974,7 the IRB limit was placed at $20 million.8

Despite current Federal restrictions, IRBs have been used to support private tennis clubs, ice cream parlors, fast food restaurants, commercial real estate development, ski lodges, and other types of private business enterprises.8 In the Tax Equity and Fiscal Responsibility Act of 1980,14 however, Congress eliminated the Federal tax exemption for bonds that finance such recreational facilities.9

More than half of the states issuing IRBs place no restrictions on their use.19 Among those states and municipalities that do restrict the use of IRBs, the restrictions vary widely. In many states IRBs are generally limited to manufacturing and related industrial development projects with strict limitations placed on commercial use. In others, including Minnesota and Pennsylvania, commercial uses predominate. North Carolina limits eligibility for IRB financing to those industrial projects where each $7.5 million invested creates at least 100 jobs, the average wage in the project is above the county average or ten percent above the average manufacturing wage in the state, and there is no adverse environmental impact. Some states prohibit IRB financing for projects involving a relocation in the state. In Erie County (which includes the city of Buffalo) IRB projects are limited to specifically designated redevelopment areas and projects that could not be completed without the financing.10 In Indiana, among the factors state officials must consider is whether a proposed facility may have an adverse competitive effect on similar facilities already in operation.14

In several state programs, including Illinois, projects must be targeted to economically depressed areas. Among the criteria considered by the Illinois Industrial Development Authority (IIDA), which administers the state IRB programs, are the following:

1. The project must be located in an eligible area. Eligibility is determined by the unemployment rate, and is changed from time to time.
2. The project must be an industrial concern that is involved with manufacturing, processing, assembling, storing, repairing, altering, or distributing any products of agriculture, mining, or industry; or any industrial, service or commercial enterprise engaged in selling, servicing, providing, storing, shipping, warehousing, or distributing any product of agriculture, mining, or industry. (Commercial projects are eligible if they are directly related to industrial activity.)
3. Only fixed assets (land, buildings, equipment and certain fees and charges directly connected with the financing of the industrial project) may be financed by the proceeds of the bonds.
4. New jobs must be created as a result of the financing of the industrial project.
5. The Authority is required to notify the governing body of the municipality where the project

---

4 CBO Report, pp. 9, 10.
7 Ibid., pp. 18, 19.
10 "Hearings," p. 5.
is to be located that they have passed a Memorandum of Agreement whereby they will issue the bonds on behalf of the project once all legal and technical requirements have been fulfilled. The authorizations of the municipalities have 45 days from receipt of notice by IIDA to register objections to the project.12

At least one state has an equal opportunity requirement. Wisconsin state guidelines prohibit discrimination in employment and in subcontracting. They also prohibit the use of IRBs for construction of facilities that would be used to discriminate in access or employment on the basis of race, creed, sex, handicap, ethnic origin, age, or marital status. The non-discrimination clause can be waived, however, if the municipality issuing the bond provides a reason for the waiver.13

The basic procedure for implementing an IRB project is similar in all states and municipalities although there are some important differences in the specific administrative mechanisms. Generally, a private business will negotiate with a bank for the terms of the loan to be financed by an IRB. Once the bond purchaser is identified the business contacts the local or state governmental authority, often an economic development commission, to secure and complete an application. At this stage public hearings may be held. If that authority approves the application, it is forwarded to the official governmental unit, often a city council. Additional public hearings may be conducted. If approved, the governmental unit will authorize the preparation of a bond ordinance and related documents. As of 1982, bonds must be formally approved by the governmental unit issuing the bond after a public hearing is held.14 When these final documents are approved, the project goes forward. In some cases, the project will be monitored to assure that terms of the loan are met.

But the administration of these steps does vary. For example, some states, including Indiana, have long required public hearings before a bond can be approved. In others, including Illinois, there was no requirement for a public hearing before Congress established such a requirement in 1982.15 In some municipalities IRBs have been issued as a routine administrative matter with no public input though public hearings are now required. In some states, only state agencies can issue IRBs while in others only local municipalities have such authority, and in still others, including Illinois, they can be issued by both levels of government. Between 1975 and 1980, at least 128 Illinois municipalities issued IRBs with 340 projects totalling $567 million launched during these years.16 Some jurisdictions have no review procedures and make no attempt to monitor IRB projects. In others, including Chicago, data are routinely collected on the dollar amount of issues, the bond purchaser, the purpose of the project, the number of new jobs projected, and related information. In 1982 Congress mandated that governmental units issuing bonds are required to report to the U.S. Department of Treasury the names of IRB users, the amount and interest rate of bonds, and descriptions of bond projects.17

Nationwide, the primary objectives of IRB projects are to stimulate economic development and create jobs. Yet the specific uses and administration of bond projects differ dramatically. Below is a description of the Chicago industrial revenue bond program.

The Chicago Industrial Revenue Bond Program

The two major objectives of Chicago's IRB program, governed by the city's own enabling ordinance,18 are: (1) to attract and retain jobs and (2) to stabilize and increase the financial base of the city.19 To meet these objectives the city issues IRBs
which provide low interest loans, at least two points below the prime lending rate, to finance the expansion or relocation of firms in the city of Chicago. For the past year the rate has been approximately 1 percent to 3 percent below the rate for conventional loans. As indicated in the previous chapter, 104 projects providing $197,863,000 in financing were approved between the beginning of the program in 1977 and June 1983. According to Chicago's Department of Economic Development which administers the program, these projects accounted for 16,423 jobs retained for Chicago and 7,454 new jobs projected by the IRB users. The following projects illustrate the kinds of activities assisted by IRB financing in Chicago:

- A manufacturer and distributor of machine tools, accessories, cutting tools and precision measuring tools received a $750,000 IRB for the acquisition and remodelling of a plant and for the purchase of new equipment. The company projected an addition of 45 jobs to its current workforce of 69.
- A manufacturer of high precision screw machine products received $800,000 in IRB financing to construct a 5,000 square foot addition to its plant and to purchase related equipment. The company plans to add 24 jobs to its workforce of 86 employees.
- An airline received $1 million in IRB financing to recondition hangar and office space at Midway airport. As a result of this project the company expects to add 150 new employees to the 180 currently employed at the Chicago facility.
- A reference, research, and rare book library received a $3 million IRB to renovate its current structure and construct a 10-story book stack building adjacent to the property. The project will enable the library to retain its 133 employees.
- An Ohio firm received $1 million in IRB financing to construct a cement handling facility near Lake Calumet. The company expects to employ two workers at the new terminal and generate 15 new jobs in the local trucking industry due to increased volume of shipments.

- A bank received $1 million in IRB financing to construct a 19,000 square foot addition to its main facility. The project is expected to increase deposits and employment by 7 to 10 percent with an initial addition of 9 people to its current workforce of 108. (For a list of all bond projects see Appendix A. For a description of each project see, Small Issue Industrial Revenue Bonds; Status Report, City of Chicago, Economic Development Commission, 1983.)

Most users of IRBs are manufacturers financing real estate acquisitions, new construction, on-site expansion, rehabilitation or remodeling of production facilities, or the purchase of new capital equipment. A few commercial projects have also been approved. The Economic Development Commission recently adopted a policy whereby commercial projects will be considered if they are located in an area with high unemployment and low investment, and a neighborhood impact assessment demonstrates the project will contribute to the economic revitalization of the neighborhood.

Given the major objectives of the IRB program, potential users must demonstrate "substantial employment benefits resulting from the proposed project." While applicants must specify the number of jobs that will be created and/or retained, no minimum number is required and there is no obligation on the part of the user to meet the stated goals. Assuming applications meet the general policy guidelines, the principal if not sole criterion for evaluation is financial soundness of the firms. Though the bonds are issued by the city, the companies are responsible for repayment. Six applications have been rejected by the commission, all but one for financial reasons. The exception was a proposal for a commercial project that did not comply with policy guidelines.

While there is a conscious effort to direct at least some of the department's services to those neighborhoods with the greatest employment and investment problems, there are no specific equal opportunity regulations attached to the IRB program. According to Deputy Commissioner Myron D. Louik, there has been no need for such regulations because minorities

---

"a" City of Chicago Industrial Revenue Bonds, undated document provided by the Chicago Department of Economic Development (hereafter cited as Chicago Revenue Bonds), p. 2.
"b" Myron D. Louik, telephone interview, August 30, 1982.
"e" Guidelines, p. 2.
"f" Ibid., p. 1.
"g" Ibid., p. 3.
"i" Louik interview—June.
constitute a large proportion of all employees among IRB users. (The percentage is approximately 58 percent.) In addition, four minority-owned businesses (businesses where minorities own more than 50 percent of all stock) have participated in the IRB program. Louik suggested that the dollar limits of the program may limit the number of minority-owned firms for which IRB financing is feasible.

There are both legal and practical limitations which restrict the feasibility of IRB financing for firms that are either very large or very small. As indicated above, Internal Revenue Service regulations generally limit the Federal tax exemption to bonds of no more than $10 million. And where an IRB exceeds $1 million, total capital expenditures within the city of Chicago cannot exceed $10 million during the six-year period covering the three years before and three years after the bond issue. Large firms, therefore, are discouraged from using an IRB. At the other end, IRB financing involves certain private costs not associated with conventional financing thus making $500,000 the lower limit for an IRB to be feasible and discouraging participation by many small firms. Louik estimated that of a total of approximately 6,000 businesses in Chicago, 500 would be ruled out because they are too large, and 2,500 to 3,000 would be too small. While recognizing a substantial number of minority-owned businesses operate in Chicago, he surmised that the small size of most such firms left few in the range for which IRB financing would be feasible.

Some of those firms seeking financing of less than $500,000 are directed to the revolving loan fund which provides between $75,000 and $250,000 to eligible applicants. Participation is limited, however, with only eight firms currently receiving such financing. Six of the eight are minority-owned firms.

The department actively markets the availability of its services through its Business Assistance and Marketing Division which has a goal of contacting every manufacturing and industrial company in Chicago. Eight field representatives contact compa-

ny executives for appointments at which they explain the function of the department and indicate how it can help the individual firm. In 1981, 3,511 companies were contacted. There are no outreach efforts directed specifically at minority communities or minority-owned firms. The department has provided funding for the Cosmopolitan Chamber of Commerce, the Chicago Economic Development Corporation and other minority business organizations, but little information on IRBs has been disseminated.

For businesses seeking IRB financing the initial step is a meeting with the staff of the department to determine if the proposal is consistent with the IRB program. If so, a complete application, along with a letter of commitment from a financial institution to purchase the bond, are submitted to the department. The application describes the specific project in detail, the number of people employed by the company and the racial composition of the workforce, employment gains projected by the IRB project, and other information about the business. (See Appendix B for a copy of the IRB application and supporting instructional information.)

The Industrial Revenue Bond Screening Committee then reviews the application and, if acceptable, forwards it to the Executive Committee of the Economic Development Commission. If approved at that level, an ordinance will be introduced in the Chicago city council for preliminary approval of the proposed bond. The council's Economic Development Committee reviews all proposals in a public meeting and reports to the full council. Upon passage of the ordinance the company may begin making commitments to the project. Following the drafting of a bond ordinance and related documents, they are introduced to the city council for final approval after which disbursement of the funds from the private lenders may proceed. In some cases even though a final ordinance is approved firms may never close their loan. When the company does proceed it must retain a bond counsel acceptable to the city and the bond purchaser who is responsible

---

* Ibid.
* Dennis McAvoy, Director of Research, Department of Economic Development, letter to Gregory D. Squires, Research/Writer, Midwestern Regional Office, U.S. Commission on Civil Rights, May 4, 1983.
* Guidelines, p. 2.
* Loan interview—June.
* Ibid.
* Ibid.
for drafting various legal documents and assuring the transaction complies with all legal requirements. After the IRB issue is closed the department will monitor the company for three years. Each year IRB users must complete a questionnaire indicating progress made towards completing the project, employment impact on the company including changes in the racial composition of the workforce, salary range of all employees, and other information related to the bond project.41 (See Appendix C for a copy of the monitoring instrument used in 1982.)

