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Final Edition

**Gov hired Rezko firm for home renovation: 'They paid full price . . . where's there a conflict?'**

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Staff reporters

Gov. Blagojevich and his wife, Patti, upgraded their Northwest Side bungalow in 2003 by renovating their family room and building a deck.

What makes the home improvement project noteworthy is who Illinois' first family put in charge of it: a company owned by now-indicted political fund-raiser and real estate developer Antoin "Tony" Rezko.

**Fund-raiser sought favors**

Chicago Construction Services began overseeing the Blagojevich work in July 2003, six months after Rezko began pushing the governor to place friends and associates in key state posts. The project took place during a 16-month period in which Patti Blagojevich, a real estate broker, netted about $86,000 from Rezko-orchestrated real estate deals.

"There's a whole bunch of home improvement companies in the state of Illinois and Chicagoland area, and of all of them, [the governor] had to pick this one?" said Jay Stewart, executive director of the Better Government Association.

Abby Ottenhoff, a Blagojevich spokeswoman, said the first family did nothing wrong by hiring Rezko's firm and that the Blagojeviches picked it because it could secure union labor to do their relatively small job.

Despite repeated inquiries, the Blagojeviches declined to provide bills or canceled checks for the work or a list of subcontractors. They did fax a summary that showed they spent $72,922 on a dozen different aspects of the project, including "carpentry," "millwork and windows," and "iron railings."

On top of that amount, they paid $17,768 to Chicago Construction Services, Ottenhoff said.

"The family paid full price for all of the work that was done," Ottenhoff said. "Most homeowners wouldn't pay over $90,000 to renovate a 14-by-20 family room."

Blagojevich, who has had strong labor union support, insisted on using union labor, which drove up the cost, Ottenhoff said. He had used some nonunion workers for previous work on his house, which proved a political embarrassment during the 2002 Democratic primary.

The family sought Rezko's help, knowing he was "in the business of construction and contracting" and had a good reputation at the time, Ottenhoff said.

**‘Hard to find union workers’**

"It's very hard to find union subcontractors who are willing to work on a small, residential renovation," Ottenhoff said. "Chicago Construction Services was able to act as a general contractor and line up union subs to complete the work."

But the idea that union help is nearly impossible for Chicago area home rehabbers to find doesn't pass muster with some contractors.

"To hire a union company, I think it's pretty easy," said Maurice Forde, owner of a Northbrook home-remodeling firm and past president of the National Association of the Remodeling Industry's Chicagoland chapter.

"I'm a nonunion company. But if someone came to me tomorrow and said, 'I have a real strong inclination that I want all-union carpenters, all-union subcontractors,' I can do it. It's that simple," Forde said.

People who worked on the Blagojevich job in 2003 described the work as modest.

"Basically, it was just kind of a redesign. We moved one wall, made the room a little bigger and refinished the room. That was really it," said Ken Haldeman, a vice president for Chicago Construction at the time.

The Rezko company appears nowhere on city building permits for the 2003 project. First lady Patti Blagojevich is the general contractor, records show.

A spokesman for the city Building Department said there is nothing improper about the Blagojeviches' failure to note the Rezko company involvement.

Chicago Construction was tapped for the Blagojevich project after Rezko sought favors from the governor. In January 2003, Rezko submitted a list of 19 names he wanted Blagojevich to appoint to state boards and commissions. Ten of those either got appointments, won lucrative state business or had relatives placed on the government payroll.

Besides helping people on Rezko's wish list, Blagojevich named two former Rezko employees to high-ranking state agency directorships starting in late January 2003.

In October, federal prosecutors accused Rezko of defrauding Illinois taxpayers and said he helped shake down a company seeking state pension business for political contributions to the governor. Rezko is fighting the charges, and Blagojevich has said he knew nothing of Rezko's alleged wrongdoing.

The governor's use of a political fund-raiser to make his home more comfortable contradicts the governor's campaign pledge to change business as usual, the BGA's Stewart said.

"I'm quite confident if this fact pattern had occurred with George Ryan or Jim Ryan, candidate Blagojevich would have talked about it in 2002 and pointed to it as a bad thing," Stewart said, referring to Blagojevich's predecessor and GOP opponent five years ago.

**Mixing real estate, politics**

The work on the governor's home wasn't the only time that Rezko mixed his real estate dealings with politics. Last year, his wife, Rita, struck a deal with Sen. Barack Obama that enabled Obama to buy a piece of her adjoining property to expand the size of his yard in the Kenwood neighborhood.

In 2003, Rezko sold a riverfront town house to Rep. Luis Gutierrez for $434,900, far less than what the congressman's neighbors paid for their properties. Last March, Gutierrez sold the home for $610,000, a 41 percent profit. The congressman insisted he was given no special treatment by Rezko.

In December 2002, Rezko was involved in a real estate deal in which Patti Blagojevich got a $47,557 commission, the Chicago Sun-Times reported in November.

Also, Patti Blagojevich has disclosed that she earned nearly $39,000 off Rezko-related transactions during the first four months of 2004.

Ottenhoff said Rezko's tie to home improvement work at the Blagojevich house didn't pose a conflict of interest, even though Rezko was a fund-raiser and had sought government favors.

"They paid full price for the work that was done," she said, referring to the state's first family. "Where's there a conflict?"

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