A Problem Area

A serious problem encountered by virtually all researchers attempting to study IRBs is the paucity of information,42 and especially information needed by those interested in discovering possible discrimination against minorities or the program's impact upon minorities. For example, in many municipalities and states there is no central reporting of information on who is receiving IRBs, the amount, the purpose, the number of jobs (if any) to be created, and related concerns. Reporting re-

42 Federal Reserve Report, p. 55. CBO Report, p. 12. Bi-State Report, pp. 29–40. Wisconsin Report, p. 3. "Tax Dollars and Jobs in Chicago," Chicago Jobs Coalition, May 1982, pp. 1–4. nements are more comprehensive in Chicago than in most jurisdictions. Yet, as the following chapter illustrates, data availability problems have not been eliminated. Developing public policies to change IRBs (if any change is required), to assure they meet the intended objectives and benefit minority persons, remains difficult in part because of the unavailability of information.

One issue on which information is most noticeably lacking is the impact of IRBs on minorities, which makes policy recommendations in this area particularly difficult to develop. Most IRB programs, including that for the city of Chicago, have no components which address minority concerns specifically. One exception is the state of Wisconsin which has a non-discrimination clause in its authorizing legislation. But that clause has proven to be inadequate to assure participation by minorities on an equitable basis.44 The following chapter examines minority participation in Chicago's IRB program. The basic question to be asked is: Do racial minorities share equitably in the benefits provided by industrial revenue bonds in the city of Chicago?


44 Business Incentives and Minority Employment, Wisconsin Advisory Committee to the U.S. Commission on Civil Rights.
Industrial Revenue Bonds and Equal Opportunity in Chicago

A critical, but virtually ignored, dimension of the public policy implications of industrial revenue bonds is the impact on minority employment. Enabling ordinances and public pronouncements by IRB advocates occasionally refer to the assumed benefits that will accrue to minority neighborhoods, but rarely do such programs include equal opportunity or minority set-aside provisions, or evaluation components that focus on minority employment.

While containing no explicit equal opportunity provision in its program, Chicago's IRB program pays more attention to minority concerns than do most others. In Chicago, IRB applicants must indicate the number of total, black, Hispanic, and other minority employees by sex and by salary range. (See Appendix A for a copy of the application form.) And, as of 1982, all recipients of IRB financing must submit a progress report indicating, among other information, their current race and sex profile. (See Appendix C for a copy of the progress report instrument used in 1982.)

This chapter examines the issue of minority participation in Chicago's IRB program. The analysis is based on data provided by the city of Chicago, Department of Economic Development and the United States Equal Employment Opportunity Commission (EEOC). The city provided a list of all private businesses that have recently been found in violation of Federal equal employment laws by the U.S. Equal Employment Opportunity Commission.

Minority Employment

Among firms receiving IRB financing collectively, racial minorities and women were employed at levels equal to or greater than their representation in the Chicago labor market. Yet in a large number of firms, racial minorities and women were substantially underrepresented and many IRB projects involve private businesses that have recently been found in violation of Federal equal employment laws by the U.S. Equal Employment Opportunity Commission.

1 Small Issue Industrial Revenue Bonds; Status Report, City of Chicago, Economic Development Commission, June 30, 1983.  
2 Dennis McAvey, Director of Research, Department of Economic Development, letter to Gregory D. Squires, Research/Writer, U.S. Commission on Civil Rights, Midwestern Regional Office, May 4, 1983.  
3 All private businesses with 100 or more employees or with 50 or more employees and Federal contracts worth $50,000 or more must file annually an EEO-1 report. For additional information see: Standard Form 104, Employer Information Report EEO-1, (Washington, D.C.: Equal Employment Opportunity Commission) and, Illinois Advisory Committee to the U.S. Commission on Civil Rights, Shadow: Economic Dislocation and Equal Opportunity, 1981, pp. 30-32.  
4 Supporting documentation and elaboration provided below.
Racial minorities accounted for 57.9 percent of all employees in the 40 firms with completed IRB projects who responded to the 1982 survey. This compares with 47.3 percent for the Chicago labor force, according to the Department of Economic Development (see Table 1). Blacks were employed in these 40 firms at a slightly higher level than in the labor force generally while Hispanics were employed in substantially greater proportions among these IRB firms than the city generally. Interestingly, however, while blacks appear to receive approximately the same wages as all workers, Hispanics are heavily concentrated in the lowest paying jobs (see Table 2). According to the Department of Economic Development this reflects the lower educational attainment of Hispanics: 22 percent of Chicago’s black adults have not gone beyond the eighth grade compared to 51 percent among Hispanics.8

Women were employed among IRB firms at levels slightly above their representation citywide according to 1981 EEO-1 reports (see Table 3). Though based on a different, yet overlapping, set of firms, the EEO-1 reports reflect a similar pattern of minority employment.6

The current high aggregate levels of minority employment among firms receiving IRBs, however, are clearly not a result of the bond program. Minority employment among those firms was high before Chicago’s IRB program began. Minority employment has actually increased faster among firms that did not receive IRB financing than among those which did (see Table 4). For example, employment of racial minorities increased by 13.5 percent among IRB firms but by 32.0 percent among all firms within the same industries. For blacks, the increase was just 6.1 percent among IRB firms compared to 36.8 percent for all firms. This can be explained in part by the fact that because minorities constituted a higher share of the work force in IRB firms, it would be more difficult to increase that share among IRB firms than in other companies. The picture was different for Hispanics. Among IRB firms Hispanic employment increased by 29.5 percent compared to just 14.3 percent for all firms. Female employment increased by virtually the same proportion in both groups.

But once again, such aggregate data conceal as much as they reveal. Racial minorities were underutilized in 9 (24.3 percent) of the 37 firms receiving IRB financing for which 1981 data are available (see Table 5). Blacks were underutilized in 12 (32.4 percent), Hispanics were underutilized in 24 (64.9 percent) and women were underutilized in 17 (45.9 percent). Racial minorities or women were underutilized in over one-half of these firms (20–54.1 percent). In most of these cases the extent of underutilization was substantial. In those firms where blacks, Hispanics, or women were underutilized, the average level of employment of the group was approximately a third below the group’s representation in the respective industry.7

In the professional, technical, and managerial occupations, minorities were underutilized in an even larger number of firms. Although collectively racial minorities and women were employed in greater proportions among IRB firms than in the respective industries (see Table 3), in 17 (46.0 percent) of these firms racial minorities were underutilized and in 27 (72.4 percent) either racial minorities or women were underutilized. Among these firms, the extent of underutilization among professional, technical, and managerial employees was greater than for all employees. At the higher level positions, racial minorities and women were employed in firms receiving IRB financing at approximately one-half their representation in such firms.

The base for comparison in the analysis of EEO-1 reports is all EEO-1 reporting firms within the same industry in Chicago. For 1981, the 37 firms represent industries that include 527 firms which submitted EEO-1 reports that year. The 27 firms used in 1975-1981 comparisons represent industries that included 262 firms that submitted EEO-1 reports in both years. Specific industries are not identified because of confidentiality provisions established by the EEOC with which all EEO-1 data users must comply.

6 These determinations were derived by summing the representation of each group within each IRB firm exhibiting a pattern of underutilization—calculated by dividing the percentage of each group in each firm by that group’s percentage within the respective industry—and then dividing by the number of IRB firms.
### TABLE 1
Labor Force Characteristics
(40 Firms with Completed Projects)

<table>
<thead>
<tr>
<th></th>
<th>Minority workers</th>
<th>Black</th>
<th>Hispanic</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chicago labor force*</td>
<td>47.3%</td>
<td>31.3%</td>
<td>12.8%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Firms with completed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IRB projects**</td>
<td>57.9%</td>
<td>33.0%</td>
<td>22.0%</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

*1980 U.S. census.
**Four firms not included due to incomplete data.
Source: Chicago Department of Economic Development.

### TABLE 2
Wages by Race/Ethnic Groups
(40 Firms with Completed Projects*)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Black</th>
<th>Hispanic</th>
<th>Other minority</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>Less than $4/hr.</td>
<td>307</td>
<td>4.8</td>
<td>53</td>
<td>2.5</td>
</tr>
<tr>
<td>$4 to $7/hr.</td>
<td>2,779</td>
<td>44.2</td>
<td>1,007</td>
<td>48.5</td>
</tr>
<tr>
<td>Over $7/hr.</td>
<td>3,206</td>
<td>51.0</td>
<td>1,020</td>
<td>49.0</td>
</tr>
<tr>
<td>Total</td>
<td>6,294</td>
<td>100.0</td>
<td>2,060</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*Does not include four firms due to incomplete data.
**Represents Asian or Pacific Islander and American Indian or Alaskan Native.
Source: Chicago Department of Economic Development.

### TABLE 3
Employment of Racial Minorities and Women in Firms Receiving IRB Financing and in All Chicago Firms Within the Same Industries, 1981

<table>
<thead>
<tr>
<th></th>
<th>% Minority (all nonwhite)</th>
<th>% Black</th>
<th>% Hispanic</th>
<th>% Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>IRB firms (37)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total employment</td>
<td>46.3</td>
<td>30.5</td>
<td>13.9</td>
<td>44.9</td>
</tr>
<tr>
<td>Professional, technical, and managerial occupations</td>
<td>26.6</td>
<td>21.2</td>
<td>3.1</td>
<td>43.2</td>
</tr>
<tr>
<td>All firms (527)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(including IRB firms)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total employment</td>
<td>31.5</td>
<td>19.4</td>
<td>9.8</td>
<td>41.5</td>
</tr>
<tr>
<td>Professional, technical, and managerial occupations</td>
<td>14.0</td>
<td>9.3</td>
<td>2.2</td>
<td>26.3</td>
</tr>
</tbody>
</table>

Source: Data derived from EEO-1 Reports.
TABLE 4
Employment of Racial Minorities and Women in Firms Receiving IRB Financing and in All Chicago Firms Within the Same Industries, 1975 and 1981

<table>
<thead>
<tr>
<th></th>
<th>% Minority</th>
<th>% Black</th>
<th>% Hispanic</th>
<th>% Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975—Total employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IRB firms (27)</td>
<td>33.6</td>
<td>28.0</td>
<td>9.5</td>
<td>36.7</td>
</tr>
<tr>
<td>All firms (490)</td>
<td>25.6</td>
<td>16.3</td>
<td>7.7</td>
<td>40.2</td>
</tr>
<tr>
<td>1981—Total employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IRB firms</td>
<td>43.8</td>
<td>29.7</td>
<td>12.3</td>
<td>43.9</td>
</tr>
<tr>
<td>All firms</td>
<td>33.8</td>
<td>22.3</td>
<td>8.8</td>
<td>47.3</td>
</tr>
<tr>
<td>Percent increase between 1975 and 1981</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IRB firms</td>
<td>+13.5</td>
<td>+6.1</td>
<td>+29.5</td>
<td>+18.6</td>
</tr>
<tr>
<td>All firms</td>
<td>+32.0</td>
<td>+36.8</td>
<td>+14.3</td>
<td>+17.7</td>
</tr>
</tbody>
</table>

Source: Data derived from 1975 and 1981 EEO-1 Reports.

TABLE 5
Number of IRB Firms in Which Minorities and Women Are Underutilized

<table>
<thead>
<tr>
<th>IRB firms (37)</th>
<th>Total employment</th>
<th>Professional, technical, and managerial occupations</th>
</tr>
</thead>
<tbody>
<tr>
<td>All minorities (%)</td>
<td>9 (24.3)</td>
<td>17 (46.0)</td>
</tr>
<tr>
<td>Blacks (%)</td>
<td>12 (32.4)</td>
<td>16 (43.2)</td>
</tr>
<tr>
<td>Hispanics (%)</td>
<td>24 (64.9)</td>
<td>17 (46.0)</td>
</tr>
<tr>
<td>Females (%)</td>
<td>17 (46.0)</td>
<td>17 (46.0)</td>
</tr>
<tr>
<td>Minorities or females (%)</td>
<td>20 (54.1)</td>
<td>27 (72.4)</td>
</tr>
</tbody>
</table>

* This indicates that in nine or 24.3 percent of the 37 firms included in this analysis that received IRB funding, minorities (all nonwhites including blacks and Hispanics) were employed in lower percentages than these groups are represented in the respective industries.

* This indicates that in 20 or 54.1 percent of these 37 firms either minorities or females were underutilized.


Positions within the respective industries. That is, not only were racial minorities and women employed in lower proportions at the higher level jobs (which is generally the case throughout most industries) but the discrepancies between the utilization of these groups in the better jobs compared with their availability in the respective industries are even greater than the discrepancies for total employment in those IRB firms exhibiting a pattern of underrepresentation.

A similar though bleaker picture emerges in examining bond purchasers. In Chicago 21 of the 26 institutions that have purchased IRBs are banking institutions. Again, at the aggregate level, racial minorities and women were employed at levels comparable to or above their representation among the 83 Chicago banks that submitted EEO-1 reports (see Table 6). Yet racial minorities were underutilized in over 60 percent (see Table 7). In over 85 percent of these banks either racial minorities or
TABLE 6
Employment of Racial Minorities in Banks that Purchased IRBs and Within All Chicago Banks, 1981

<table>
<thead>
<tr>
<th>IRB purchasers (21)</th>
<th>% Minority</th>
<th>% Black</th>
<th>% Hispanic</th>
<th>% Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total employment</td>
<td>35.2</td>
<td>27.8</td>
<td>5.0</td>
<td>61.7</td>
</tr>
<tr>
<td>Professional, technical, and managerial occupations</td>
<td>16.6</td>
<td>12.1</td>
<td>2.2</td>
<td>40.5</td>
</tr>
<tr>
<td>All banks (85)</td>
<td>33.3</td>
<td>24.5</td>
<td>5.4</td>
<td>62.0</td>
</tr>
<tr>
<td>Total employment</td>
<td>15.7</td>
<td>10.8</td>
<td>2.21</td>
<td>39.3</td>
</tr>
</tbody>
</table>


TABLE 7
Number of Bond Purchasers in Which Minorities And Women Are Underutilized

<table>
<thead>
<tr>
<th>Bond purchasers (21)</th>
<th>Total employment</th>
<th>Professional, technical, and managerial occupations</th>
</tr>
</thead>
<tbody>
<tr>
<td>All minorities (%)</td>
<td>13 (61.9)</td>
<td>14 (66.7)</td>
</tr>
<tr>
<td>Blacks (%)</td>
<td>12 (57.1)</td>
<td>13 (61.9)</td>
</tr>
<tr>
<td>Hispanics (%)</td>
<td>14 (66.7)</td>
<td>14 (66.7)</td>
</tr>
<tr>
<td>Females (%)</td>
<td>8 (38.1)</td>
<td>11 (52.3)</td>
</tr>
<tr>
<td>Minorities or females (%)</td>
<td>18 (85.7)</td>
<td>19 (90.5)</td>
</tr>
</tbody>
</table>


Women were underutilized. The extent of underutilization among these banks was much greater for racial minorities than women, however. Minority employment among these bond purchasers exhibiting patterns of underutilization was less than two-thirds their representation among Chicago banks generally while female employment reached over 50 percent. That is, even within those Chicago banks that purchased IRBs in which women were underutilized, they were employed at levels that almost reached their representation among banks generally.

At the professional, technical, and managerial levels, again more IRB purchasers exhibited patterns of underutilization, despite aggregate employment levels of racial minorities and women that reflected their representation with Chicago banks generally in these occupations (see Tables 6, 7). Racial minorities were underutilized at these levels in two-thirds of the banks that purchased IRBs (representing less than half the proportion of minorities in such positions in Chicago banks generally) and either racial minorities or women were underutilized in over 90 percent—19 of the 21 banks.

Statistical discrepancies, alone, do not constitute proof of discrimination. Such information, however, often indicates the existence of underlying problems in a personnel system that results in the denial of equal employment opportunity. This appears to be
the case among several firms participating in Chicago's IRB program.8

A most striking finding is the fact that in 19 of the
city's 95 IRB projects, either the bond purchaser or the firm receiving the financing has been issued a
reasonable cause finding of race or sex discrimina-
tion, in violation of Title VII of the Civil Rights Act
of 1964, by the EEOC. That is, 20 percent of the
projects receiving this particular form of public
financial assistance involved a business that was
discriminating against racial minorities or women in
its employment practices.9

Participation of Minority-Owned
Businesses

A related issue is whether or not minority-owned
businesses receive an equitable share of IRBs. An
effort to assess the representativeness of such mini-

20 minority participation proved difficult due to the inadequa-
ties of available information. Four IRB projects
involved minority-owned firms.11 Data are simply
not available, however, that would permit a compi-
lation and comparison of the total number of
minority- and non-minority-owned businesses in
Chicago or of those within industries and of the
appropriate size that would make them eligible for
IRBs.

The most complete surveys of business establish-
ments have been conducted by the U.S. Census
Bureau. Unfortunately, however, the economic cen-
suses, which do not indicate the race of the owners
of businesses included in the survey, are not com-
parable with the surveys of minority-owned businesses.
For example, the unit of analysis in the economic
censuses is “establishment” whereas the minority
business surveys are based on firms, which may
include several establishments. Another problem is
the fact that within metropolitan areas certain

8 U.S. Commission on Civil Rights, Affirmative Action in the
9 Chicago Private Employers Against Whom EEOC Has Issued
Reasonable Cause Findings because of Race or Sex Discrimina-
tion, 1977-June 1982, data provided by EEOC.
10 Information provided by Myron Louk, Chicago Department
of Economic Development, and contained in Commission files.
12 Conseulo Williams, Executive Director, Cosmopolitan Cham-
ber of Commerce, personal interview with Velanka S. Histon and
Gregory D. Squires, staff members of the Midwestern Regional

21 industries are not covered in the economic censuses
that are included in the minority business survey.12

It is difficult to assess the representation of
minority-owned businesses among firms receiving
IRB financing in Chicago. However, executives
with leading minority business associations indicated
little familiarity with the IRB program in recent
interviews.13 And while four minority-owned firms
have received IRB financing, no Hispanic-owned
businesses have participated.

IRBs and Equal Opportunity

Many of the firms receiving IRB financing do not
provide equal employment opportunity for racial
minorities and women. Yet, as indicated in Chapter
2, the city has established no equal opportunity
requirements for participants in the IRB program.
Geography is the principal reason suggested by city
officials and IRB recipients for the absence of such
regulations.14 That is, since firms receiving IRB
financing tend to be located in minority communi-
ties, they employ a large number of minority
workers.

The president of one business that participated in
Chicago's IRB program asserted that he was color-
blind but, due primarily to his firm's southside
location, he employed many minorities. He also
noted that women were employed in non-traditional
jobs.15 Yet the 1982 race and sex profile provided by
the president himself reveals a different picture.
Racial minorities accounted for 21 percent of all
employees compared to 34 percent of Chicago's
civilian labor force. Among officials, managers,
professionals, and technical workers, minorities ac-
counted for 17 percent compared to 32 percent
citywide. Women accounted for 11 percent of all
employees compared to 44 percent in Chicago
generally. In the higher level positions women
constituted 18 percent of this firm's employees

Office of the U.S. Commission on Civil Rights, and J. Thomas
Pugh, Chairman of the Illinois Advisory Committee, Aug. 9,
1982. Jose Cardoso, President, Chicago Hispanic Chamber of
Commerce, personal interview with Histon, Squires, and Pugh,
Aug. 8, 1982.
14 Myron D. Louk, Deputy Commissioner, Department of
Economic Development, personal interview with Gregory D.
Squires, Research/Writer, U.S. Commission on Civil Rights,
Midwestern Regional Office, June 17, 1982. Calvin A. Campbell,
Jr., personal interview with members of the Illinois Advisory
Committee and Midwestern Regional Office of the U.S. Commis-
sion on Civil Rights (hereafter cited as Campbell interview).
15 Campbell interview.
compared to 48 percent citywide. Most of the women (73 percent) are employed in clerical positions which is comparable to citywide figures. Less than 2 percent are skilled craft workers compared to 7.3 percent in the city's civilian labor force.

This situation is not unique. As indicated in the previous pages, several Chicago businesses receiving IRB financing employ racial minorities and women at levels far below their representation in the local labor market and many have been found to be in violation of Federal law. Equal employment opportunity rarely occurs naturally or by chance. Geography clearly does not assure non-discriminatory employment practices.

In response to similar findings regarding minority and female employment in Milwaukee firms that received industrial revenue bonds, the Wisconsin Advisory Committee to the U.S. Commission on Civil Rights suggested that any unit of government that provides financial assistance through contracts, tax credits, abatements, IRBs, or other forms should require recipients of that aid to comply with equal opportunity and affirmative action requirements similar to those which apply to Federal contractors under Executive Order 11246. In response to that recommendation, the Commissioner of Milwaukee's Department of Development stated, "Overall, we can only agree with your conclusions that this business incentive and others need to be coupled with increased enforcement of equal opportunity laws," and he requested assistance in developing a monitoring program.

The Interim Commissioner of Chicago's Department of Economic Development offered a different perspective claiming:

If violations of the law have occurred, it is strengthened enforcement, not new legislation that is required. ...It is not apparent that it has any implication for the design of local development programs.

The city of Chicago has already established such requirements for businesses that receive city contracts. Chicago's affirmative action plan states that:

The subcontractor or vendor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin or handicap. The subcontractor or vendor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, national origin or handicap. Such action shall include, but not be limited to, employment upgrading, demotion, or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The subcontractor or vendor agrees to post, in conspicuous places available to employees and applicants for employment, notices to be provided by the contracting officer, setting forth the provisions of this non-discrimination clause. . . .

The subcontractor or vendor shall comply with all the provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

The subcontractor or vendor shall furnish all the information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor pursuant thereto, and will permit access to its books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain its compliance with all such rules, regulations, and orders.

Under Executive Order 11246 Federal contractors must make a written commitment not to discriminate against applicants or employees because of their race, color, religion, sex, or national origin and to take affirmative action to ensure equal employment opportunity. All non-construction contractors with 50 or more employees and contracts worth $50,000 or more in any twelve month period must develop and implement a detailed affirmative action plan in the strict sense. Therefore, the contract compliance rules do not apply. No judicial interpretation of this issue has been provided. It is arguable, however, that IRBs do involve city contracts that are covered by the equal opportunity and affirmative action provisions of the city's contract compliance regulations.


plan. That plan must include a utilization analysis to determine whether or not minorities or women are underutilized in any major job category. If the proportion of minorities or women in the contractor's workforce is below their representation in the relevant labor market from which employees are normally recruited, numerical goals and timetables must be established as part of the plan to eliminate that underutilization. As with Federal contractors under Executive Order 11246, in Chicago subcontractors or vendors who do not comply with these requirements may have their city contracts terminated, cancelled or suspended and they may be declared ineligible for future city contracts.

John Coulter, Director of Economic Development with the Chicago Association of Commerce and Industry, has stated that it would be appropriate for IRB recipients to be subject to the same affirmative action requirements that apply to government contractors.

It appears that equal employment opportunity is not an inevitable by-product of economic growth or geographic location. As the U.S. Commission on Civil Rights found in its recent study, Unemployment and Underemployment Among Blacks, Hispanics, and Women, disparities in various dimensions of unemployment and underemployment between minorities and white males persist in areas experiencing economic growth (e.g., suburbs and the "sunbelt"), as well as those suffering economic decline (e.g., central cities and the "frostbelt"). Such disparities persist in virtually all industries ranging from traditional manufacturing to "high-tech" firms. And they persist throughout all phases of the economic cycle including periods of growth and decline.

If job opportunities are to be created for racial minorities and women and equal employment opportunity is to be achieved, public officials at all levels must initiate efforts that focus directly on those disparities. Equal employment opportunity will not be achieved as an indirect result of efforts aimed at achieving some other objective, no matter how desirable that other objective may be. As the U.S. Commission on Civil Rights concluded in its recent study, "We cannot blame economic cycles... Instead, we must try to end discrimination directly by enforcing the law."

---

5. Ibid., p. 59.
Findings and Recommendations

The following findings and recommendations are submitted under the provisions of Section 703.2(e) of the U.S. Commission on Civil Rights' regulations calling upon Advisory Committees to "initiate and forward advice and recommendations to the Commission upon matters which the State Committees have studied."

Findings

1. Industrial revenue bonds (IRBs) have become an increasingly popular tool by which municipalities and states have attempted to attract new businesses and expand existing businesses. IRBs are frequently characterized by their supporters as particularly valuable for the revitalization of depressed urban (often minority) communities. Industrial revenue bonds are tax exempt bonds which state and local governments issue to finance private sector investment primarily for industrial purposes. Because the interest earned on the bonds is exempt from Federal taxation, bond purchasers can offer private businesses below market-rate loans to support expansion and relocation of industrial facilities.

2. Between 1977, when the city of Chicago began its industrial revenue bond program, and June 1983, financing totaling $197,663,000 was provided for 104 projects. The primary objectives of Chicago's IRB program are: (1) to attract and retain jobs and (2) to stabilize and increase the tax base of the city.

3. Many IRB programs, but not Chicago's, require that funds be targeted to areas that are economically depressed. Some mandate that a specific number of jobs be created. In at least one program, the state of Wisconsin, racial discrimination is expressly prohibited. According to the Department of Economic Development, none of these requirements formally apply to Chicago's IRB program.

4. Racial minorities or women are underutilized in a majority of firms that received IRB financing. Among these firms, collectively, racial minorities and women are employed at levels equal to or greater than their representation in the Chicago labor market. Yet, in almost 25 percent of the firms, racial minorities are underutilized and in over 45 percent women are underutilized, generally by substantial margins. In over half the firms (54 percent) either racial minorities or women are underutilized. Among professional, managerial, and technical professions racial minorities and women fare even worse. Though employed at or above their representation in these occupational classifications within the Chicago labor market among these firms collectively, racial minorities and women are each underutilized in 46 percent, and in 70 percent of these firms either racial minorities or women are underutilized.

5. Racial minorities or women are underutilized in a majority of banks that have purchased IRBs. Among banks, collectively, that have purchased IRBs, minorities and women are employed at levels approximating their representation among all Chicago banks. Yet in over 60 percent racial minorities are underrepresented, in almost 40 percent women are underutilized, and in over 85 percent either racial minorities or women are underutilized. Among
professional, technical, and managerial professions, racial minorities are underutilized in two-thirds of the banks, women are also underutilized in two-thirds of the banks, and either racial minorities or women are underutilized in over 90 percent.

6. IRBs have not contributed to an increasing level of minority employment. In those industries represented by Chicago firms receiving IRB financing, the increase in minority employment has been greater in Chicago firms that have not participated in the IRB program than in firms which have received such financial assistance.

7. Many IRB participants discriminate against racial minorities and women in their employment practices. In 20 percent of all IRB projects, either the bond purchaser or the firm receiving the financing has recently been issued reasonable cause determinations of race or sex discrimination in violation of Title VII of the Civil Rights Act of 1964 by the U.S. Equal Employment Opportunity Commission. According to Suhail al Chalabi, the interim Commissioner of the Department of Economic Development, “It is not apparent that it [civil rights violations by IRB participants] has any implication for the design of local development programs.”

8. Few minority-owned businesses participate in Chicago's IRB program. Among the 104 IRB projects undertaken by the city of Chicago, four provided financing for minority-owned businesses. No Hispanic-owned firm has participated in the IRB program.

9. Lack of comparability among the various economic censuses published by the U.S. Bureau of the Census inhibits analysis that would permit precise assessment of the extent of participation by minority-owned businesses in Chicago’s IRB program.

10. Apparently, equal employment opportunity is not an inevitable by-product of economic growth. Disparities between minorities and white males in employment opportunities persist in those geographic locations and industries experiencing strong economic growth and in periods when the national economy is expanding.

11. Civil rights groups have advocated affirmative action requirements for IRB participants. The Wisconsin Advisory Committee to the U.S. Commission on Civil Rights has recommended that government agencies at the local, state, and Federal level that provide financial assistance to private sector firms in the form of contracts, tax credits, abatements, industrial revenue bonds, and others require recipients of that assistance to meet specific equal opportunity and affirmative action regulations similar to those that apply to Federal contractors under Executive Order 11246. Under Chicago’s affirmative action plan, such requirements already apply to businesses that receive contracts from the city.

Recommendations

1. If Chicago's IRB program is to be continued, the city should promulgate affirmative action regulations for bond purchasers and firms receiving the financing similar to those that apply to Federal contractors under Executive Order 11246. Participants in the IRB program should be required to prepare written affirmative action plans identifying specific areas of underutilization and barriers to equal employment opportunity in their workforces (if any), strategies to eliminate problems uncovered in that analysis, and specific tactics to enlarge equal employment opportunity. Failure to comply with such regulations should be grounds for declaring a firm ineligible for participation in the IRB program. In extreme cases the firm should be required to pay back a portion of the subsidy received through the IRB.

2. Affirmative action should be mandatory for all IRB participants nationwide. The U.S. Commission on Civil Rights should consider advising Congress to enact legislation establishing affirmative action requirements for all firms in the nation benefiting from IRBs similar to those that apply to Federal contractors under Executive Order 11246 since, due to the Federal income tax exemption on the bonds' earnings, the holders of the bonds and the firms receiving the subsequent loans at below market rates are federally subsidized. Written affirmative action plans should be required which identify any areas of underutilization and all barriers to equal employment opportunity that may exist; strategies for eliminating problems uncovered in the analysis; and programs that will be implemented to enlarge equal employment opportunity. The legislation should state that failure to comply with these requirements would make a firm ineligible for participation in an IRB program. The legislation should also provide for repayment of a portion or all of the subsidy received through the IRB in extreme cases.

3. If Chicago's IRB program is to be continued, the Department of Economic Development should disseminate comprehensive information among minority-owned businesses more effectively than it current-
by does, and provide whatever assistance is required that will enable minority firms to participate on an equitable basis.

4. The U.S. Commission on Civil Rights should consider advising the U.S. Bureau of the Census to incorporate a racial identification in its economic censuses to facilitate analysis of minority-owned businesses in the United States.
Appendix A

Summary and List of Chicago Industrial Revenue Bond Projects
## INDUSTRIAL REVENUE BOND SUMMARY

**June 30, 1983**

<table>
<thead>
<tr>
<th>YEAR INITIATED</th>
<th>NO.</th>
<th>AMOUNT APPROVED</th>
<th>RETAINED JOBS</th>
<th>NEW JOBS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977</td>
<td>1</td>
<td>$2,400,000</td>
<td>163</td>
<td>37</td>
<td>200</td>
</tr>
<tr>
<td>1978</td>
<td>5</td>
<td>4,100,000</td>
<td>924</td>
<td>240</td>
<td>1,164</td>
</tr>
<tr>
<td>1979</td>
<td>22</td>
<td>43,775,000</td>
<td>2,903</td>
<td>2,270</td>
<td>5,173</td>
</tr>
<tr>
<td>1980</td>
<td>25</td>
<td>55,994,000</td>
<td>5,309</td>
<td>2,265</td>
<td>7,574</td>
</tr>
<tr>
<td>1981</td>
<td>29</td>
<td>45,694,000</td>
<td>4,679</td>
<td>1,634</td>
<td>6,313</td>
</tr>
<tr>
<td>1982</td>
<td>18</td>
<td>30,800,000</td>
<td>2,109</td>
<td>887</td>
<td>2,996</td>
</tr>
<tr>
<td>1983</td>
<td>4</td>
<td>15,100,000</td>
<td>336</td>
<td>121</td>
<td>457</td>
</tr>
<tr>
<td></td>
<td>105</td>
<td>$197,863,000</td>
<td>16,423</td>
<td>7,454</td>
<td>23,877</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>YEAR CLOSED</th>
<th>NO.</th>
<th>AMOUNT CLOSED</th>
<th>RETAINED JOBS</th>
<th>NEW JOBS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977</td>
<td>1</td>
<td>$2,400,000</td>
<td>163</td>
<td>37</td>
<td>200</td>
</tr>
<tr>
<td>1978</td>
<td>3</td>
<td>2,750,000</td>
<td>679</td>
<td>110</td>
<td>789</td>
</tr>
<tr>
<td>1979</td>
<td>15</td>
<td>25,300,000</td>
<td>2,230</td>
<td>1,890</td>
<td>4,120</td>
</tr>
<tr>
<td>1980</td>
<td>20</td>
<td>35,575,000</td>
<td>3,752</td>
<td>1,678</td>
<td>5,430</td>
</tr>
<tr>
<td>1981</td>
<td>23</td>
<td>44,953,000</td>
<td>2,921</td>
<td>1,746</td>
<td>4,667</td>
</tr>
<tr>
<td>1982</td>
<td>26</td>
<td>39,750,000</td>
<td>2,919</td>
<td>1,290</td>
<td>4,209</td>
</tr>
<tr>
<td>1983</td>
<td>3</td>
<td>6,400,000</td>
<td>1,375</td>
<td>172</td>
<td>1,547</td>
</tr>
<tr>
<td></td>
<td>91</td>
<td>$157,128,000</td>
<td>14,039</td>
<td>6,923</td>
<td>20,962</td>
</tr>
</tbody>
</table>

---

1. Chart has been revised to reflect withdrawal of $10,000,000 IRB project by Interstate Brands. Employment figures also reflect this withdrawal.

2. Chart has been revised to reflect withdrawal of $625,000 IRB project by Seedbrow Equipment Co., the withdrawal of $900,000 IRB project by Mich. Ave. Jewelers, and the withdrawal of $850,000 IRB project by Hydro, Inc. Employment figures also reflect these withdrawals.

3. Chart has been revised to reflect withdrawal of $4,000,000 IRB project by Domtar Industries, Inc. Employment figures also reflect this withdrawal.
<table>
<thead>
<tr>
<th>Company</th>
<th>I</th>
<th>F</th>
<th>C</th>
<th>Amount Approved</th>
<th>Amount Closed</th>
<th>Purchaser</th>
<th>Employment Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Kysor Industrial Corp.</td>
<td>None</td>
<td>09/28</td>
<td>11/10</td>
<td>$2,400</td>
<td>$2,400</td>
<td>Harris Bank</td>
<td>163 37 200</td>
</tr>
</tbody>
</table>

I - Inducement Ordinance
F - Final Council Approval
C - Bond Closing Date
<table>
<thead>
<tr>
<th>Company</th>
<th>I</th>
<th>F</th>
<th>C</th>
<th>Amount Approved (000)</th>
<th>Amount Closed (000)</th>
<th>Purchaser</th>
<th>Employment Impact</th>
<th>Jobs Retained</th>
<th>Jobs New</th>
<th>Jobs Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Marco Aluminum, Inc.</td>
<td>None</td>
<td>12/04</td>
<td>04/12</td>
<td>$750</td>
<td>$750</td>
<td>Main Bank of Chicago</td>
<td></td>
<td>75</td>
<td>75</td>
<td>150</td>
</tr>
<tr>
<td>3. Strombecker Corp.</td>
<td>None</td>
<td>11/14</td>
<td>11/28</td>
<td>1,000</td>
<td>1,000</td>
<td>Continental Bank</td>
<td></td>
<td>500</td>
<td>25</td>
<td>525</td>
</tr>
<tr>
<td>4. Triangle Home Prod., Inc.</td>
<td>None</td>
<td>11/29</td>
<td>02/20</td>
<td>600</td>
<td>600</td>
<td>Heritage-Pullman Bank</td>
<td></td>
<td>170</td>
<td>55</td>
<td>225</td>
</tr>
<tr>
<td>5. RTC Industries, Inc.</td>
<td>None</td>
<td>10/20</td>
<td>11/01</td>
<td>1,000</td>
<td>1,000</td>
<td>Continental Bank</td>
<td></td>
<td>110</td>
<td>40</td>
<td>150</td>
</tr>
</tbody>
</table>

**Total:** $4,100 $4,100

I - Inducement Ordinance
F - Final Ordinance
C - Closing Date
* - 1979
ECONOMIC DEVELOPMENT COMMISSION

CITY OF CHICAGO

INDUSTRIAL REVENUE BONDS

1979

<table>
<thead>
<tr>
<th>Company</th>
<th>I</th>
<th>F</th>
<th>C</th>
<th>Amount Approved (000)</th>
<th>Amount Closed (000)</th>
<th>Purchaser</th>
<th>Employment Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. GST Industries, Inc.</td>
<td>None</td>
<td>01/19</td>
<td>02/14</td>
<td>2,000</td>
<td>2,000</td>
<td>Mid-City National Bank and Harris Bank</td>
<td>179 120 299</td>
</tr>
<tr>
<td>8. Flexi-Mat Corp.</td>
<td>None</td>
<td>03/01</td>
<td>03/19</td>
<td>500</td>
<td>500</td>
<td>Mid-City National Bank</td>
<td>520 110 230</td>
</tr>
<tr>
<td>9. Halco Chemical Co.</td>
<td>None</td>
<td>07/11</td>
<td>04/30</td>
<td>1,000</td>
<td>1,000</td>
<td>Morgan Guarantee Trust Co.</td>
<td>100  100</td>
</tr>
<tr>
<td>10. Goodman Equipment Corp.</td>
<td>None</td>
<td>08/10</td>
<td>09/12</td>
<td>3,500</td>
<td>3,500</td>
<td>Continental Bank</td>
<td>500  350 850</td>
</tr>
<tr>
<td>11. Pioneer Gen-E-Motor Corp.</td>
<td>5/23</td>
<td>06/01</td>
<td>07/05</td>
<td>1,000</td>
<td>800</td>
<td>American National Bank</td>
<td>200  50 250</td>
</tr>
<tr>
<td>12. Paul Krone Diecasting Co.</td>
<td>6/01</td>
<td>10/10</td>
<td>11/20</td>
<td>1,700</td>
<td>1,700</td>
<td>LaSalle National Bank</td>
<td>80   40 120</td>
</tr>
<tr>
<td>13. Bienefeld Glass Corp.</td>
<td>8/10</td>
<td>08/10</td>
<td>09/20</td>
<td>3,700</td>
<td>3,700</td>
<td>Continental Bank</td>
<td>135  100 235</td>
</tr>
<tr>
<td>14. The Willett Co.</td>
<td>None</td>
<td>05/01</td>
<td>06/26</td>
<td>1,000</td>
<td>1,000</td>
<td>Continental Bank</td>
<td>400  100 500</td>
</tr>
<tr>
<td>15. Power Parts Co.</td>
<td>5/16</td>
<td>05/12</td>
<td>12/04</td>
<td>600</td>
<td>600</td>
<td>Continental Bank</td>
<td>120   12 132</td>
</tr>
<tr>
<td>16. YNEA of Metropolitan Chicago</td>
<td>None</td>
<td>6/29</td>
<td>10/31</td>
<td>4,600</td>
<td>4,600</td>
<td>Cosmopolitan National Bank</td>
<td>200  200</td>
</tr>
<tr>
<td>17. Comfort Links, Inc.</td>
<td>8/29</td>
<td>10/12</td>
<td>11/29</td>
<td>1,250</td>
<td>1,250</td>
<td>Harris Bank</td>
<td>150  150 300</td>
</tr>
<tr>
<td>18. ABC Rubber Co., Inc.</td>
<td>10/10</td>
<td>10/29</td>
<td>11/29</td>
<td>1,500</td>
<td>1,500</td>
<td>First National Bank of Chicago</td>
<td>41   29 70</td>
</tr>
<tr>
<td>19. Metron Steel Corp.</td>
<td>9/16</td>
<td>11/15</td>
<td>10/05*</td>
<td>3,000</td>
<td>1,000</td>
<td>LaSalle National Bank</td>
<td>135  200 395</td>
</tr>
<tr>
<td>20. Katalco Corp.</td>
<td>10/10</td>
<td>10/15</td>
<td>10/23*</td>
<td>9,000</td>
<td>1,000</td>
<td>Continental Bank</td>
<td>70   13 83</td>
</tr>
<tr>
<td>21. National Can Corp.</td>
<td>9/12</td>
<td>10/25*</td>
<td>10/23*</td>
<td>9,000</td>
<td>1,000</td>
<td>First National Bank of Chicago</td>
<td>120  120</td>
</tr>
<tr>
<td>22. [1]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23. Precision Universal Joint Corp.</td>
<td>8/10</td>
<td>02/29*</td>
<td>04/10*</td>
<td>2,200</td>
<td>2,200</td>
<td>Continental Bank</td>
<td>225  150 375</td>
</tr>
<tr>
<td>24. Arrow Handicraft Corp.</td>
<td>8/10</td>
<td>04/28*</td>
<td>06/05*</td>
<td>1,000</td>
<td>1,000</td>
<td>New England Mutual Life Ins.</td>
<td>180   90 270</td>
</tr>
<tr>
<td>25. Ceres Terminals, Inc.</td>
<td>11/28</td>
<td>12/12</td>
<td>12/14</td>
<td>1,800</td>
<td>1,800</td>
<td>Girard Bank, Philadelphia, Pa.</td>
<td>379  379</td>
</tr>
<tr>
<td>26. Crawford Steel Co., Inc.</td>
<td>11/28</td>
<td>02/29*</td>
<td>03/28*</td>
<td>900</td>
<td>900</td>
<td>American National Bank</td>
<td>17   8 25</td>
</tr>
<tr>
<td>27. Couple Commission Co.</td>
<td>11/28</td>
<td>04/28</td>
<td>05/15*</td>
<td>675</td>
<td>675</td>
<td>Mid-City National Bank</td>
<td>25   13 40</td>
</tr>
<tr>
<td>29. Seaway National Bank of Chgo.</td>
<td>11/28</td>
<td>05/14*</td>
<td>06/19*</td>
<td>1,000</td>
<td>1,000</td>
<td>Continental Bank</td>
<td>108   9 117</td>
</tr>
</tbody>
</table>

I - Inducement Ordinance
F - Final Council Approval
C - Bond Closing

[1] On April 8, 1981, Interstates Brands withdrew its request for IRS financing. All totals have been changed to reflect this withdrawal. Interstates Brands will not undertake the project at this time.


I - 1980
** - 1981

$43,775 $40,575

$2,903 $2,770 $5,673

25
<table>
<thead>
<tr>
<th>Company</th>
<th>I</th>
<th>F</th>
<th>C</th>
<th>Amount Approved</th>
<th>Amount Closed</th>
<th>Purchaser</th>
<th>Employment Impact</th>
<th>Jobs</th>
<th>New Jobs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>30. Selfix, Inc.</td>
<td>1/21</td>
<td>02/29</td>
<td>03/14</td>
<td>$6,400</td>
<td>$4,000</td>
<td>Continental Bank</td>
<td></td>
<td>200</td>
<td>200</td>
<td>400</td>
</tr>
<tr>
<td>31. Armstrong Bros. Tool Co.</td>
<td>1/21</td>
<td>05/05</td>
<td>06/16</td>
<td>1,000</td>
<td>1,000</td>
<td>Harris Bank</td>
<td>367</td>
<td>18</td>
<td>385</td>
<td></td>
</tr>
<tr>
<td>32. Bluebird of Illinois, Inc.</td>
<td>1/21</td>
<td>12/19</td>
<td>02/04*</td>
<td>6,000</td>
<td>1,000</td>
<td>First National Bank of Boston</td>
<td>750</td>
<td>53</td>
<td>803</td>
<td></td>
</tr>
<tr>
<td>33. Playskool, Inc.</td>
<td>1/21</td>
<td>04/16</td>
<td>05/09</td>
<td>1,000</td>
<td>1,000</td>
<td>Continental Bank</td>
<td>1,156</td>
<td>446</td>
<td>1,602</td>
<td></td>
</tr>
<tr>
<td>34. Clark &amp; Barlow Hardware Co.</td>
<td>1/21</td>
<td>04/16</td>
<td>04/22</td>
<td>1,100</td>
<td>1,100</td>
<td>Exchange National Bank</td>
<td>65</td>
<td>35</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>35. Colonial Hospital Supply Co., 2/29</td>
<td>04/16</td>
<td>05/20</td>
<td></td>
<td>1,800</td>
<td>1,800</td>
<td>Northern Trust Co.</td>
<td>86</td>
<td>20</td>
<td>106</td>
<td></td>
</tr>
<tr>
<td>36. International Great Lakes</td>
<td>2/29</td>
<td>04/28</td>
<td>05/05</td>
<td>2,000</td>
<td>2,000</td>
<td>Continental Bank</td>
<td></td>
<td>350</td>
<td>350</td>
<td></td>
</tr>
<tr>
<td>37. Reiters, Inc.</td>
<td>4/16</td>
<td>09/24</td>
<td>12/11</td>
<td>600</td>
<td>600</td>
<td>Exchange National Bank</td>
<td>80</td>
<td>16</td>
<td>96</td>
<td></td>
</tr>
<tr>
<td>38. Independence Bank of Chicago</td>
<td>4/16</td>
<td>06/27</td>
<td>07/03</td>
<td>4,300</td>
<td>4,300</td>
<td>Lehman Brothers Kuhn Loeb</td>
<td>113</td>
<td>23</td>
<td>136</td>
<td></td>
</tr>
<tr>
<td>39. J &amp; F Steel Corp.</td>
<td>4/16</td>
<td>06/27</td>
<td>07/03</td>
<td>4,000</td>
<td>3,850</td>
<td>European American Bank Corp.,</td>
<td>50</td>
<td>50</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>40. [2]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>41. Publix Office Supplies, Inc.</td>
<td>4/16</td>
<td>09/24</td>
<td>11/21</td>
<td>1,000</td>
<td>1,000</td>
<td>First National Bank of Chicago</td>
<td>131</td>
<td>45</td>
<td>176</td>
<td></td>
</tr>
<tr>
<td>42. J. P. Daley Incorporating Co., 5/07</td>
<td>09/24</td>
<td>12/15</td>
<td></td>
<td>400</td>
<td>300</td>
<td>Bank of Elk Grove</td>
<td>61</td>
<td>15</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>43. Metro Real Estate Investments, 5/07</td>
<td>12/01</td>
<td>01/14*</td>
<td></td>
<td>7,000</td>
<td>7,000</td>
<td>Continental Bank</td>
<td></td>
<td>200</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>44. [3]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>45. Midway Airlines, Inc.</td>
<td>6/13</td>
<td>12/2**</td>
<td>12/28**</td>
<td>1,000</td>
<td></td>
<td>1,000 Shearson Loeb Rhodes Inc.</td>
<td>180</td>
<td>150</td>
<td>330</td>
<td></td>
</tr>
<tr>
<td>46. GQI Industries, Inc.</td>
<td>6/13</td>
<td>11/14</td>
<td>01/16*</td>
<td>750</td>
<td></td>
<td>750 Mid-City National Bank and Harris Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>47. [4]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>48. Kimberly Rose Co., Inc.</td>
<td>6/27</td>
<td>12/01</td>
<td>01/22*</td>
<td>926</td>
<td></td>
<td>690 Exchange National Bank</td>
<td>74</td>
<td>90</td>
<td>164</td>
<td></td>
</tr>
<tr>
<td>49. Leaf Confectionery, Inc.</td>
<td>6/37</td>
<td>11/14</td>
<td>12/17</td>
<td>2,000</td>
<td></td>
<td>2,000 American National Bank</td>
<td>697</td>
<td>150</td>
<td>847</td>
<td></td>
</tr>
</tbody>
</table>

I - Inducement Ordinance
F - Final Ordinance
C - Closing Date

1 - OQT Industries has asked for IRB financing to complete the project started in 1979. No additional jobs will be created as a result of the $750,000 bond issue.

2 On March 23, 1981, Seedburo Equipment Co. withdrew its request for IRB financing. All totals have been changed to reflect this withdrawal. Seedburo Equipment Co. has indicated it will use other financing to undertake the project.

3 In April of 1982, Hydro, Inc. was denied extension of its $850,000 IRB due to the expiration of its bank commitment, thus resulting in withdrawal of project. Employment figures also reflect this withdrawal.

4 On March 1982, Michigan Avenue Jewelers, Inc. withdrew its request for IRB financing. All totals have been changed to reflect this.

*1981 **1982
<table>
<thead>
<tr>
<th>Company</th>
<th>I</th>
<th>F</th>
<th>C</th>
<th>Amount Approved (000)</th>
<th>Amount Closed (000)</th>
<th>Purchaser</th>
<th>Employment Impact</th>
<th>Jobs Retained</th>
<th>New Jobs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>50. Jacobs Twin Buick, Inc.</td>
<td>9/10</td>
<td>11/12</td>
<td>12/31</td>
<td>$2,000</td>
<td>$2,000</td>
<td>American National Bank</td>
<td>150</td>
<td>50</td>
<td></td>
<td>200</td>
</tr>
<tr>
<td>51. Enrico, Inc.</td>
<td>9/10</td>
<td>8/19</td>
<td>12/31</td>
<td>1,368</td>
<td>1,368</td>
<td>Chicago City Bank and Trust Co.</td>
<td>238</td>
<td></td>
<td>238</td>
<td></td>
</tr>
<tr>
<td>52. Newberry Library</td>
<td>9/10</td>
<td>12/12</td>
<td>12/31</td>
<td>5,000</td>
<td>5,000</td>
<td>First National Bank of Chicago and The Northern Trust Co.</td>
<td>133</td>
<td></td>
<td></td>
<td>133</td>
</tr>
<tr>
<td>53. Replogle Globes, Inc.</td>
<td>9/24</td>
<td>2/11</td>
<td>3/16</td>
<td>2,000</td>
<td>2,000</td>
<td>First National Bank of Cicero</td>
<td>180</td>
<td></td>
<td></td>
<td>180</td>
</tr>
<tr>
<td>54. Meyer Steel Drum, Inc.</td>
<td>12/12</td>
<td>8/12</td>
<td>9/23</td>
<td>800</td>
<td>800</td>
<td>Ford City Bank &amp; Trust</td>
<td>172</td>
<td>40</td>
<td></td>
<td>212</td>
</tr>
<tr>
<td>55. Charles E. Larson &amp; Sons</td>
<td>12/12</td>
<td>5/29</td>
<td>6/26</td>
<td>2,500</td>
<td>2,500</td>
<td>Park Nat'l Bank of Chicago</td>
<td>90</td>
<td>69</td>
<td></td>
<td>159</td>
</tr>
<tr>
<td>56. Consolidated Distilled Products</td>
<td>12/12</td>
<td>5/29</td>
<td>8/5</td>
<td>750</td>
<td>750</td>
<td>American National Bank</td>
<td>233</td>
<td>20</td>
<td></td>
<td>253</td>
</tr>
<tr>
<td>57. Bloomer-Fiske, Inc.</td>
<td>12/19</td>
<td>3/31</td>
<td>4/14</td>
<td>2,700</td>
<td>2,700</td>
<td>Mid-City National Bank</td>
<td>225</td>
<td>225</td>
<td></td>
<td>450</td>
</tr>
</tbody>
</table>

$35,994 | $50,508

I = Inducement Ordinance
F = Final Council Approval
C = Bond Closing Date

[1] On April 22, 1981, Inducement Ordinance amended to increase project amount by $500,000 to total of $2,000,000 for the Jacobs Twin Buick project.

*1981
# Economic Development Commission

## City of Chicago

### Industrial Revenue Bonds

#### 1981

<table>
<thead>
<tr>
<th>Company</th>
<th>I</th>
<th>F</th>
<th>C</th>
<th>Amount Approved (000)</th>
<th>Amount Closed (000)</th>
<th>Purchaser</th>
<th>Employment Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>58. Lake Shore Litho, Inc.</td>
<td>3/06</td>
<td>8/12</td>
<td>9/24</td>
<td>$500</td>
<td>$500</td>
<td>Exchange National Bank</td>
<td>22</td>
</tr>
<tr>
<td>59. Orion Industries, Ltd.</td>
<td>3/06</td>
<td>4/22</td>
<td>5/07</td>
<td>$620</td>
<td>$620</td>
<td>O’Hare International Bank</td>
<td>12</td>
</tr>
<tr>
<td>60. Chicago Metropolitan Mutual Assurance Company</td>
<td>4/22</td>
<td></td>
<td></td>
<td>2,500</td>
<td></td>
<td>First National Bank of Chicago and Independence Bank of Chicago</td>
<td>186</td>
</tr>
<tr>
<td>61. Harris Industries</td>
<td>5/13</td>
<td>11/13</td>
<td>12/2</td>
<td>900</td>
<td>900</td>
<td>Harris Bank</td>
<td>190</td>
</tr>
<tr>
<td>62. Homemakers Furniture, Inc.</td>
<td>5/13</td>
<td>3/0*</td>
<td>5/13*</td>
<td>5,000</td>
<td>5,000</td>
<td>First Chicago Realty Services Corp.</td>
<td>--</td>
</tr>
<tr>
<td>63. Hudson Technology, Inc.</td>
<td>5/13</td>
<td>12/18</td>
<td>1/18*</td>
<td>800</td>
<td>800</td>
<td>American National Bank</td>
<td>86</td>
</tr>
<tr>
<td>64. Leaf Confectionery, Inc.</td>
<td>5/13</td>
<td>10/15*</td>
<td>12/6*</td>
<td>4,000</td>
<td>1,000</td>
<td>American National Bank</td>
<td>117</td>
</tr>
<tr>
<td>65. (5)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>--</td>
<td>22</td>
</tr>
<tr>
<td>66. Chem Clear, Inc.</td>
<td>6/26</td>
<td>10/6</td>
<td>10/27</td>
<td>2,500</td>
<td>1,500</td>
<td>Chicago Corporation</td>
<td>2,000</td>
</tr>
<tr>
<td>67. Maryland Cup Corp.</td>
<td>6/26</td>
<td></td>
<td></td>
<td>1,000</td>
<td></td>
<td>Lehman Brothers, Kuhn Loeb</td>
<td>--</td>
</tr>
<tr>
<td>68. Mah Chen Corp.</td>
<td>6/26</td>
<td>12/18</td>
<td>5/4*</td>
<td>530</td>
<td>500</td>
<td>Harris Bank</td>
<td>28</td>
</tr>
<tr>
<td>70. Banith Controls</td>
<td>6/26</td>
<td>3/2*</td>
<td>5/2*</td>
<td>900</td>
<td>900</td>
<td>American National Bank</td>
<td>141</td>
</tr>
</tbody>
</table>

**I** - Inducement Ordinance  
**F** - Final Council Approval  
**C** - Bond Closing Date

---

1. This is Phase II of the Leaf Confectionery, Inc. expansion project begun in 1980. Leaf currently employs 964 workers, 847 of these were included in the employment figures for 1980. Only the additional 117 employees are included in the figures for 1981.

2. On November 2, 1982, Domtar Industries, Inc., withdrew its request for IRB financing. All totals have been changed to reflect this withdrawal. Domtar Industries will not undertake the project at this time.
### ECONOMIC DEVELOPMENT COMMISSION

#### CITY OF CHICAGO

#### INDUSTRIAL REVENUE BONDS

1981 (Continued)

<table>
<thead>
<tr>
<th>Company</th>
<th>I</th>
<th>F</th>
<th>C</th>
<th>Approved (000)</th>
<th>Closed (000)</th>
<th>Purchaser</th>
<th>Employment Impact</th>
</tr>
</thead>
</table>
| 71. Dries and Krump            | 7/16| 10/06   | 12/15   | $1,000         | $1,000       | Sears Bank                         | 203 Retained 100  
|                                |     |         |         |                |              |                                    | 303 Total       |
| 72. Farley Candy Co.           | 8/12| 11/13   | 11/30   | 1,500          | 1,500        | Natl. Blvd. Bank of Chicago        | 70 Retained 330   
|                                |     |         |         |                |              |                                    | 400 Total       |
| 73. Pinkert Steel Co.          | 9/14|         |         | 1,219          | 1,219        | American National Bank             | 60 Retained 15    
|                                |     |         |         |                |              |                                    | 75 Total       |
| 74. Inolex Chemical Co.        | 10/06| 11/04   | 12/31   | 2,000          | 1,500        | American Can Company               | 40 Retained 10    
|                                |     |         |         |                |              |                                    | 50 Total       |
| 75. Medusa Corp.               | 10/06| 5/3*    | 5/10*   | 1,000          | 1,000        | Mellon Bank of Pittsburgh          | 2 Retained 2      |
| 76. Budget-Rent-A-Car          | 10/06| 3/19*   | 5/4*    | 1,700          | 1,700        | Chicago Corporation                | 170 Retained 34   
|                                |     |         |         |                |              |                                    | 204 Total       |
| 77. John O. Butler Co.         | 10/06| 11/13   | 12/21   | 5,500          | 5,500        | American National Bank             | 214 Retained 140  
|                                |     |         |         |                |              |                                    | 354 Total       |
| 78. Homaco, Inc.               | 10/06| 12/18   | 2/16*   | 800            | 800          | Harris Trust & Savings             | 110 Retained 95   
|                                |     |         |         |                |              |                                    | 205 Total       |
| 79. Automatic Spring Coiling   | 10/06|         |         | 1,000          |              |                                   | 154 Retained 50   
|                                |     |         |         |                |              |                                    | 204 Total       |
| 80. Unicut Corporation         | 11/13| 3/2*    | 4/6*    | 1,000          | 1,000        | 1st Natl. Bank-Winnatka             | 60 Retained 50    
|                                |     |         |         |                |              |                                    | 110 Total       |
| Darco, Inc.                    |     |         |         |                |              |                                    | 175 Total       |
| 82. Publicx Office Supplies,   | 11/13| 12/18   | 12/31   | 500            | 400          | 1st Natl. Bank, Chicago            | - Retained -      
| Inc.                           |     |         |         |                |              |                                    | - Total        |
| 83. Epicair, Inc./Modern       | 11/13| 12/18   | 12/31   | 475            | 475          | American National Bank             | 15 Retained 15    
| Process Equipment              |     |         |         |                |              |                                    | 30 Total       |
| 84. R. J. Morris/Inland        | 11/13| 1/21*   | 3/15*   | 500            | 500          | American National Bank             | 76 Retained 70    
| Midwest Corp.                  |     |         |         |                |              |                                    | 96 Total       |
| 85. Midwest Dock Corp.         | 12/2| 12/18   | 1/6*    | 3,250          | 3,250        | American National Bank             | 64 Retained 20    
|                                |     |         |         |                |              |                                    | 84 Total       |
| 86. Midwest Electric Manufacturing Co.| 12/29 | 12/8* | 12/30* | 2,500         | 2,500        | Chase Manhattan Bank-N.Y.          | 227 Retained 70   
|                                |     |         |         |                |              |                                    | 297 Total       |
| 87. Harrington and King        | 12/29 | 3/30* | 5/7*    | 1,500          | 1,500        | American National Bank             | 189 Retained 10   
| Perforating Co.                |     |         |         |                |              |                                    | 199 Total       |

$45,694 $35,345

*1982

I - Inducement Ordinance
F - Final Council Approval
C - Bond Closing Date

<table>
<thead>
<tr>
<th>Company</th>
<th>I</th>
<th>F</th>
<th>C</th>
<th>Amount Approved (000)</th>
<th>Amount Closed (000)</th>
<th>Purchaser</th>
<th>Jobs Retained</th>
<th>New Jobs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evans Transportation</td>
<td>3/2</td>
<td>3/28</td>
<td>3/29</td>
<td>22,300</td>
<td>8,300</td>
<td>George R. Baum Company</td>
<td>100</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Florence Corporation</td>
<td>1/27</td>
<td>12/27</td>
<td>12/27</td>
<td>600</td>
<td>600</td>
<td>Harris Trust &amp; Savings</td>
<td>49</td>
<td>21</td>
<td>70</td>
</tr>
<tr>
<td>Batchelder-Beilin</td>
<td>2/2</td>
<td>12/21</td>
<td>12/21</td>
<td>1,800</td>
<td>1,800</td>
<td>Manufacturer's Hanover</td>
<td>102</td>
<td>102</td>
<td>0</td>
</tr>
<tr>
<td>Alburna, Inc.</td>
<td>3/2</td>
<td>5/32</td>
<td>5/32</td>
<td>2,500</td>
<td>1,000</td>
<td>American National Bank</td>
<td>48</td>
<td>10</td>
<td>58</td>
</tr>
<tr>
<td>Kolel's, Inc.</td>
<td>2/2</td>
<td>8/20</td>
<td>8/20</td>
<td>1,000</td>
<td>1,000</td>
<td>Lake Shore National Bank</td>
<td>240</td>
<td>80</td>
<td>320</td>
</tr>
<tr>
<td>Valley Candle Mfg. Co., Inc.</td>
<td>5/18</td>
<td>6/9</td>
<td>7/20</td>
<td>1,750</td>
<td>1,750</td>
<td>Lake Shore National Bank</td>
<td>240</td>
<td>80</td>
<td>320</td>
</tr>
<tr>
<td>Well Pump Company</td>
<td>5/18</td>
<td>9/15</td>
<td>10/12</td>
<td>1,500</td>
<td>1,500</td>
<td>State National Bank of Evanston</td>
<td>200</td>
<td>20</td>
<td>220</td>
</tr>
<tr>
<td>Fairmont Corporation</td>
<td>5/18</td>
<td>7/23</td>
<td>12/20</td>
<td>700</td>
<td>700</td>
<td>American National Bank</td>
<td>90</td>
<td>40</td>
<td>130</td>
</tr>
<tr>
<td>A. Epstein &amp; Sons</td>
<td>7/23</td>
<td>12/20</td>
<td>12/20</td>
<td>3,500</td>
<td>3,500</td>
<td>Northern Trust Company</td>
<td>250</td>
<td>30</td>
<td>280</td>
</tr>
<tr>
<td>International</td>
<td>7/23</td>
<td>12/28</td>
<td>12/28</td>
<td>3,000</td>
<td>3,000</td>
<td>American National Bank</td>
<td>222</td>
<td>25</td>
<td>247</td>
</tr>
<tr>
<td>Rapid Mounting &amp;</td>
<td>10/6</td>
<td>12/30</td>
<td>12/30</td>
<td>600</td>
<td>600</td>
<td>Capitol Bank &amp; Trust of Chicago</td>
<td>32</td>
<td>20</td>
<td>52</td>
</tr>
<tr>
<td>Finishing Co.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nation Enterprises</td>
<td>10/6</td>
<td>12/23</td>
<td>12/23</td>
<td>700</td>
<td>700</td>
<td>Harris Bank</td>
<td>22</td>
<td>3</td>
<td>25</td>
</tr>
<tr>
<td>Pentecost Bros. Inc.</td>
<td>7/23</td>
<td>12/23</td>
<td>12/23</td>
<td>1,350</td>
<td>1,350</td>
<td>Van Kampen Merritt Inc.</td>
<td>160</td>
<td>3</td>
<td>163</td>
</tr>
<tr>
<td>Harris Baruch</td>
<td>10/6</td>
<td>11/23</td>
<td>12/22</td>
<td>2,100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partnership II/</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advanced Theatrical Co.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C &amp; K Distributors</td>
<td>10/27</td>
<td></td>
<td></td>
<td>2,100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gold Eagle Co.</td>
<td>10/27</td>
<td>12/28</td>
<td>12/28</td>
<td>2,000</td>
<td>2,000</td>
<td>Mid-City National Bank</td>
<td>50</td>
<td>3</td>
<td>53</td>
</tr>
<tr>
<td>Union Special Co.</td>
<td>12/28</td>
<td>3/25*</td>
<td>3/25*</td>
<td>2,500</td>
<td>2,500</td>
<td>Matthews &amp; Wright, Inc.</td>
<td>50</td>
<td>3</td>
<td>53</td>
</tr>
<tr>
<td>Estate of Sam Rosen/</td>
<td>12/27</td>
<td></td>
<td></td>
<td>900</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fresno Inc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reed Candy</td>
<td>12/27</td>
<td></td>
<td></td>
<td>2,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**I - Inducement Ordinance**  
**F - Final Council Approval**  
**C - Bond Closing Date**  

*New Jobs - projected by company to be created within 3 years after completion of the IRB project.*
<table>
<thead>
<tr>
<th>Company</th>
<th>I</th>
<th>F</th>
<th>C</th>
<th>Amount Approved (000)</th>
<th>Amount Closed (000)</th>
<th>Purchaser</th>
<th>Jobs</th>
<th>Retained</th>
<th>New 1</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>106. NOI Realty/John S. Song General Partner</td>
<td>3/9</td>
<td>3/31</td>
<td>4/28</td>
<td>$ 1,800</td>
<td>$1,800</td>
<td>River Forest State Bank/Elmhurst National Bank</td>
<td>75</td>
<td>12</td>
<td>87</td>
<td></td>
</tr>
<tr>
<td>107. Republic Aluminum</td>
<td>3/31</td>
<td></td>
<td></td>
<td>1,000</td>
<td></td>
<td>Western National Bank</td>
<td>73</td>
<td>27</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>108. AMGen</td>
<td>3/31</td>
<td></td>
<td></td>
<td>8,000</td>
<td></td>
<td>Continental Bank</td>
<td>50</td>
<td>50</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

$15,100 $1,800 336 121 457

I- Instrumentation
F- Final Council Approval
C- Bond Closing Date

Raw Jobs - projected by company to be created within 3 years after completion of the IRB project.
Appendix B

Industrial Revenue Bond Application and Supporting Instructional Information
Economic Development Commission  City of Chicago

APPLICATION FOR APPROVAL OF PROPOSED INDUSTRIAL REVENUE BOND FINANCING

1. Name and Address of Applicant:

________________________________________________________________________

________________________________________________________________________

2. Name and address of operating company (if different than above):

________________________________________________________________________

________________________________________________________________________

3. Type of Business: __________________________ SIC CODE: ______

4. Amount of proposed industrial revenue bond issue: $_________________

5. Officer to contact regarding this application:

---------------------- name ---------------------- title ---------------------- phone

6. Proposed bond purchaser:

Contact: ---------------------- name ---------------------- title ---------------------- phone

7. Proposed bond counsel:

Contact: ---------------------- name ---------------------- title ---------------------- phone

8. Description of existing facilities in Chicago and the Chicago area. (indicate location, function, size, and employment of each facility and whether owned or leased):

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
9. Brief description of proposed project:


Cost Breakdown of IRB:

- Acquisition of Land and/or Building:
- Construction:
- Rehabilitation:
- Machinery & Equipment:
- Miscellaneous:
- Total:

40. Current Employment Status for Facility Receiving IRB assistance:

<table>
<thead>
<tr>
<th>Salary Level</th>
<th>Sex</th>
<th>Present Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Employees Earning</td>
<td>Sex</td>
<td>Total Employees</td>
</tr>
<tr>
<td>Less than 4.00 per hr.</td>
<td>F</td>
<td></td>
</tr>
<tr>
<td></td>
<td>M</td>
<td></td>
</tr>
<tr>
<td>Between 4.00/hr. &amp; 7.00/hr.</td>
<td>F</td>
<td></td>
</tr>
<tr>
<td></td>
<td>M</td>
<td></td>
</tr>
<tr>
<td>More than 7.00 per hr.</td>
<td>F</td>
<td></td>
</tr>
<tr>
<td></td>
<td>M</td>
<td></td>
</tr>
<tr>
<td>Sub Total</td>
<td>F</td>
<td></td>
</tr>
<tr>
<td></td>
<td>M</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Other represents Asian or Pacific Islander and American Indians or Alaskan Natives.

11. Projected Employment at operating (applicant's) facility:

1 year after completion of IRB Project: 
2 years after completion of IRB Project: 
3 years after completion of IRB Project: 

12. Describe Methodology used for employment projections:
APPLICATION FOR APPROVAL OF PROPOSED INDUSTRIAL REVENUE BOND FINANCING

13. Date on which projected employment figures are expected to be reached: ____________________________

14. Projected completion date of IRB project: ____________________________

15. Current Employment at other related facilities located in the City of Chicago:

   NAME: ____________________________
   ADDRESS: ____________________________
   RELATIONSHIP: ____________________________

   Full Time: _____ Time: _____
   Part

   No. of Employees at other related facilities who are residents of Chicago: __________ (_______ % of total employment)

   No. of minorities employed at related facilities in the City of Chicago: __________ (_______ % of total employment)

16. Will the IRB project allow for employment to increase at any other related facility, other than the operating facility, located within the City of Chicago? Explain:

   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________

   IF YES:
   1 Year after completion of IRB Project: ____________________________
   2 Years after completion of IRB Project: ____________________________
   3 Years after completion of IRB Project: ____________________________

17. If proposed project involves a relocation, indicate any plans for alternative use or other disposition of any affected facilities:

   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________

18. If proposed project involves the purchase of realty, name of seller:

   __________________________________________________________

19. Operating company's form of organization: ____________________________

20. State of incorporation: ____________________________

21. Number of shareholders: ____________________________
APPLICATION FOR APPROVAL OF PROPOSED INDUSTRIAL REVENUE BOND FINANCING

22. Are shares publicly traded? ____________________________________________

23. Is this company wholly or partly owned by any other business organization? (If yes, explain briefly):

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

24. Does this company have any subsidiaries or otherwise have interests in any other business organization? (If yes, explain briefly):

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

25. Names of any other businesses wholly or partly owned by officers or directors of this company:

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

26. Banks with which the applicant or operating company has accounts or other business relationships:

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________
ECONOMIC DEVELOPMENT COMMISSION  CITY OF CHICAGO
APPLICATION FOR APPROVAL OF PROPOSED INDUSTRIAL REVENUE BOND FINANCING

27. Names and titles of principal officers:


28. Names of directors or partners:


29. Names of principal shareholders (20% or more):


I HEREBY CERTIFY THAT THE INFORMATION CONTAINED IN THIS APPLICATION AND ANY SUPPLEMENTS OR ATTACHMENTS HERETO IS TRUE, COMPLETE, AND ACCURATE. I ALSO UNDERSTAND THAT THE DEPARTMENT OF ECONOMIC DEVELOPMENT WILL CONDUCT AN ANNUAL SURVEY CONCERNING THE USE OF INDUSTRIAL REVENUE BOND FINANCING. I HEREBY AGREE TO RESPOND FULLY TO SUCH REQUESTS FOR INFORMATION UPON APPROVAL OF THIS APPLICATION.

__________________________
Signature

__________________________
Title

__________________________
Date Submitted
NARRATIVE SUPPLEMENTS, DETAILED INFORMATION, AND ATTACHMENTS

In addition to the completed application form, application packages must contain supporting material in narrative form, certain detailed information, and attachment of financial statements. The following list of supplementary items indicates required and optional material and gives suggestions for the possible treatment of each item. Treat individual items as briefly or extensively as the nature of the project or applicant suggests appropriate. In general, concise treatment of narrative items is suggested.

LETTER OF COMMITMENT FROM BOND PURCHASER: A commitment in principle for bond placement must be obtained from a bank, investment banker, or underwriter before an application can be processed. Include a letter expressing such a commitment in the application package.

NATURE OF BUSINESS (may be treated separately or discussed briefly with COMPANY HISTORY, below, as appropriate): Characterize the primary type of business conducted by the company. If the company's activities include several economic functions, characterize the primary type of business to be conducted at the facilities involved in the proposed project. Describe the principal products or services of the company. Name principal customers or suppliers in cases where a large amount of the company's business is attributable to one or a few of these. Discuss the industry generally and the company's function within the industry. Discuss economic trends in the industry generally and how these are likely to affect the company's growth or competitive position within the industry. Discuss the company's goals and plans as they are reflected in the proposed project.

COMPANY HISTORY (required): Date of establishment and identity of original organizers; date of incorporation; year operations undertaken in Chicago; previous addresses in Chicago; expansion or contraction of operations in Chicago or elsewhere; growth or decline in employment in Chicago or elsewhere; dates of development of new operations or product lines; dates and descriptions of changes in ownership or management.

COMPANY ORGANIZATION (where appropriate; see instructions, page 7): If the organization in whose name the proposed industrial revenue bond is to be issued (the applicant) is different than the company that will be operating the proposed project, fully describe the nature and purpose of the applicant organization, its formal relationship to the operating company, and the identities of interested persons. If the company is a subsidiary of another business organization, list all other subsidiaries of the parent. Otherwise, explain the organization of the company and any formal associations between the company and any related business organizations.
PRINCIPAL PERSONNEL (optional): Brief resumes of principal personnel, particularly those with ownership interests.

DESCRIPTION OF EXISTING FACILITIES (required): If the proposed project involves the expansion or relocation of an operation currently conducted in Chicago, fully describe the physical facilities involved. Include complete information regarding land areas and building sizes. If the proposed project involves relocation of any operations currently being conducted in Chicago, indicate plans or options for alternative use or other disposition of the facilities involved. Describe any other operations and physical facilities in Chicago or the Chicago area. If the company does not currently maintain operations in Chicago, describe existing facilities elsewhere in as much detail as appropriate. If the proposed project involves the relocation to Chicago of operations currently being conducted elsewhere, discuss in some detail.

COMPANY EMPLOYMENT (required): If the proposed project involves an expansion or relocation, specify the number of people currently employed at the facilities involved and the number of people currently employed at any other facilities in the City of Chicago. Provide a breakdown of employment into functional classifications. Discuss any enhancing features in the employment picture, such as skills training or minority opportunity. Discuss the pattern of growth in the company’s employment. If proposed project involves an on-site expansion, specify the proportion of the company’s employment currently accounted for by residents of the project area.

COMPLETE DESCRIPTION OF PROPOSED PROJECT (required): Discuss the reasons for undertaking the proposed project. If the project involves the acquisition of an existing building, specify its address, building size and type, land area, plans for physical modifications or repairs, the purpose for which the building is to be used, the amount of time for which the building has been vacant, the identity of the previous occupant, etc. If the project involves on-site construction, indicate the size of the proposed addition, its function and relationship to the existing plant, type of construction, etc. If the project involves the construction of an entirely new facility, discuss in detail. Attach simple plats or site plans, renderings, photographs, etc., if available. If the proposed project involves purchase of the assets of an existing business, indicate any proposed expansion of the business under new ownership or demonstrate that the proposed change in ownership is necessary to preserve the business as a going concern or prevent its relocation outside Chicago. In all cases, include specific employment projections and any other material indicating the public benefits of the proposed project in terms of the creation or retention of jobs in the City of Chicago and the vicinity of the project itself.
BREAKDOWN OF PROJECT COSTS (required): As completely as possible, break down the amount of the proposed bond issue (item 6 on the form) into specific component items and costs. If the total cost of the proposed project includes expenses that will not be covered out of bond proceeds, break these additional costs down separately and indicate how they are to be financed. Attach any available documentary material that verifies estimated values or costs, such as appraisals, real estate sales contracts, architects' or contractors' estimates, etc. Note: Items eligible for financing under industrial revenue bonds are limited to land and buildings and other depreciable assets as defined in the Internal Revenue laws. Costs incurred before obtaining an official expression of the City's approval of the proposed bond issue cannot be covered out of bond proceeds. Note item 6 on the attached instructions.

FINANCIAL STATEMENTS (required): Attach financial statements for the company covering the past five years. Audited statements should be supplied if available; otherwise the statements should be certified over an officer's signature. Include interim statements, as available, to bring financial data down as close as possible to current date. If the applicant is a subsidiary of another company, include financial statements of the parent. If the company or its parent is required to file SEC form 10-K, attach the latest copy of this report. If the formal applicant is not the operating company, attach financial statements for both the applicant and the operating company.

OTHER MATERIAL (optional): Catalogs, descriptive brochures, promotional material, etc. Additional narrative or documentary items as appropriate to the particular project or applicant.
GENERAL INSTRUCTIONS: Submit EIGHT COPIES of the complete application package for review by the Industrial Revenue Bond Screening Committee. Bound packages, rather than sheaves of paper, will be appreciated. Make a preliminary contact with the Economic Development Commission before submitting an application; the staff will want to discuss the proposal with principals of the company and see the project site.

ITEMS

1. A distinction between the formal applicant and the operating company sometimes arises in applications by close corporations where a separate family-owned company exists for the sole purpose of holding title to realty occupied by the actual working concern. Do not apply in this way without previously having checked with the Economic Development Commission and bond counsel. In cases involving orthodox parent-subsidiary relationships (where the parent is a working entity) an application may be made either by the parent on behalf of the subsidiary or by the subsidiary in its own behalf. Where the parent is the applicant, name and describe the subsidiary under #9 and leave #2 blank. In all cases where two or more organizations are directly involved in the proposed bond issue, pay particular attention to COMPANY ORGANIZATION in the narrative supplements. Note: In all cases where the applicant is a subsidiary of another company, the parent will be expected to assume an obligation for repayment of the proposed bonds.

2. Characterize the business by function; e.g., "manufacturer of widgets" or "importer and distributor of gadgets".

3. Where the company has employees in Chicago and elsewhere, be sure that current employment in the City of Chicago is specified in #9.

4. Before filling in this amount, check with bond counsel as to items eligible for coverage in the proposed bond issue.

5. Give name of bank, investment banker, or underwriter and the name of a specific person to contact there.

6. Names of firms recognized in this specialty may be obtained upon request from the Economic Development Commission.
Appendix C

Monitoring Instrument Used by Chicago Department of Economic Development in 1962
ECONOMIC DEVELOPMENT COMMISSION
CITY OF CHICAGO
INDUSTRIAL REVENUE BOND PROGRAM
PROGRESS REPORT

Company Name: ________________________________

Bond Amount: ________________________________

Bond Closed: ________________________________

EMPLOYMENT AT DATE OF APPLICATION

EMPLOYMENT AT TIME OF APPLICATION

<table>
<thead>
<tr>
<th>Number of Employees Earning</th>
<th>Sex</th>
<th>Total Employees</th>
<th>Black</th>
<th>Hispanic</th>
<th>Other Minority*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 4.00 per hr.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>F</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>M</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between 4.00/ per hr. and 7.00 /hr.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>F</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>M</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>More than 7.00 per hr.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>F</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>M</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>F</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>M</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Other represents Asian or Pacific Islander and American Indian or Alaskan Nat.
B. Of Total: Full Time __________ Part Time: ________________

C. Number of employees residing in City of Chicago ________________

D. Number of employees residing within 5 miles of place of employment

__________________________

Projected Employment at Operating (Applicant's) Facility

1 year after completion of IRB Project: ____________________________
2 years after completion of IRB Project: ____________________________
3 years after completion of IRB Project: ____________________________

1. Respondent:

Name: _________________________________________________________

Title: _________________________________________________________

Phone: _________________________________________________________

2. The Industrial revenue bond project involves the following:
   (Please check all that apply)

   a. Construction of new facility ________________________________
   b. Construction of addition to present facility ____________________
   c. Purchase of new building _____________________________
   d. Purchase of building and renovation _________________________
   e. Renovation of existing building ______________________________
   f. Relocation _______________________________________
   g. Purchase of machinery and equipment _______________________
3. If project involves relocation, indicate status of old facility:

   a. Facility has been sold: ________________________________

   b. Facility is for sale: ________________________________

   c. Facility has been leased: ________________________________

   d. Facility will be leased: ________________________________

   e. Facility is vacant: ________________________________

   f. Facility is occupied: ________________________________

       If the facility is occupied, indicate name of new tenant:

       Name: ________________________________

       Address: ________________________________

       Phone: ________________________________

       g. Comments: ________________________________

4. If project involves relocation, indicate status of employees at former facility:

   a. Number of employees transferred to new facility ________________

   b. Number of employees hired by purchaser of the facility ________________

   c. Number of employees released ________________________________

   d. Comments ________________________________
5. Current Employment Status for Facility Receiving IRS assistance:

<table>
<thead>
<tr>
<th>Salary</th>
<th>Sex</th>
<th>Present Employees:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Employees Earning</td>
<td>Sex</td>
<td>Total Employees</td>
</tr>
<tr>
<td>Less than 4.00 per hr.</td>
<td>F</td>
<td></td>
</tr>
<tr>
<td>Between 4.00/hr. &amp; 7.00/hr.</td>
<td>M</td>
<td></td>
</tr>
<tr>
<td>More than 7.00 per hr.</td>
<td>F</td>
<td></td>
</tr>
<tr>
<td>Sub Total</td>
<td>F</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>M</td>
<td></td>
</tr>
</tbody>
</table>

*Other represents Asian or Pacific Islander and American Indiana or Alaskan Nat.

b. Of total: Full time ______________ Part Time ______________

c. Number of employees residing in City of Chicago ______________

d. Number of employees residing within 5 miles of place of employment ______________

6. Status of project:

a. Project is complete and fully operational: ______ If no go to 6b.

Date of Project Completion ______________

Please answer the following

Anticipated or Actual (circle one) employment within twelve months of project completion ______________

Anticipated or Actual (circle one) employment within 2 years of project completion ______________

Anticipated or Actual (circle one) employment within 3 years of the project ______________

If these figures are different than the projected figures given at the time of application please explain why they differ.
3. Project is underway and will be complete by: ______________________

Project has not begun but is anticipated to start by: ______________________

Have you hired any new employees since the time of Application: ____________

Date: ________________

Are the employment projections submitted with your IRS application still appropriate: ________________

If no please explain: ____________________________________________________________________________________________

7. Current employment for other related facilities within City of Chicago (not including the IRS facility):

<table>
<thead>
<tr>
<th>Sex</th>
<th>Total Employees</th>
<th>Black</th>
<th>Hispanic</th>
<th>Other Minority*</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Other represents Asian or Pacific Islander and American Indian or Alaskan Nat.

8. Please indicate the sales volume for the current year:

____________________________________________________________________________

Is this amount an increase or a decrease from the previous year?

Increase: ________________  Decrease: ________________

9. Would your firm have altered its investment if the industrial revenue bond was not available at the time of your expansion?

_________________________________________ Yes  __________________________________ No

10. What has been your experience with the Industrial Revenue Bond Program and its method of helping companies finance local expansion projects?

____________________________________________________________________
____________________________________________________________________
____________________________________________________________________
____________________________________________________________________
____________________________________________________________________
____________________________________________________________________
____________________________________________________________________

I hereby certify that to the best of my knowledge the figures given in this survey are accurate.

______________________________
Signature

______________________________
Title

______________________________
Date